

THE BROOKINGS INSTITUTION

PREMIERE SCREENING OF THE DOCUMENTARY "STATE 194":  
A DISCUSSION WITH PRIME MINISTER FAYYAD

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

REMNIK: Good evening. I'm David Remnick and I first want to, at the risk of insulting the star, I want to thank the filmmakers who did a remarkable job. Elise Pearlstein and Dan Setton who are here, so thank you very much. (Applause)

I think I've seen about 150 documentaries on the conflict and this is the first one that made me feel good at the end. And it comes, Salaam Fayyad, on an incredibly historic day, a day about which you've had many thoughts, maybe some ambivalence, and it's a complicated event. A state has been given credit in the United Nations in an unprecedented way and they're celebrating today in Ramallah. They're celebrating throughout Palestine. What about tomorrow morning in terms of the state? What has been achieved? What hasn't been achieved? What does this do? What does it not do? Does it place you in peril? Does it place you in a more optimistic position?

FAYYAD: Well, thank you very much, David. I first would like to thank the audience for the interest they have showed in coming to this movie to see it and I certainly would like to join you at the outset in thanking Participant Media, Dan Setton, Yoram Millo, Hanna Abu Saada, as well as others, a small crew actually who did this movie over I don't know how long it took them. But I am happy to be with you and the audience. I thank also Martin Indyk, my friend who actually decided to do this. (Applause)

Yesterday is a day of a great deal of significance, indeed historic significance. And it also happens to be precisely to the day 65 years ago that the same general assembly that today passed what is a substantial majority, more than two-thirds majority, the motion submitted to elevate Palestine's standing to a nonmember state, observer state of the United Nations. Sixty-five years ago passed the famous partition resolution. The 29<sup>th</sup> of November, 1947, which provided for the creation of two states.

One has been in existence for about that length of time because actually some six months after the historic resolution of the general assembly, the state of Israel was created: 15<sup>th</sup> of May, 1948. And here we are 65 years later still looking for ours.

So that is definitely a parallel and that's what really adds to the significance of the moment. And that actually is part of the power of the movie we just saw. It's a movie that is largely about Palestinians quest for being able to live with freedom and dignity in a country of our own. It's about us really but it's a movie that started actually rightly in a way, in a manner that really made a great deal of sense with that historic word that was taken 15<sup>th</sup> of May 1948 that essentially gave Israel its birth certificate. So there is a parallel and the movie actually captured it in a very good way.

So yes, it has all of these meanings. But of course, while extremely significant, we cannot but worry about the reality of the day after. And in response to your question is that this moment is actually seized in order to advance the process in a way that has eluded us for a very long period of time. And by us, I mean Palestinians, Israelis, France, international community, United States, European Union, Russia, the United Nations, all powers today for so long. The reality the day after obviously is going to be dominated as it is today as it was on the day before, dominated by the reality of an oppressive occupation that has been with us for more than 45 years. That's not going to go away unless something else happens. What happened today is extremely significant. It's a step of a great deal of symbolism and it moved all Palestinians around the world. People felt great about it, not only the Ramallah as you pointed out throughout Palestine. Diaspora is not a Palestinian. Or a freedom-loving person anywhere in the world who would not really actually appreciate how deep and significant a moment this is. But of course, it's really up to us to really move things to the next step and to really move on to ensure that we will actually get the real thing. What our people are looking for is a

genuine state where they can live as free people with dignity, and that's incumbent.

REMNICK: Rather than have a next step, do you anticipate paying a price for what occurred today at the U.N., whether among the Israeli leadership or the republicans in the Senate and the House or other political constituents in this entire drama?

FAYYAD: It really depends on how things go. I was about to say actually what is really important is try to use this in a productive and positive way.

For those who actually were skeptical about this or did not like it one bit, as a matter of fact, well, it's behind us now. It happened. I mean, I think we really need to be level-headed about this. It's very significant. It is of a great deal of significance but I don't think we should spend too much time admiring the creation if we like it or sulking if we didn't. I mean, what we must all do is to see how we can seize the moment, take advantage of what has happened, and see if this would not provide an impetus to a new, strengthened, more credible political process, one that is capable of delivering an end to Israeli occupation.

REMNICK: You're the last person I have to spell out all the forces mitigating against that happening, whether it's a division between Hamas and the political forces in the West Bank; whether it's the Israeli coalition that's moving even more to the right now that Lieberman has joined Netanyahu. We have an election coming. All those forces you know much better than I do and they're formidable. What is the scenario for a path toward negotiations and a path toward the road that you so desperately want to see Palestine on? Independent of today.

FAYYAD: I hope that not much more time will be spent in self-denial of the kind that -- I mean, the sum of which we saw in this movie. But we also listened to some serious voices of reason, this movie, on the Israeli side or projecting the Israeli

point of view saying how bad it would be if, in fact, this opportunity is missed and how terrible it would be for Israel, for Palestinians, for the region, for the international community, for the cause of peace and justice in the region.

I hope that, you know, more will begin to see things this way and this will be better because like many others, I mean, I feel that with each passing day that our people, people (inaudible)(8:15) generally, continue to see the horizon on this political process on the prospect of peace with stability receding. I believe that's something that is quite dangerous and if it really is allowed to continue I'm afraid there will be a lot more skepticism and people will begin to invest out, if you will, and opt out of investing and to the prospects of delivering. And then what happens is something that I believe will be terrible for all parties concerned.

REMNIK: What's the best thing Barack Obama can do? What is the most effective thing he could do at this point politically to affect this process in the most positive way possible?

FAYYAD: I think, first of all, try to, in a very efficient manner, take stock of the experience over the past four years. And in some important ways those four years provide an example of things that should be avoided because, you know, the past four years have not been productive to say the very least. And I believe it's high time for the administration to be working with others in the international community and the European Union. Get together as quickly as possible and have some serious discussion as to whether or not things should be allowed to continue to proceed in the way they have been proceeding. Actually, not only over the past four years but generally for much of the past 20 years or so.

I think it's really about time to lay out expectations in terms of what a fair resolution and settlement of this conflict might look like. And you'll find that actually a lot

of these issues, those issues have been visited before I think with some determination and as a matter of fact, trying to place things within a framework that has a certain timeline to it, begin to really establish rules of the game, new ground rules where the accountability bar is set a little bit higher than before. Both sides need the leadership and involvement of the United States, and both are and should be expected actually to be accountable.

REMNIK: But what should that leadership do in concrete terms?

FAYYAD: Lay out expectations of the parties in terms of what's expected of both of them in order to produce that which we all want to see happen. Well, a lot of those things are spelled out in the document that Senator Mitchell mentioned in this movie, as a matter of fact, has something to do with the so-called roadmap to peace. When (inaudible) was here, I had a lot of intimate knowledge of what the contents of that roadmap were, but actually, they made sense relative to the overall goal of that process. We, Palestinian Israel, were supposed to actually improve governance. We had to actually essentially demonstrate that we are capable of governing ourselves in an effective way in all spheres of governance beginning with security, but not only limited to security -- financial, economic management, what have you.

On the Israel side there were also expectations. A lot was said, and continues to be said, about settlement activity. That's key among those obligations and requirements, but that's not the only one. One of the actual problems over the past four years is while legitimate, you know, focus on settlement activity to the exclusion of other issues actually in some way stood in the way of making progress on other issues. Military encouragement, for example.

REMNIK: So that was an American mistake, just focus on settlement activity?

FAYYAD: I believe the focus should be on all of the requirements, not only on settlement activity needing to come to a stop. That was recognized as something that was an important part of getting ready or paving the way toward lasting peace and security in the region. But it was not the only requirement. There were other requirements that were completely ignored. There were some issues that were ignored as a matter of fact, at the risk of, in fact, allowing for the possibility of things sliding back in the direction of the vicious cycle of violence. For example, the violent manner in which the Israel Army deals with non-violent Palestinian demonstrators and demonstrations. I mean, this is both long and can be potentially extremely dangerous. You can easily get to a point where it has been or it has become an incident too many. Settler violence we saw some elements. I mean, features of that here.

Those issues did not really get the kind of attention they should have gotten over the past four years, and I believe they must.

REMNICK: Mr. Prime Minister, I don't mean to be a film critic here, but I started out by saying this seemed to be a profoundly optimistic film, but maybe only on the surface because it seemed to me that all the players in the film were at once incredibly constructive -- you, the man who lost his son to Hamas and is yet fighting for peace, the young woman who is at Hebrew University who is going to demonstration at Sheikh Jarrah and all the rest. But it seems to me all of these constituencies are less than they used to be. These liberal Zionists who are demonstrating; the Amas Oz's who are out in front of the Tel Aviv City Hall. And quite frankly, sir, with all the admiration in the room for you, you, yourself, who have a constituency here and in the international community but at home you're a highly controversial figure, and while prime minister, it's hard always to see what your following is on the street as they say. Forget about Gaza, but in the West Bank itself. How do you assess your own position at home?

FAYYAD: Before I get into that, things are not nearly as bad. For one thing, Frankenfeld is actually still able or was still able toward the end of the movie to light his pipe with one hand while driving with the other. (Laughter)

REMNICK: That's an undeniable skill.

FAYYAD: I thought that was really remarkable.

REMNICK: Don't try that at home.

FAYYAD: But that was a powerful thing, by the way. Not my department.

But in any event, no, I think you're right. I think beginning actually with the period or the point in time when the Palestinian Authority started to have difficulty making ends meet, especially, the PA, it's whole standing started to erode. We've been having serious financial difficulties for more than two and a half years right now. That was certainly a complicating factor that led to an erosion of standing Palestinian Authority and was compounded obviously by lack of effectiveness as it was seen by the public on the Palestinian Authority and delivering tangible results politically. We were seen, and continue to be seen, as a party to the political process that to say the least has not been very productive.

REMNICK: Right.

FAYYAD: If anything, it has led to and has been about a lot of disappointment, if not outright disillusionment. So, yeah, you tend to lose a lot of whatever capital you may have had at some point if you're confronted with a situation like this.

REMNICK: Despite all the building that we saw, despite all the constructive work that was done.

FAYYAD: Yeah. Well, you know, people in Palestine are like people in



this country. What have you done for me lately? We're normal at least in that sense. So there is that obviously, and that's really a challenge of being in government. You really have to earn your colors every day and it's a tough thing to do if you're operating in the context of a highly oppressive occupation without much to really -- that much to really support your effort in terms of bringing about better living conditions and all that.

REMNIK: How do you assess what happened in Gaza in the conflict between Israel and Gaza and the Palestinians a couple of weeks ago? It was extraordinary to me that in the wake of it everybody came out declaring victory. Bibi Netanyahu won, Hamas won, Egypt won, the United States won, and meanwhile, 150 people were dead and there were a lot of enormous fear and backward movement to say the least. How could anybody have won that?

FAYYAD: I hope people would stop thinking of what happened in Gaza. Along the same lines there would be many wars if everybody emerges as winners. But to a large extent this was predictable. I mean, a claim of victory by as many parties as you have mentioned in some ways was predictable.

REMNIK: Except for Mahmoud Abbas, who was declared the opposite.

FAYYAD: Well, we in the PA generally, as a matter of fact, and I can tell you it contributed to what I describe and consider to be a doctrinal defeat for what we stand for. There's no question about it. There's no question about it. We stand for what you heard me say. We stand for a nonviolent path to freedom. And we have not been able to deliver. It was Hamas that was able to secure the release of more than 1,000 Palestinian prisoners. It was Hamas pushing a few buttons that was able to get this much attention over a very short period of time. This is a fundamental sense in which I can very truthfully tell you that what we have sustained is a doctrinal defeat. It's very serious. I want to say this from someone who is resigned to the fact that this is

something that we cannot recover from. I think it's absolutely important for us to recover from it. But we have to be honest with ourselves and recall it for what it is.

Palestinian Authority, that stands for a nonviolent path to freedom. It stands for building strong competent institutions of government capable of delivering services in a highly responsive and responsible manner to the people. It stands for what good government is about, what should be, building towards a state that's based on foundational principles that are universally shared. I think we should really have a better chance, should have more to work with than it has been having to work with to be honest with you. And this requires much better management of the political process on the one hand and I cannot really overemphasize the importance of this particular point because we just can't keep going, operating under the notion that we need to deepen our readiness for statehood. There is so much you can do as Jeremy Ben-Ami had to say in the movie. You really need to begin to really see these two paths converge, building to a state on the one hand but also delivering political results, beginning to see the occupation regime in the process of being dismantled however gradually but what our people have been actually looking at is an occupational regime that with each passing day became more deeply entrenched. It's no surprise therefore that the PA would find itself in the position it finds itself today.

REMNIK: Do you have any common language at this point? Do you have anything to say to Hamas or is this just a complete conflictual relationship?

FAYYAD: No, there is and there must be I tell you because, you know, as a matter of fact, as part of being ready for statehood, I believe it's very important for us to be able to unify our country and the institutions of our people. I think continuing to be supported in the way we have been since mid-2007 is a serious risk to the continued viability of a two-state solution. Without unification, without Gaza, I don't think a two-state

solution would be viable. We believe in a path of negotiated settlement to peace and freely support for a two-state solution Israel is based on what we have said. Several proponents of the solution, like Tzipi Livni for example, how she was presenting her case. If Gaza continues to drift away in the direction of becoming a standalone entity or more, well, that takes out some 1.6, 1.7 million Palestinians out of the demographic equation as you have said in the movie as well.

So much for the appeal of a two-state solution in Israel. From our point of view, in addition to all of that, it's absolutely important for us to be able to reunify the country, so there is common language, in fact, and there is that which is absolutely essential in order for us to be able to take off. And that is to define it with precision, the agreement to security doctrine along the lines that you have heard me explain.

REMNIK: I want to give a chance to the audience to ask some questions. I'm going to ask one last question. One last question, and please, when you do ask questions, let it be a question, not a statement, a speech, a declaration.

FAYYAD: We take advice, too.

REMNIK: Absolutely. A little bit. Just a little bit.

A very general question but I hope you can answer it in specifics. How have the dynamics of the Arab Spring helped or hurt you in your quest now that it's taken a kind of darker maturity in some ways?

FAYYAD: You know, in some ways actually it sort of brought into sharper focus the need for our people to be able to live as free people because essentially our cause is about freedom, justice, enfranchisement, and that's the essence of what underlays the start of the so-called Arab Spring. And you saw a lot of that as a matter of fact, and a lot of people drawing parallels between what was happening or beginning to happen in the streets in Arab countries and absence of that sense of

enfranchisement in Palestine for as long as -- well, for a very long period of time. So therefore, early on at least, it has helped.

However, the ensuing preoccupation within the region but also internationally with what was going on in the region contributed to marginalizing our cause and I believe so much so that we really were shoved off to the background and paid a dear price because of it. It was not intended to happen this way but that was a consequence of the Arab Spring. And it also coincided with a period when the political cycle in this country was driving up in the direction of the elections with the EU being consumed with unprecedented financial crisis and with so much less therefore of the terms of the respective administrations of all of these countries available. A lot of it really was spent and a lot of those energies directed toward looking at other countries in the region at the expense of the Palestinian cause. So we therefore really paid a dear price because of it in that important sense. We have to recover from this because it is important. You hear a lot of people these days begin to say again that no matter what else happens you need to really be able to solve this conflict, the Palestinian-Israel conflict if you are to have lasting peace in the region in ways that probably would validate the fundamental message of the Arab spring.

REMNIK: There's a gentleman in the back who is raising his hand with alarming speed. Go ahead. Please say your name.

ABDULA: My name is Muhammad Abdula. I'm from Syria.

Congratulations.

REMNIK: Say your name.

ABDULA: Muhammad Abdula. I'm from Syria.

REMNIK: Okay.

MABDULA: Congratulations today. (Applause)

One question. I want to pick up on David's question about what President Obama can do to ask do you really believe President Obama wants to do anything or he gave up after he failed on stopping the settlements? Because I don't believe the Palestinian state has been in the priorities on his schedule. And if you look at the third presidential debate between President Obama and Governor Romney, nobody mentioned the Palestinian state. They talked about Iran, Libya, Syria, everything except the Palestinian state.

REMNIK: True enough.

ABDULA: One final question, as Palestinian states --

REMNIK: Let's do one -- let's do one, sir, let's do one question if we can. Go ahead.

FAYYAD: The answer to your first question was provided by a lady who shook her head basically to say no. Look, I mean, President Obama has a lot on his plate obviously. I hope that actually his administration will accord this issue the priority and the importance and the attention it deserves.

My one sense, though, is that unless there begins to be some activity that is suggestive of a possibility of progress, once again we lose that competition to other issues I'm afraid. So I think fundamentally there must be that interest. I mean, that interest was always there on the part of all administrations and tried to do something. It doesn't really matter what happens during election campaigns, what people say in debates, particularly in primaries. We featured some of those primaries in ways that a lot of people would soon forget about for one.

But in any event, I hope there will be some attention given to this early on, again taking advantage of the experience of the past four years. I mean, issues really need to be approached a lot more seriously. Questions need to really begin to be put

forward in a straightforward way. What is our problem with settlement activity? Oh, I see a gentleman behind me now I didn't before. Hi.

I mean, he said it in the movie, but beyond that, beyond that it's actually that diminishing sense of assurance that someday we're going to be able to have a state so long as that activity continues. It's the credibility of the political process. It's -- that's the political side of the damage associated with continuing construction in our territory and expansion. Fundamentally I think the problem today as I see it is that there is a wide gap between that which the government of Israel is prepared to offer and that which we Palestinians are minimally prepared to accept.

What we really need, first and foremost, is for a straightforward question to be put forth to the government of Israel. It's a very simple question. Do you accept a solution to this conflict? The emergence of a fully sovereign state of Palestine on the territory occupied in 1967. Yes or no? Yes or no? I mean, that's what we really need. We do not have that assurance today. We did not have over the past years. We have not had for a long period of time. That's what we were missing, and that I believe fundamentally is what we would like to see the administration do first and foremost. Really get down to earth and really ask these fundamental questions because what you really have -- well, I can tell you something. Some of you at least may already know this. The most recent primaries in Israel. There was an ad in *The Jerusalem Post* and it was labeled something like "Accountability Time." And the ad ran something like this. It basically was --

REMICK: An ad for whom?

FAYYAD: Well, the point of it was these are the people who have opposed a state of Palestine, meaning these are the people who are against a two-state solution, essentially promoting the candidates, taking pride in the fact that they have

opposed and they have been opposing a two-state solution. I mean, that's actually part of the, I mean, the leader of the current coalition government, the Likud Party, these were the Likud primaries. There is fundamentally a lot that is wrong with the current alignment and that is why I think it's very important to early on begin to put forward these questions, and I think it's important not to wait until after the Israeli elections. I think it's important to begin to pose those questions forward now.

REMNICK: We had a question up here. Up top and then we'll go lower. In the lighter shirt with the beard. I'm just describing.

OMERY: That's me. Thank you. My name is Gable Omery (phonetic). And I actually want to kind of continue on this theme because what I've heard from you, Dr. Salaam, or I've been hearing a lot is the need for a political horizon, the need for assurances. Frankly, my assessment with the current set of characters and current dynamics, we will not have the end game, we will not have peace anytime soon until things stabilize, and I doubt that we're going to get any clear assurances.

So short of the big one, short of the kind of big, clear political horizon, what can we do to stabilize the situation and to keep things alive? And I'm particularly building on what you said earlier about the need for at least some gradual steps to assure the Palestinians that the Israelis are serious about moving forward. What kind of steps are these? What can we look for in the medium term, short term to ensure there is stability and at least if not for peace, then lack of collapse?

FAYYAD: Thank you. Very good to see you.

Let me first say on the question of assurances, it would be good if we really can get those directly, but we will be equally satisfied if those assurances are given to an adequately assurant degree to the Americans. I mean, if the United States presidents were to come to us and say "I'm fairly assured based on conversations I've

had with the Israeli prime minister that we'll be able to have a kind of deed that you're able to live with," that would be enough from our point of view. We approach the world this way for certain. But beyond that which I think is essential if we're really going to begin to see some activity that could promise the beginning of an end to Israel occupation which I think is absolutely essential. Personally, foremost, the PA needs to be stabilized. I mean, we've been losing ground for much of the past two years because we have been running on an empty tank of gas basically. Not mainly but only because we've been getting less assistance, less aid than pledged or than promised and with that we obviously cannot meet obligations in a timely fashion. That chips away at your credibility which already actually is damaged or undermined by lack of progress on that political front, so things kind of reinforcing each other in a negative and adverse way. That is very, very important. That's one thing.

Secondly, those other issues are quickly mentioned, like for example paying attention to the need to begin to see some changed behavior on the part of the Israeli army is absolutely important. There is no justification for dealing with nonviolent demonstrations in a violent way. That's both wrong and dangerous. Settler violence is something that really actually needs to be reigned in and it has been detrimental not only to Palestinians but to Israelis as well.

REMICK: You've described what your bottom line is in terms of the '67 -- more or less '67 borders. The bottom line for Middle Israel as it were, which in its great majority is for settlement, for a peace settlement at least in the abstract, their bottom line is what do we get the next day? We still have a Hamas-led Gaza which looks extremely aggressive, in no way democratic, and likely quite possibly to continue being aggressive in the aftermath. How do you answer that question to Israelis insofar as you want to?

FAYYAD: I think it is very important for there to be a collaborative effort



on the part of all involved and concerned to ensure in the aftermath of what happened in Gaza that the PA would be having an important role to play in arrangements that may be agreed particularly regarding geography and passages. It is very important.

So we begin to really deal with those issues because for one thing, what the situation has been like, and I think that's something that I believe Israel would be very much interested in changing is a situation where you have a non-state operator acting out of Gaza with a logical non-state operator. To the extent that that non-state operator can begin to act more like a state operator, that works toward overall stability. But it's really best in my view to ensure that that convergence or evolution would take place within the framework of Palestinian Authority. It's absolutely important. That's how you really begin to deal with these issues.

But then also the other thing I would say, it's of paramount importance for Israel not to really continue to wait until the perfect arrangement emerges. It is of a great deal of importance for Palestinians to be able to reunite our country and the institutions of our people in order for there to be the possibility of a Palestinian state. We really need to be able to find a way, you know, toward that. There are many conditions that have been attached to that, and I think it's really time to really begin to focus on that which is absolutely necessary in order for an arrangement between us and Hamas to be viable. And I think it will be of a great deal of importance to really see to it that such arrangement is found on the basis of an adequate security doctrine. It is going to be the case that Hamas would have a political platform that's different from ours. Is that enough to stop the effort to put the country back together? I don't think so, but is lack of adequate security doctrine enough to -- or would lack of adequate security doctrine be okay to have and still entertain the notion of putting the country back together to reconcile? I'd say no.

What is really absolutely important is for us to ensure that security arrangements are adequate and that there is a security doctrine that's consistent very much with what we stand for, path of nonviolence to freedom. If that is there, I think that would be the minimum required in order for us to be able to take off. If it isn't, then it would be a case of too many missing ingredients. But to continue to really have a long list of conditions before it's okay for us Palestinians to reconcile is not in anyone's interest, including Israel I should say.

REMNIK: This gentleman here.

KATTOUF: Ted Kattouf, Mr. Prime Minister.

Since the death of Faisal Husseini, Jerusalem, the Arabs, the Palestinians in Jerusalem seem, forgive me, but somewhat leaderless. It seems that we have the PA operating in the West Bank. We have Hamas in Gaza. But in East Jerusalem and the Arab neighborhoods there doesn't seem to be a lot of political organization despite the (inaudible) takeovers and the like. We've seen Arab cities erupt when put under enough pressure but Jerusalem remains quiet. How do you see this situation in East Jerusalem? And what is the relationship that you see that you have with the people there?

FAYYAD: As you know, the PA is precluded from being active in a formal way in East Jerusalem. Nevertheless, we try and have been trying the best we can, and not always the right way as a matter of fact. In recent years we shifted attention more in the direction of empowering Palestinian institutions in East Jerusalem to support them so they can actually in turn provide the services needed for our people there. That has proven to be a lot more effective than before in education, health, and what have you. We would like to be able to do more and better there but again, depth of resources has been a seriously limiting factor.

Nevertheless, I believe it's absolutely essential to continue to move forward along those lines empowering persons and institutions. And by the way, when we were talking about the roadmap, one of the conditions or obligations that the government of Israel accepted going back to spring 2003 was to allow Palestinian institutions in East Jerusalem that were closed to reopen. Not only have they not been reopened or allowed to reopen, actually, every six months they pass a resolution to keep them closed. See, this is again, you know, settlement activity is important. We really need to continue to focus on it, but there are all of these other issues which are important, and progress on at least some of them would make a positive contribution.

REMNIK: Maybe we have time for two more here and there. Let's go here and then we'll go there. Sorry about that. You can just shout. Okay.

ZUCKI: Good evening, Mr. Prime Minister, and I want to first congratulate you. My name is Uri Zucki (phonetic). I'm from Israel. I live here now. And I think I speak in the name of many Israelis who feel thrilled today by the vote. And I also want to congratulate you for your successes in Palestine in institution building.

But now after the congratulations, I want to ask you a tough question. What would you say about the argument that your success and the mere existence of the PA after so many years after the interim agreement ended makes the Israeli occupation more sustainable by being a deluxe occupation where you don't have to manage the population but only the territory.

REMNIK: Deluxe occupation did you say?

ZUCKI: Deluxe. Deluxe. Deluxe. Five-star occupation. Yeah.

REMNIK: Four seasons of occupation. I see. Not to endorse any hotel.

FAYYAD: There is, you know, there is that risk. Actually, a significant

number of people early on thought that this is what our program was about, those skeptics. The passage of time and messaging on the content of what we were trying to do, that gave way to more credibility on behalf of that which we were trying to accomplish. Interestingly, actually, if you objectively observe developments and monitor them I think we are on the downside now with more people beginning to buy into the notion that this is really about adapting to the reality of prolonged occupation and not about securing freedom for our people. There is definitely that risk.

But I would not personally recommend that people invest in this notion too much. Let me tell you why. I mean, you can make all Palestinians billionaires, I don't know if this is possible but assume it is, you can make them all millionaires. You're not going to solve the problem because this conflict at its core is a political conflict that requires political resolution. And conversely, just because people are not really making it doesn't really mean, you know, that they were all looking for is improving their living conditions. This occupation cannot but end because it's oppressive to us and corrosive to the Israelis. You see, even if from Israel's point of view the past four or five years have been okay in the sense of security having become better without them having to worry about it. They went through an elections campaign without really having to address the issue and there is the rest of them might go through another elections campaign without getting to this issue unless someone starts putting things before the Israeli electorate and public and general people of the region in general, this country, and I think that's important.

Although the past four or five years have been like that, I think it's wrong to really be too sanguine about sustainability of the status quo. There's a great deal of risk, not to mention that even if, you know, things were and can be presumed to continue to proceed in the way along the lines they have been proceeding over the past four or

five years, I mean, I do not believe and you saw some samples of Israeli public opinion. Occupation is corrosive to Israel and it's just not going to really continue. It's oppressive to us, corrosive to them. It cannot but end. So I'm not too worried about this. I mean, a lot of our detractors are invested in this area to attack us, to undermine, or to cast doubt on the credibility of that which we are doing to be honest with you. Unfortunately, the way things stand out, that lends some credence to that thinking, I beg to differ though.

Ah, the famous producer.

DAN SETTON: Not long ago I had a meeting with Ron Dermer, who is, you know, who was in the film with the consultant for Prime Minister Bibi Netanyahu. He told me whatever agreement that is going to take place is going to have to take into consideration the demographic changes and he's speaking about the Jewish demographic changes that took place in the West bank. Now, I personally think it's going to be very, very, very, very difficult to remove this amount of close to 400, 500 settlers from the West Bank. Is there anything that you can share with us about your thinking, outside of the box, some kind of creative solution to where we stand now?

FAYYAD: Well, you know, for one thing I hope enough people in Israel get to see the movie you produced. What we really need is more activity that is aimed at producing more transformation. I think that has not been (inaudible). The conditions have not been ripe enough for a solution.

There's -- I think to this day there's a majority if you wish people a little bit, not too hard, in favor who still would find that this is the most sensible solution concept. But I think given the failures, they would be right not to think that it's inevitable. I mean, things could really continue to drag along in a way that actually would produce eternal conflict or conflict over a long period of time in ways that are not really good. What we really need are more instruments that are capable of producing the transformation

that's necessary. More people from the realm of not only accepting the notion of a two-state solution but actually believing that it can happen and beginning to really view it as inevitable. When you really get to that point, that's when we will have succeeded. And so I think we really need to engage in activity of the kind that we're engaging in tonight.

REMICK: Your question is specifically about settlement removal, isn't it?

SETTON: Yeah, my question is -- I'll be very blunt and say would you accept all these Jewish settlements that do not want to go back to the green line to stay?

FAYYAD: Let me tell you as a matter of fact with settlement activity having continued for as long as it has and settler population having increased so substantially, I mean, one cannot really but wonder and a lot of those who wonder about the continued viability of a two-state solution base it on that given that enormous increase in settler population and the extent to which it's practical to continue to think in terms of annexing settlements to the state of Israel. No, I don't believe that's really the only way one can look at the possible solutions to this issue I don't think. And I can tell you for certain that the state of Palestine is one that is going to be based on a legal framework that actually ensures equality and nondiscrimination regardless of one's background, ethnic background, religious background, what have you.

So let me tell you. It may be as a matter of fact that as soon as or once the notion of land swaps started to creep into the lexicon, that may have actually contributed to the problem having gotten as big as it has become. There is no issue, you know, for someone who lives in Israel to really move to the occupied Palestinian territory thinking that, well, it is going to be part of Israel forever. If other possibilities begin to be considered, that calculus may change. As far as we're concerned, as far as we Palestinians are concerned, what is absolutely important for us is to have territorial

integrity for that state of Palestine, and that means a state on the territory occupied in 1967. Gaza was back including East Jerusalem. That's what's really important to us. Some settlers wish to stay in a state of Palestine. That's fine and their rights will be fully protected and constitutionally protected. And like any country that's actually respectful of the rights of everyone, that's how I look at it.

REMICK: Thank you very much, and thank you Mr. Prime Minister.

FAYYAD: Thank you.

(Applause)

SPEAKER: If everyone could just stay in their seats for a moment while we let the Prime Minister exit we'd appreciate it.

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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