

"Getting the Arab-Israeli Peace Process Back on Track"

**Testimony before the U.S. Senate
Foreign Relations Committee**

by

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Thank you Mr. Chairman for this opportunity to address your distinguished Committee on an issue of great importance to the people of the Middle East, Israeli and Arab alike.

For more than three years a conflict has raged between Israelis and Palestinians, claiming over 900 Israeli lives and over 3,000 Palestinian lives and causing great human suffering on both sides. For most of that time, the United States has stood idly by, unwilling to invest the resources, diplomatic energy and Presidential prestige necessary to helping the parties end this bloody and unnecessary conflict. I say "unnecessary" because the broad outlines of a settlement of the Israeli-Palestinian conflict are known and are acceptable to substantial majorities on both sides. President Clinton first defined those parameters in December 2000 after lengthy and detailed negotiations with Israeli and Palestinian officials. The failure of the Palestinian leadership under Yasser Arafat to accept those parameters at that time is now broadly recognized on the Palestinian side, and in the Arab world, as a tragic mistake.

Arafat himself is now trying to recoup what he lost back then through the vehicle of the Geneva Accords, negotiated by his close adviser Yasser Abed Rabbo with former Israeli Minister of Justice, Yossi Beilin. Even Hamas, the Islamic terrorist organization which preaches the destruction of Israel has recently acknowledged the pressure of Palestinian public opinion by declaring that it too would now be prepared to accept a Palestinian state in the West Bank and Gaza, albeit as an interim solution.

On the Israeli side, the Likud-led right wing government of Ariel Sharon has already formally accepted the two-state solution outlined in the U.S.-adopted, and UNSC-endorsed, Roadmap. Its Deputy Prime Minister, Ehud Olmert, has also declared that if Israel is to retain its nature as a democratic and Jewish state it will need to withdraw from most of the West Bank. And now the Prime Minister himself has expressed a willingness to withdraw almost all settlements in Gaza and some outlying settlements in the West Bank, which could serve as the necessary catalyst to the jump-starting of a new negotiating process.

All these developments are a product of three critical factors that now dominate the calculations of Israelis and Palestinians: exhaustion, demography, and the balance of power.

The exhaustion factor: After three years of bloody violence and terrorism, both sides have had enough. Israelis were prepared to stand by their government while the terrorism raged. However, now that the terror is subsiding the economic hardships of a deep recession are more keenly felt and Israelis are growing impatient. They are looking for a ray of hope, a sense of a safer and more productive future for their children. As a consequence, the ground is shaking under the feet of the Israeli government as the people demand a political initiative.

On the Palestinian side, people are also exhausted by the economic hardship and the prolonged presence and often heavy hand of the Israeli army. They too want a way out of the conflict but no longer see the Palestinian Authority as capable of leading them there. There is widespread disillusionment with the corrupt and failed leadership of Yasser Arafat and considerable concern about the way warlords are now holding sway in the northern sector of the West Bank and the southern sector of Gaza. The Palestinian Authority is in an advanced stage of collapse. Only the PA's monthly payments to teachers, health workers, municipal workers and security personnel are keeping the economy moving and the PA relevant. But with Arab states growing weary too and the EU unhappy with Arafat's abuse of its largesse, funds for these monthly payments are drying up.

The demographic factor: As Israelis worry more about their future with the Palestinians, they have come to focus on

the fact that by the beginning of the next decade at the latest, if Israel retains control of the West Bank, Jews will become a minority in the state of Israel. Israel will then have to choose between maintaining the Jewish character of the state and its democratic institutions. This concern, combined with the violence of the Palestinian *intifadah* and the participation in it of some of Israel's own Arab citizens, has led the bulk of Jews in Israel to want to separate physically from the Palestinians. Since they have concluded that there is no hope for negotiating this separation as long as Arafat is in control on the Palestinian side, they are insisting that their government take unilateral steps to enforce the separation. The controversial security barrier and Prime Minister Sharon's plan for unilateral disengagement from Gaza and parts of the West Bank are both direct consequences of this Israeli urge to seek protection from the demographic threat.

Unfortunately, many Palestinians watching these developments in Israeli public opinion seem to have concluded that their timeworn strategy of playing the victim is gaining a new lease on life. Instead of taking the initiative to change their leadership and reform their institutions of governance, Palestinians are increasingly opting for a waiting game consoled by the belief that time is on their side: either Israel will leave the West Bank and Gaza to rid itself of the demographic threat; or they will become a majority in the land of Israel and then be able to demand their equal rights.

The balance of power factor: The toppling of Saddam Hussein and the evaporation of the Iraqi army, the disarmament of Libya, and the renewed dominance of the United States in the region, have left Israel in an immeasurably strengthened position vis-à-vis its Arab neighbors. This is having profound consequences on the way Israelis view their security environment. First, the long-feared emergence of an eastern-front coalition has vanished, leaving in its wake a weak Syrian adversary that poses no serious threat to Israel (especially with the U.S. military on Syria's eastern border). That means that Israel's security justification for holding onto the Jordan Valley and the high ground in the West Bank has become much less compelling. Second, since Israel's overall deterrent capability has been significantly strengthened, Israelis are less concerned about the consequences for their

deterrent power of a unilateral withdrawal in the face of Palestinian violence.

On the Palestinian side, the balance of power factor cuts both ways. It strengthens popular support for suicide bombing as the short-term Palestinian answer to Israel's conventional strength and increases dependence on the demographic threat as a longer-term strategy. But it also weakens Arab support for the Palestinian cause as Arab states reach the inevitable conclusion that they have no military option against Israel and turn away from the Palestinians to focus on their own more pressing concerns. One consequence is a greater Arab willingness to come to terms with Israel despite the absence of a Palestinian solution. The Saudi and Arab League Initiatives (which offers Israel full peace and normalization of relations in return for full withdrawal), Syrian peace overtures, and Libyan meetings with Israeli officials are all indications of this new trend towards gradual Arab abandonment of the Palestinian cause.

Mr. Chairman, these three factors are clearly having a dramatic impact on the environment for Arab-Israeli peacemaking. Israelis are demanding change from their government and are even willing to give up territories they have held for 36 years and evacuate settlements without receiving any commitments from the Palestinian side. But they are acting out of despair of the alternatives rather than out of hope for peace. Arab states are more willing than ever before to end their conflict with Israel but are unwilling to take any serious initiative to do so. The Palestinians have exhausted themselves but seem incapable of producing a new leadership that could enter negotiations with Israel, preferring instead to sit, wait and wallow in their misery.

It would be easy to suggest that all the United States needs to do in this situation is to intervene with its own Clinton-like parameters for a two-state solution and use its influence to get both sides to accept it. Unfortunately, the challenge lies not in defining the endgame that is now more or less acceptable to majorities on both sides, but rather in overcoming the structural impediments that prevent the parties from getting there.

Today, the single most important structural impediment is the lack of a capable, responsible, and accountable

Palestinian leadership. If the Palestinian Authority were willing and able today to fulfill its Roadmap commitments to stop Palestinian terror and violence and uproot its infrastructure, a meaningful negotiating process could easily take the place of Israeli unilateralism. But the PA cannot and will not take on these responsibilities.

What should the United States do in these circumstances? The Bush Administration's stated preference is to blame Yasser Arafat and the Palestinian Authority and do nothing. But if Prime Minister Sharon decides to implement his plan for unilateral disengagement from Gaza and parts of the West Bank - as he seems determined to do - the administration's hand will be forced. If it does not intervene to shape this Israeli initiative, the vacuum left by Israel's withdrawal will be filled by Hamas-led extremist elements that could turn the territories Israel evacuates into a failed Palestinian terrorist state in the heart of the Middle East.

If non-involvement is no longer an option, then the United States should choose between two other options designed to overcome the structural impediment of the absence of an effective Palestinian negotiating partner.

The Negotiations Option: Sharon's willingness to evacuate almost all the Gaza settlements and some outlying West Bank settlements could be used by the United States to justify an active international intervention on the Palestinian side to reform the Palestinian Authority and turn it into a capable negotiating partner. Such a U.S.-led intervention would need to involve the following elements:

- ✓ A Quartet demand that Yasser Arafat finally relinquish control of the security services, enabling a serious U.S.-led effort to unify and retrain them as a force capable of controlling and disarming the terrorist organizations.
- ✓ A credible threat that if Arafat does not comply external funding will be cut to the Palestinian Authority (alternative methods for providing humanitarian assistance would have to be utilized).
- ✓ A Quartet-supervised implementation of political and economic reform of the Palestinian Authority.
- ✓ A U.S.-sponsored Israeli-Palestinian negotiation to create a Palestinian state with provisional borders as provided for in Phase II of the Roadmap. However,

implementation would only take place *after* the Palestinians fulfill their Phase I commitments to uproot the infrastructure of terror.

- ✓ Arab state endorsement and support for all these elements.

The essence of this option is to restructure the Palestinian Authority in ways that would give it credibility with Israelis and Palestinians. On the Israeli side its credibility would come from its ability and willingness to fight terror and violence; for the Palestinians its credibility would come from being seen to be responsible for an agreement that would lead to the evacuation of settlements, the withdrawal of the Israeli army and the creation of a Palestinian state with provisional borders.

The Receivership Option: The alternative to intervening to reshape Sharon's initiative into a negotiating process is to make arrangements for intervening after Israel has implemented its unilateral disengagement. To fill the vacuum left by Israel's withdrawal, the Palestinian Authority would be put into a "receivership" in which the corporation would still exist but its authorities would be assumed by a U.S.-led, UNSC-approved, international consortium. The "receivership" would need to involve the following elements:

- ✓ A UNSC commitment to the Palestinian people that the purpose of the "receivership" is to forestall the PA's collapse and replace it in the shortest time possible with a Palestinian state with provisional borders run by an accountable and transparent government.
- ✓ An intensive effort to restructure the Palestinian security services to provide them with the capability to enforce law and order in the territories evacuated by Israel.
- ✓ A small component of international forces (perhaps NATO forces) to take control of key security nodes (such as Netzarim, and the crossing points at Erez, Karni and Rafah) and to provide back-up for the Palestinian security services.
- ✓ Oversight of a Palestinian reform process that would generate democratic political institutions, transparent economic institutions and an independent judiciary to replace the failed institutions of the Palestinian Authority.

- ✓ Arab state endorsement of the "receivership" and involvement in some of its aspects (e.g. Egyptian and Jordanian training for the Palestinian security services).
- ✓ Sponsorship of negotiations with Israel to finalize the borders of the Palestinian state.

Mr. Chairman, neither of these options provides a simple, risk-free way forward for the United States. And in an election year, with the demands of Iraq and other hot spots consuming the attention of the Administration, they may both prove to be bridges too far. But sitting back and doing nothing is no longer a viable option either. Israeli and Palestinian exhaustion, the demographic threat and a dramatic shift in the balance of power have created new conditions that make U.S. intervention much more likely to succeed. If the choice therefore is between a failed, terrorist state in the Middle East heartland and U.S. intervention to restructure the Palestinian Authority, it seems to be no longer a matter of choice.