

IN SEARCH OF LEADERSHIP AND A STRATEGY

February 2011

As the revolutionary protests that brought down regimes in Tunisia and Egypt continue to up-end the status quo throughout the Arab world, the Israel-Palestinian status quo remains intact—for now. How long this can last is increasingly in question amidst regional turmoil and the absence of any political process leading to a two-state solution.

After aggressively pursuing a negotiated peace agreement from the outset of his Presidency – only to achieve little success and great criticism – President Barack Obama has appeared to be in retreat from the Middle East peace process in recent months. Special Envoy George Mitchell has been rarely seen in the region in recent months, and visits by others, such as Senior Middle East Advisor Dennis Ross, have received little attention and have come with even less expectation. Israelis and Palestinians alike cite public perception of diminishing American influence in the Middle East and President Obama’s domestic considerations in the lead-up to the 2012 presidential election as indicators that the U.S. is unlikely to double-down its efforts to revive a dormant peace process. However, the ripple effect of the events in Tunisia and Egypt, and the increased strain on the Palestinian Authority leadership in Ramallah, may require the Administration to re-focus on the rapidly changing region to safeguard U.S. national security interests and regional credibility, by supporting efforts that sideline extremism and oppression in favor of democracy and stability.

Today, Israelis and Palestinians share deep skepticism of U.S. policy, peace process fatigue, and a preoccupation with internal political considerations. Each side continues to develop facts on the ground that will further entrench their positions in any future negotiations and to deflect their own leadership deficiencies by placing blame on the United States for the stagnant political process. Whether the Palestinians can conclude and implement an agreement, and whether Israel’s government wants one, are being openly questioned. And with turmoil leaving the future makeup of the region still uncertain, neither side is eager to make a historic step to conclude negotiations without first taking stock of the new regional dynamics. In Jerusalem, the Palestinian question has become a low priority behind social and economic issues, the threat from Iran and unrest along its northern and southern borders. In Ramallah, steps toward statehood are urgent if the P.A. leadership is to bolster its fading legitimacy and prevent protests sweeping the region from burgeoning in the West Bank.

Meanwhile, September 2011 has emerged as a potential watershed. In its February 5 statement, the Quartet reiterated its support for “concluding” negotiations on a two-state solution by September. That month, Palestinian Prime Minister Salaam Fayyad’s institution building plan is slated to be completed, and the Palestinians have called for presidential and parliamentary elections, which will follow a municipal vote this July. Fayyad continues to discuss a unilateral Palestinian declaration of independence in this period. In addition, the United Nations General Assembly will meet one year after President Obama devoted nearly a quarter of his speech to the Palestinian question, stating “when we come back here next year, we can have an agreement that will lead to a new member of the United Nations — an independent, sovereign state of Palestine, living in peace with Israel.”

Despite the widespread perception of the United States’ declining regional influence, the strategy pursued by the United States – or continued lack thereof – in the coming months could determine whether September 2011 represents a turning point toward a two-state solution and regional stability, or perpetuation of the conflict and perhaps renewed violence. In the coming months, a U.S. strategy should include the following steps described below:

- **Market U.S.-Israel security cooperation**
- **Engage the international community**
- **Promote ‘mutually agreed unilateral steps’**
- **Produce a statement of principles as the basis for a negotiated agreement**

MARKET U.S.-ISRAEL SECURITY COOPERATION

Much has been made of the disagreements between the Obama administration and Netanyahu government over West Bank settlement construction. The consensus in Israel – from across the political spectrum – is that the early focus on settlements was a blunder. President Obama had yet to earn the trust of Israelis necessary to press them to move on a politically sensitive issue. As one Israeli analyst put it, “Obama needed to hug Israelis first, and then push them—not the other way around.” Gaining Israel’s confidence in President Obama’s leadership after getting off on the wrong foot will be difficult, but it is essential. No Israeli government will make the kind of politically challenging and historically significant steps toward a peace agreement without confidence in strong support from the American president. The key to renewing this confidence is via Israel’s security.

The status quo all around Israel is dissolving rapidly. Egypt’s turmoil came shortly after Hezbollah appointed a new government in Lebanon. Hamas remains entrenched in the Gaza Strip, and continued coordination with Egypt to limit the smuggling of weapons supplies is being openly questioned. The morale of Palestinian security services in the West Bank is being placed in jeopardy in the absence of a political process. The Muslim Brotherhood is leading protests in Jordan. Turkey has begun military exercises with Syria. And Iran continues to reject diplomatic overtures as it pursues nuclear technology. Israel draws particular concern from the lesson of Hamas’ takeover of the Gaza Strip: that the regional unrest that toppled the regime of President Mubarak in Egypt could lead to a greater role for political Islam in the region, and that democracy could lead to greater instability.

U.S. Military Aid to Israel FY2008-FY2018	
FY2008	\$2.4 billion
FY2009	\$2.55 billion
FY2010	\$2.77 billion
FY2011	\$3.00 billion
FY2012-2018	\$3.09 billion

Source: US State Department, Congressional Research Service

Accordingly, the United States has increased security support for Israel to unprecedented levels. The Obama administration has upgraded military assistance to Israel every year since taking office. The aid package will reach over \$3 billion in 2011—not including the \$205 million the US provided Israel for the development of the Iron Dome short-range missile defense system. The U.S.-Israel Joint Political Military Group and the Defense Policy Advisory Group have been enhanced. In October 2009, over 1,000 U.S. soldiers came to Israel in the largest-ever joint military exercise in the history of the U.S.-Israel relationship and this past August saw the largest ever joint infantry exercise between the two countries. As one veteran Israeli army official told the Wall Street Journal after the exercise, “There’s been a constant stream of American officers coming through (Israel) ... I haven’t seen anything like it in my 20 years in the army.” Meanwhile, U.S.-Israel cooperation is widely believed to be at the center of the *stuxnet* computer virus, which has significantly set back Iran’s nuclear pursuit.

But few in Israel seem to recognize this level of support. As one former Israeli official said, “This man (President Obama) has done more for Israeli security than any man ever. But the people don’t buy it.” Former Congressman Robert Wexler conveyed his frustration in his remarks to the Herzliya Conference on February 9:

“We have bent over backwards, during President Bush and even more so under President Obama, in attempts to secure Israeli security interests... We have offered security package after security package after security package... It is ironic that we are accused of withdrawing ourselves from the region when Secretary Clinton lays out a plan to get to negotiations and, both sides fail to (provide positions) to do so but we continue to engage on security issues and are not acknowledged for doing so.”

A campaign to market this cooperation would serve to strengthen Israeli confidence in President Obama. It would also thwart the President’s detractors in Israel and at home, where Republican officials are increasingly



viewing Israel as a potential wedge issue, as evidenced by Rep. Mike Pence calling the Obama administration “anti-Israel” during the Congressional election season last fall and by the visits to Israel by various Republican presidential contenders in recent weeks.

The visit in mid-February by Admiral Michael Mullen to attend the farewell ceremony for outgoing IDF Chief of Staff Gabi Ashkenazi was an important message to the Israeli public regarding the close security cooperation in recent years. Ensuring that this cooperation continues with new IDF Chief of Staff Benny Gantz – and making sure Israelis and Americans know it – will be an important step toward rebuilding confidence in the Obama administration’s ability to advance a peace process without placing Israel’s security at risk.

ENGAGE THE INTERNATIONAL COMMUNITY

The Israeli-Palestinian conflict is playing out on an international stage. The Palestinian Authority leadership based in Ramallah has systematically sought recognition from United Nations member states in a campaign to pass a United Nations Security Council Resolution with a global consensus. Already just over 110 United Nations member states recognize Palestine. In contrast, the State of Israel is recognized by 156 of the 192 United Nations member states.

While this international campaign may serve to score political points for the Palestinian leadership in Ramallah, it is viewed largely as a ploy that will have little actual impact. As one Israeli official said, “Peru’s recognition of Palestine is not going to remove a single settler.” But, of course, removing settlers is not the point—it is pressuring the United States to put its cards on the table as to whether it is willing to push for a two-state solution in the absence of negotiations.

In the lead up to a potential vote on recognition at the United Nations, the Palestinians have sought to advance a resolution condemning Israeli settlement activity and supporting Palestinian statehood, mirroring language the United States has used and attempting to pressure the White House to approve the text, or veto the draft and face damaged credibility as a result. Deputy Assistant Secretary of State James B. Steinberg indicated the U.S. would utilize its veto in testimony to the House Foreign Affairs Committee, stating: “We have made very clear that we do not think the Security Council is the right place to engage on these issues” and that “we have had some success, at least for the moment, in not having that arise there. And we will continue to employ the tools that we have to make sure that continues to not happen.”

Countries That Have Recently Recognized the State of Palestine	
<i>Suriname</i>	February 1, 2011
<i>Peru</i>	January 24, 2011
<i>Guyana</i>	January 13, 2011
<i>Chile</i>	January 7, 2011
<i>Ecuador</i>	December 24, 2010
<i>Bolivia</i>	December 22, 2010
<i>Argentina</i>	December 4, 2010
<i>Brazil</i>	December 1, 2010

Various Sources

For the U.S. to “employ tools” to ensure that a vote on statehood does not replace negotiations, it should embark on a global tour of its own, one that would seek two objectives: 1) sidelining Palestinian efforts to achieve unilateral statehood through a U.N. vote in favor of an internationally-backed U.S. set of understandings; and 2) curbing the de-legitimization and de-normalization campaigns against Israel spreading throughout the international community. At the same time, the United States should encourage a second track to produce a much-needed back channel of Israeli – Palestinian dialogue, with or without American facilitation.

PROMOTE ‘MUTUALLY AGREED UNILATERAL STEPS’

While much has been made of the absence of a coherent and consistent U.S. strategy for the Middle East peace process, American officials readily state that one has in fact been in place: the ‘bottom up, top down’ strategy.

This entails supporting Palestinian institution building and confidence building measures between the parties on the one hand, while negotiating the core final status issues at the heart of the conflict on the other. However, as of today Palestinians continue to demand a settlement freeze in order to return to the negotiating table, and Israel refuses to do so. Neither side is prepared to appear to give in on these now hardened positions. The result has been the complete absence of any meaningful peace process.

The absence of political progress, the recently leaked “Palestine Papers” published by Al Jazeera, and the regional unrest in the Arab world, have placed the Palestinian Authority’s leadership in a tenuous position. Analysts and officials report that in recent weeks the morale of Palestinian security officers has been waning amidst increasing criticism from the public that they are serving to perpetuate, rather than end, the Israeli occupation. Protests in Ramallah in solidarity with the Egyptian revolution were initially disbanded, but re-emerged with a refrain of “down with division,” rather than the call “down with the regime” that was heard in Tunis and Cairo. The leadership is responding to these developments by publicly signaling their recognition of the need for accountability and reform. Municipal elections will be held in July and long overdue presidential and parliamentary elections have been announced for September. The Ramallah-based cabinet resigned and was reformulated with Prime Minister Fayyad remaining at the helm, and longtime Chief Negotiator Saeb Erekat has resigned and his Negotiations Support Unit has been disbanded.

Resignations by Palestinian leaders and election dates have been announced only to be rescinded before. Indeed, already President Abbas has suggested that a presidential and parliamentary vote cannot be conducted without the participation of the Gaza Strip, requiring Hamas’ consent. And, in a recent interview with the Washington Post, Saeb Erekat indicated that President Abbas had yet to accept his resignation. Whether or not elections and resignations proceed, it is clear that the unrest throughout the region may require pledges of accountability to be carried out. To be sure, the call for elections is a political maneuver that places Fatah’s rival Hamas in the odd position of opposing elections at a time when calls for them are sweeping the Arab world. On the surface, elections may appear to be a plea for new unity among Palestinians, but if they are carried out they will serve to further divide the West Bank from Gaza. In any event, elections would confer a measure of legitimacy on the Ramallah-based leadership.

Without progress in the coming months, some Palestinian analysts forecast that the Palestinian leadership will be pressed on two fronts: 1) to cease the extensive security cooperation with Israel, and 2) to forcefully advocate a de-normalization campaign stressing boycott, divestment and sanctions against Israel. The appetite for violence remains low among Palestinians, particularly in the West Bank, where annual growth has exceeded 9 percent with the assistance of foreign aid, and where Prime Minister Fayyad has set a goal of weaning the PA off foreign aid in favor of sustainable private sector development by 2013. Yet in polls taken this fall by the Palestinian Center for Policy and Survey Research, 41 percent of West Bank Palestinians stated support for armed attacks inside Israel. Forty-four percent stated support for a fatal attack on four West Bank settlers by members of Hamas this past fall, and only 18 percent supported the P.A.’s subsequent crackdown on Hamas. Some Palestinians believe that without successful diplomacy to reduce Israel’s footprint on Palestinian lives – and to bolster the morale of newly-minted security forces – 2012 could see a return to violence. Many point to the numerous “seeds of eruption” that could quickly instigate an appetite for violence and spark another round of conflict, such as clashes regarding Israeli building projects in East Jerusalem. As one Palestinian official said, “On the surface there is calm on the streets, but under them it is boiling.”

Heading off such a development will require both stemming provocative actions which serve as a catalyst for an eruption and demonstrating concrete steps forward, both on the ground and in the political arena—all at a time when the chance to convene meaningful negotiations on final status issues seems remote. Various Israeli officials from Kadima to Yisrael Beiteinu are calling for an interim agreement that would shelve final status issues for a later period, but Palestinians are eager to get to the endgame. A better solution would be coupling what one Israeli official described as “mutually agreed unilateral steps” with a statement of U.S. principles on the path toward a final-status agreement. Such ‘unilateral’ steps would aim to overcome the obstacle of each side’s reluctance to appear to have relented on their hardened positions.

Steps by the Israelis should include the cessation of Israeli ‘flying checkpoints’ in Areas A and B; expansion of Palestinian security control to the entirety of Areas A and B; the cessation of nighttime raids by Israeli forces into the West Bank; and greater freedom of movement for Palestinians working in Israel and traveling between Palestinian cities and Israeli Arab villages in particular. The United States and Israel should also come to an understanding limiting provocative displacement of residents and also building projects in sensitive areas in East Jerusalem, particularly in the Silwan and Sheikh Jarrah. Palestinians have clear steps to take: stepping back from international efforts to gain U.N. recognition and isolate Israel in the coming months and agreeing to return to the negotiating table.

These steps need not be publicized as concessions offered to the other side. What is important is to instill confidence in both sides in the prospect of negotiations, while beginning to address pressing concerns: for Palestinians, to begin to diminish the modus operandi of the Israeli occupation; for Israelis, to stem the isolation and ‘de-legitimization’ campaigns targeting the Jewish state.

PRODUCE A STATEMENT OF U.S. PRINCIPLES

Producing a U.S.-backed Middle East peace plan now, amidst the regional turmoil and uncertainty, would be a mistake. In the months between now and September the United States must infuse new energy and commitment by developing a new strategy, re-configuring the White House’s Middle East personnel, re-establishing credibility with the parties, and framing a new set of U.S. principles that will provide a clear path toward resolving the core issues and that will provide the context and framework Israelis and Palestinians will need to accept and implement a two-state agreement.

In promoting steps by either side, and in laying the groundwork for U.S. principles, the Administration should provide a menu of milestones, incentives and disincentives on the road to a two-state deal. Initial milestones should include the steps outlined above, as well as the resumption of a back-channel, track II dialogue. Other milestones should include receiving Israeli positions on core issues, beginning with security and borders, which would inform an eventual statement of U.S. understandings. The United States should also support a consistent Middle East policy in the wake of the regional unrest by endorsing Palestinian presidential and parliamentary elections and peaceful demonstrations in the Palestinian territories, while reinforcing the need for Palestinian leaders to uphold established agreements with Israel and to oppose incitement and violence.

Few remember that President George W. Bush withheld \$1.1 billion in loan guarantees from Israel as a penalty for the route of Israel’s security fence and West Bank settlement activity, in accordance with the U.S.-Israel loan guarantee agreement established in 2003. Nevertheless, President Bush was widely admired by Israelis, while President Obama does not have the same luxury. When Special Envoy Mitchell suggested a reduction in loan guarantees as punishment for Israeli settlement activity one year ago, he was quickly rebuked by U.S. and Israeli officials alike. Instead, the U.S. should begin discussions with Israelis regarding a renewal of the loan guarantee package slated to conclude at the end of September, with a re-emphasis on penalties for settlement activity alongside an additional aid package specific to the advancement of a two-state solution, including partial American assistance for the re-settlement of Israeli settlers from the West Bank to Israel proper and security enhancements as were offered in the three-month freeze package this past summer.

The U.S. should be clear to the Palestinians that U.S. principles will not serve as a replacement for negotiations. U.S. ideas will not impose a solution which can only be reached by the parties. At the same time, the United States must convince Palestinians that the U.S. strategy for supporting Palestinian sovereignty and jumpstarting final status talks will be more effective than their unilateral efforts on the international stage. For Israelis the U.S. should be clear that without an understanding of Israeli positions, our ability to provide principles that would reflect their interests is diminished.

The steps outlined above are unlikely to succeed without two key developments: the re-formulation of the President’s Mideast team and a visit to Israel by President Obama. The structure of the Mideast team has

resulted in a loss of credibility with both parties. The individual members of the team bring deep experience and expertise. Yet, it remains unclear to the parties who is in charge, who has authority, who can implement policies, and who speaks for the President, if anyone. A complete overhaul may be unnecessary, but recognition of past mistakes and a signal of accountability would help to overcome the current skepticism of U.S. intentions from both sides. Still, even a completely new team will be ineffective without a consistent, clear strategy led and communicated by President Obama.

Prior to September, with confidence restored and a concrete strategy in place, President Obama should visit Israel—but only with demonstrated progress, and with something to deliver, in hand. The goal of such a visit would be two-fold: 1) to re-connect with the Israeli people and market the steadfast and unprecedented U.S. commitment to Israel’s security, and 2) to deliver the set of U.S. principles regarding a two-state solution. President Obama’s reiteration of America’s commitment to Israel’s security and the U.S.-Israel relationship would not be new, but it would take on new significance amidst the widespread regional unrest.

The principles set forward by the President should take into account the understood positions received from both sides. Following the leak of the Palestine Papers and subsequent reports of the progress achieved by the negotiations conducted between Prime Minister Ehud Olmert and Palestinian Authority President Mahmoud Abbas, to expect that an agreement would be reached on lesser terms is simply unrealistic. A core mistake of the Obama administration was not to start negotiations from where they left off. The United States should use the next several months to generate movement toward an abatement of day-to-day Israeli-Palestinian friction, and to create the necessary context to get back to a framework based largely on the Olmert-Abbas discussions, and the Arab Peace Initiative, supported by the international community.

To be sure, the Netanyahu government will be opposed to going as far as its predecessor. Following the internal document leak, the Palestinians are also reluctant to return to positions which many framed as overly generous to Israeli demands. The parties may have once been close to agreement on final status issues, but today they are far apart. Still, anything drastically different from the Olmert-Abbas formula will simply not provide for a viable two-state agreement, and the current distance between the parties requires a bridging of the gaps. A U.S. statement of principles – supported by the Quartet and broader international community – would be an important tool that could provide a comprehensive vision for a two-state solution that could do just that, leading both parties to a necessary moment of choice, consistent with what President Obama stated in his Cairo speech regarding the Israeli-Palestinian conflict: “It is time for us to act on what everyone knows to be true.”

But none of this works without confidence in a strategy and in leadership provided by the United States.

CONCLUSION

Today, neither party is demonstrating any measure of leadership to build mutual confidence and return to the negotiating table, and large majorities of the publics on both sides, while supportive of a two-state framework, continue to disbelieve that one can be reached anytime soon. Meanwhile, the events in Egypt and throughout the region are demonstrating the limits – and strengths – of U.S. influence in the region. Both sides are once again complaining that the United States “doesn’t understand the Middle East.” While an optimist might say the regional unrest provides a moment of opportunity for the peace process, it is more likely that the regional uncertainty, and the current obstacles presented by the political landscapes on both sides, will breed greater cautiousness.

Even so, the new regional dynamic should be seen as an opportunity for the United States to establish a sound regional policy that promotes and enhances democracy, accountability, and stability in the broader Middle East. The continuation of the Israeli-Palestinian conflict stands in contradiction to these goals. It also undermines America’s credibility and national security.



Two seemingly contradictory refrains are commonly heard from U.S. officials regarding the Israeli-Palestinian conflict: 1) that the United States “cannot want peace more than the parties,” and 2) that a two-state solution is “a national security interest of the United States.” The coming months could determine if a sustainable two-state solution can ultimately be achieved, whether renewed violence may ensue, and which of these contradictory statements most accurately reflects the views of the Obama administration.

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