



A concrete security barrier separating Israel from the West Bank

Window of Opportunity for a Two-State Solution

Policy recommendations to the Obama administration on the Israeli-Palestinian front

Brian Katulis, Marc Lynch, and Robert C. Adler July 2009



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Preface

This report is based on a series of briefings, meetings, and interviews conducted with a wide range of Palestinian and Israeli officials in June 2009, including on-the-record sessions with leaders such as Israeli Deputy Prime Minister Dan Meridor, Kadima Party Leader and Former Foreign Minister Tzipi Livni, Major General Yoav Gallant of the Southern Command of the Israel Defense Forces, Palestinian Authority Prime Minister Salam Al-Fayyad, and Saeb Erekat, the chief negotiator for the Palestine Liberation Organization.

The authors also met with a number of officials in off-the-record sessions, including several ministers in the Palestinian Authority and the Israeli government, leaders in the Israel Defense Forces, independent analysts, and journalists in Jerusalem, the West Bank, and Israel during the last two weeks of June. The meetings also included sessions with U.S., British, and other international officials and experts on the Middle East. Some of these meetings were part of a broader delegation that one report coauthor (Katulis) took part in organized by the Israel America Academic Exchange, a program in partnership with the Milken Institute and the Yitzhak Rabin Center.

The overarching conclusion after all of these in-depth meetings with a wide range of actors: A two-state solution to the Israeli-Palestinian conflict is achievable if the Obama administration builds upon the successful early steps it has taken so far with swift but far-sighted strategic action to bring all the players around to a comprehensive peace process. This won't be easy, and the next 6- to 12-month period is crucial. But it is doable if the Obama administration invests more resources in public outreach and strategic communications efforts aimed at building political support for a two-state solution among Israelis, Palestinians, and people in the broader Arab world.

– Brian Katulis, Marc Lynch, and Robert C. Adler

Introduction and summary

The Obama administration sees a two-state solution to the Israeli-Palestinian conflict as the cornerstone of its evolving Middle East strategy. Yet the window of opportunity for achieving a viable two-state solution is rapidly closing—at a time when Israelis and Palestinians seem incapable and unwilling to achieve a sustainable peace agreement. In the coming months, the Obama administration needs to build on its first steps on the Israeli-Palestinian front with specific actions to shore up Israeli and Palestinian political support for a possible two-state solution.

The Obama administration has taken important steps to demonstrate the seriousness of its intent. President Barack Obama appointed an experienced, high-level team including former Senator George Mitchell as special envoy for Middle East peace. As this team initiated multiple policy reviews and engaged key actors in the Middle East to gauge the openings for possible shifts in U.S. policy, President Obama repeatedly voiced his public commitment to a two-state solution. His speech in Cairo last month directly tied the creation of a Palestinian state to U.S. national security interests.

The Obama team is building on previous administrations' efforts to boost the capabilities and professionalism of the Palestinian security forces and is working to advance economic development in the Palestinian territories. The administration has pushed for a freeze on the expansion of Israeli settlements on the West Bank, and is now pushing for Arab states to make significant gestures toward Israel.

But the deadlocked political situation on both the Israeli and the Palestinian sides trail the President's ambitious timetable. Palestinian leaders are divided and face a crisis of legitimacy in the eyes of their people. As yet, there is no clear path forward to resolve power-sharing disputes among different Palestinian factions. Israelis are similarly divided about the way forward, with little serious internal political pressure pushing toward a two-state solution.

The Obama administration needs to win over more Israelis to its strategy for the region and consolidate a Palestinian leadership able to negotiate an enduring agreement in order to achieve a two-state solution. To address this stalemate, the Obama administration needs to take four concrete steps in the coming months:

- Plan for the possibility of Palestinian elections in the coming year.
- Develop an integrated program to strengthen Palestinian institutions in a broad range of sectors to lay the foundations for statehood.
- Take immediate action to address the humanitarian crisis in Gaza.
- Conduct a public outreach and strategic communications effort in the Middle East outlining U.S. regional strategy, with increased attention to Israeli public opinion.

Each of these steps needs to be taken to expand the new window of opportunity created by the Obama administration's first moves on Middle East policy.



Source: Map adapted from United Nations Department of Peacekeeping Operations Cartographic Section, Map No. 3584 Rev. 2.

Plan for the possibility of Palestinian elections in the coming year

A key impediment to a two-state solution is the lack of unified Palestinian institutions and leaders endowed with the support of its people. The fractured political landscape among Palestinians raises concerns among Israelis about having a viable partner who can implement a peace agreement. The deep conflicts between Hamas and Fatah, including the territorial-political divide between the West Bank and Gaza, have been compounded by growing internal problems within the Fatah movement and the legitimacy of the Palestinian Authority even in the West Bank. To clear this hurdle, the Obama administration should support efforts to find a workable formula for a Palestinian national unity government and plan for the possibility of Palestinian elections in the next 12 months.

Earlier this month, PA President Mahmoud Abbas called for Palestinian elections to be held under international and Arab supervision. Abbas said the election results should be respected, even if Hamas wins. Holding such elections will be risky and complicated, but elections may be the only way to translate improvements in security, economy, and institutional capacity into real political legitimacy for Palestinian governing institutions—the paramount strategic objective of the current efforts. While January 2010 should not be a sacred date, the elections should be held on a reasonable time frame and their results respected. These elections, however, must *not* be used as an excuse to delay a rapid movement towards final status negotiations. An impending election could generate a sense of urgency among Palestinian leaders that could create positive incentives to make progress in negotiations.

Develop an integrated program to strengthen Palestinian institutions in a broad range of sectors to lay the foundation for statehood

Neither elections nor stronger Palestinian security forces will be sufficient to produce a capable and legitimate Palestinian government if other Palestinian Authority institutions are not developed in tandem. The United States and other countries should continue to promote a “sustainable security” program in Palestine—developing a judicial system, strengthening the rule of law, advancing economic prosperity and democratic mechanisms—to create a favorable environment toward a peace resolution. Considerable U.S. investment and efforts to build Palestinian security forces should be matched by robust efforts to strengthen Palestinian Authority ministries in a wider range of sectors.

This may require a far more direct presence in the West Bank than is currently possible. At present, U.S. Agency for International Development officials can only travel even to Ramallah under heavy security, with each visit costing thousands of dollars according to many estimates, and to the great dismay of Palestinian officials. The United States should strongly consider opening a diplomatic presence in Ramallah. This would send an extremely strong signal of U.S. support for an emerging Palestinian state, and would facilitate a much more effective engagement across all sectors of Palestinian institutional development. In

opening such a presence, the United States should make clear that the move is not making a policy statement prejudging the outcome of final status negotiations. International development assistance should be tightly integrated into a coherent strategy aimed at producing a capable, legitimate set of Palestinian institutions which can win public support for and effectively implement a two-state final status agreement.

Take immediate action to address the humanitarian crisis in Gaza

Since unilateral ceasefires in January by Israel and Hamas in the Gaza Strip, the 1.5 million Palestinians living there have suffered from severe shortages—including basic medicines, food and building materials—after combat destroyed many homes and key infrastructure. The Obama administration is now engaged in quiet diplomatic efforts to ease the restrictions on border crossings in order to advance reconstruction efforts in the Gaza Strip. But far too little has been done, and reconstruction efforts remain stymied.

The United States should work directly and openly with Israeli officials to establish transparent criteria and rationale for allowing the import of food, medicines, and reconstruction material. In addition, the Obama administration should review regulations and procedures to ensure it is striking the right balance between facilitating the timely and efficient delivery of humanitarian assistance and guaranteeing that U.S. taxpayer assistance does not benefit groups designated as foreign terrorist organizations.

Launch a strategic communications effort in the Middle East outlining U.S. regional strategy, with increased attention to Israeli public opinion

The Obama administration's diplomatic efforts over the settlements are not yet concluded and must be continued in order to revive U.S. credibility in Palestine and the Arab world. But the settlements themselves are only a small portion of the problem. The time has come to pivot to the next step—a broader public outreach and strategic communications effort in the Middle East that builds on the first steps of the Obama administration. This should be supplemented by a tightly focused strategic communications effort directed toward building support for a two-state solution among Palestinians and the broader Arab world. Such a campaign cannot wait for an actual negotiated agreement that can then be “sold.” It must begin now to build the foundations of public support and to prepare public opinion for the likely concessions involved in the likely deal.

The communications campaign cannot only be directed toward the Arabs and Palestinians. The Obama administration will achieve its goal of a two-state solution to the Israeli-Palestinian conflict only if its actions are *not* viewed by Israelis as hostile to their interests. Washington needs to reassure Israel that it will continue to support its security and work to maintain a close bilateral relationship while also pushing forcefully for a two-state solu-

tion which it sees as in the best interests of the region. Israel and the United States cannot afford to surprise each other with unexpected, uncoordinated initiatives that collide with each other's strategic position.

At the same time, both nations must meet their commitments in the full spirit of cooperation and common purpose. To do this, the Obama administration should consider ways to shape Israel's strategic calculations, such as a package of additional financial assistance to help Israel with the costs of moving settlements and military bases in the West Bank, both of which might be the result of a deal with Israel on permanent borders or a more comprehensive agreement.

President Obama's window of opportunity

In its first six months in office, the Obama administration took major steps to restore U.S. power and standing in the region. Recent presidential speeches in Turkey and Egypt and a steady stream of visits from high-level diplomats have softened the ground for major changes in policy. The decision to focus on the Israeli-Palestinian track was bold, and now there is no alternative but to move forward. A two-state solution to the Israeli-Palestinian conflict needs to occur on the Obama administration's watch because the door is closing to create a viable Palestinian state. It is now or never for the two-state solution.

The landscape around Jerusalem has substantially changed in recent years, prompting real concerns that building in the greater Jerusalem area will cut the northern West Bank off from the southern West Bank. For this reason, an immediate, total, and unconditional freeze on building in disputed areas—including East Jerusalem—is necessary. The physical separation and growing political divisions between the West Bank and Gaza Strip also serve as a major impediment to a viable two-state solution.

The Obama administration's efforts have already produced significant movement on some of these key issues, particularly the opening of some internal checkpoints and roadblocks within the West Bank and Israeli Prime Minister Benjamin Netanyahu's verbal acceptance of the two-state concept. There are some positive signs that security concerns and the economic situation in the West Bank are slowly improving—the product of detailed efforts to persuade Israel to lift the more than 600 checkpoints and roadblocks inside of the West Bank and motivate and equip Palestinians to take greater control over their own security. Palestinian security forces seem to have a better grasp on public order within West Bank cities.

But to achieve a two-state solution, these improvements must be translated into popular support and more legitimate political institutions. Translating these tactical gains into strategic progress requires major advances for resolving conflict. The risk with the current approach is that it could get bogged down on individual efforts, such as negotiating with the Israeli government over individual settlements or certain checkpoints or specific efforts to build Palestinian security forces. These individual efforts are important building blocks for improving the daily lives of Palestinians and thus their political support for a two-state solution. But this will only happen if these individual steps translate into direct engagement with more fundamental issues, such as the Israeli occupation of the West Bank and the continued isolation of Gaza.



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Israelis and Palestinians alike are paying close attention to what the Obama administration says and does, which offers great potential for having a real impact on the situation. Obama's Cairo speech to some degree prompted Israeli Prime Minister Netanyahu's speech accepting a two-state solution, which then motivated Palestinian Authority Prime Minister Salam al-Fayyad to deliver a major speech setting a goal to establish a Palestinian state in two years. The Obama administration's stance on a settlement freeze has raised hopes, expectations, and in the case of some Israelis fears about tensions between the United States and Israel.

Expanding this window of opportunity for a two state solution requires the Obama administration to generate continued momentum in the coming months. The exact duration of this window of opportunity is unclear, though many people we met with on the trip indicated 12-to-18 months is probably the best presumption.

Standing in line to walk through Kalandia checkpoint. Getting to Jerusalem from Ramallah, about 10 miles, sometimes takes several hours due to backups or slow processing at checkpoints like this one.

Recommendations for U.S. policy

Recommendation: Plan for the possibility of Palestinian elections in the coming year

A key impediment to a two-state solution is the lack of unified Palestinian institutions and leaders endowed with the support and legitimacy of the Palestinian people. The fractured political landscape among Palestinians raises concerns among Israelis about having a partner who can implement a peace agreement. It also makes it exceptionally difficult for any Palestinian leadership to negotiate seriously or to be able to enforce any foreseeable deal.

The deep conflicts between Hamas and Fatah, including the territorial-political divide between the West Bank and Gaza, have been compounded by growing internal problems within the Fatah movement and the limited legitimacy of the Palestinian Authority even in the West Bank. To clear this hurdle, the Obama administration should support efforts to find a workable formula for a Palestinian national unity government—perhaps in the form of a caretaker government entrusted with negotiations—and plan for the possibility of Palestinian elections in the next 12 months.

The Palestinian Authority has been in shambles for years, especially since Israel destroyed many of its foundations during the second intifada. In the past three years, the political underpinnings of Palestinian democracy and governance have rapidly deteriorated. Beyond the well-known divisions between Fatah (a center-left nationalist Palestinian political party that has been the largest faction of the Palestine Liberation Organization) and Hamas (an Islamist political organization that won a majority in the 2006 elections for the Palestinian Legislative Council and also a Palestinian organization designated by the United States as a foreign terrorist organization), there has also been growing conflict between Fatah and the Palestinian Authority, the quasi-state governing and administrative body created in 1994 under the Oslo Accords signed between Israel and the PLO. There is also significant internal fragmentation within Fatah.

Divisions continue to plague members of the Palestinian Authority as well as the Palestine Liberation Organization, which the Arab League designated as the “sole legitimate representative of the Palestinian people” 35 years ago, and members of Fatah. These tensions were on full display in criticisms levied by members of the PLO and Fatah against Prime Minister Fayyad’s speech in June. Disunity among the “anti-Hamas” group—Hamas is not a

member of the PLO—could complicate the efforts to boost “pragmatic” Palestinian leadership. Fatah has announced plans to finally hold its long-delayed conference this August, which may finally allow it to renew its leadership and put forward a coherent platform.

The political conflicts run deep, impacted by efforts to overturn the results of the Hamas victory in the 2006 elections, the arrests of dozens of Hamas members of the Palestinian Legislative Council, the 2007 Hamas takeover of Gaza, the formation of a new Palestinian Authority government in the West Bank, and an ongoing series of intra-Palestinian street battles, media incitement, and reciprocal arrest campaigns. All of these factors contributed to a fracturing of Palestinian leadership, and decreased the Palestinian leaders’ legitimacy in the eyes of their own people. Palestinians have been operating for nearly two years without a legislature, and there are serious questions about the constitutional status and political authority of Prime Minister Salaam Fayyad and President Mahmoud Abbas.

One central operating principle of the Obama administration’s approach on the Israeli-Palestinian front—as with the Bush administration—is that the solution must be to bolster “pragmatic” Palestinian leaders through increased efforts to improve security and the local economy. This core principle needs further testing and examination for flaws, since those leaders viewed as “pragmatic” or “moderate” may not have the most legitimacy in the eyes of the Palestinian people.

Some steps have indeed been taken in recent months, including the easing of internal checkpoints in the West Bank. But even steps to improve the security situation and the economy may not necessarily accrue political benefits to “pragmatic” Palestinian leadership, vaguely defined, if the Palestinian political divisions remain strong. One of the lessons of recent counterinsurgency efforts is that security improvements on the ground will not automatically translate into political gains without a sustained economic, political, institutional, and communications strategy aimed at that outcome.

Achieving a national unity government or legitimate institutions will not be easy. The Hamas-Fatah talks hosted by Cairo have suffered repeated delays, while the negotiations have demonstrated the extremely wide gaps which divide the two sides. Neither Hamas nor Fatah—nor the Palestinian Authority—seems able or willing to compromise on its core principles in order to achieve the national unity government which overwhelming majorities of Palestinians seem to want. In the absence of such a deal, the growing political conflict on the ground between Hamas and Fatah threatens to escalate into armed confrontation. Over the last few weeks, Palestinian security forces have arrested a number of alleged Hamas militants, while the Hamas government in Gaza has arrested a number of alleged Fatah provocateurs. This suggests that the status quo may be untenable, and that failure to move forward may mean a rapid degeneration.

Although the Obama administration has not resisted a Palestinian unity government as strongly as its predecessor, it has thus far appeared to look unfavorably upon a Palestinian national unity government that does not clearly meet the conditions laid out

Security improvements on the ground will not automatically translate into political gains without a sustained economic, political, institutional, and communications strategy aimed at that outcome.

by the Quartet (recognition of Israel, renunciation of violence, adherence to past Israeli-Palestinian agreements). The language in the latest congressional budget authorization opens a partial pathway toward working with a Palestinian national unity government in which all members (though not necessarily their constituent parties) commit to the Quartet principles. Congressional funding may be less significant than is generally believed, however. Support for the Palestinian Authority comes from a wide range of sources, including international institutions and European states. If the Obama administration is unwilling or unable to find mechanisms to fund a Palestinian Authority controlled by a unity government, then it should refrain from actively lobbying its allies and partners from doing so.

The Obama administration needs to make decisions about the desirability of Palestinian elections soon. The next round of Palestinian elections for the presidency and the parliament, tentatively slated for January 2010, will not likely be held unless significant political decisions are made on the part of Palestinians, Israelis, and the international community. Any electoral process requires two to three months advance time for preparations, but as yet there is no agreement on the framework for holding those elections among Palestinians.

Earlier this month, Palestinian Authority President Mahmoud Abbas called for Palestinian elections to be held under international and Arab supervision. Abbas said the election results should be respected even if Hamas wins. Holding such elections will be risky and complicated, but elections may be the only way to translate improvements in security, economy, and institutional capacity into real political legitimacy for Palestinian governing institutions—the paramount strategic objective of the current efforts. While January 2010 should not be a sacred date, the elections should be held on a reasonable time frame and their results respected.

If a unity government is formed or if Palestinians achieve some sort of interim political framework agreement to move forward with the next elections, then the electoral process will force Israel, the United States, and other key countries to make difficult decisions about whether they will provide support for this next round of elections and whether they would respect the results. They should, despite the risks.

The elections, however, must *not* be used as an excuse to postpone negotiations on final status issues. Instead, the impending elections should be used to force all sides to move forcefully and relatively quickly to demonstrate substantive progress. Whether the elections occur before or after the achievement of a final status agreement, they would become a *de facto* referendum. If held in the absence of substantive progress toward a two-state solution, this would greatly strengthen the position of Hamas in the elections. This should generate a strong and healthy set of incentives for all parties to demonstrate progress and to create a positive context for the elections.

Recommendation: Develop a more comprehensive and integrated program to strengthen Palestinian institutions in a broad range of sectors to lay the foundations for statehood

Elections alone also will be insufficient if other governing institutions of the Palestinian people are not developed in tandem with the support of the United States and other countries. To date, the United States has placed the greatest emphasis on the training of Palestinian security forces. But this faces serious, and largely unrecognized, political problems and is on its own inadequate to the task. A “sustainable security” program in the Palestinian Authority—developing a judicial system, rule of law, economic prosperity, and democratic mechanisms as well as local security forces—is essential to a viable two-state solution.

In the last two years, the United States has invested significant attention and resources in developing Palestinian Authority security forces, but that effort has not been matched by comparable considerable institutional development elsewhere. It has also done exceedingly little to explain their purposes or their mission to a skeptical Palestinian public, some of whom view them as either an adjunct of the Israel Defense Forces or as a tool for the PA in a brewing intra-Palestinian civil war. There is a real danger that Palestinian security force assistance that lacks a stable, whole-of-government foundation could lead to a repeat of the disastrous experience of security force development in the 1990s.

Since 2007, the U.S. security coordinator for Israel and the Palestinian Authority, Lieutenant General Keith Dayton, has overseen a program to train West Bank-based Palestinian Authority security personnel in the Presidential Guard and National Security Forces at the Jordan International Police Training Center.¹ This initiative is important because Israel Defense Forces will never withdraw from the West Bank if they do not feel that they have such a competent partner. General Dayton and his team have done a far better job of convincing Israelis of the value of these forces than they have of convincing the Palestinian public.

There is a daunting ceiling to the ability to develop such Palestinian security forces under conditions of enduring Israeli occupation, particularly in the absence of parallel development of other Palestinian institutions. Still, there is evidence of progress. Anecdotal reports suggest improved law and order on the streets of Palestinian cities, and the improved security has prompted Israelis to relax some of their own restrictions on Palestinian movement and to pledge to refrain from allowing the Israeli Defense Forces from entering certain West Bank cities.

The efforts in the northern West Bank city of Jenin in particular demonstrate a new conception of security practice more in line with counterinsurgency doctrine than with the more traditional counterterrorism approach. Efforts there to establish law and order first, followed by concerted efforts to promote economic development and the promotion of legitimate political institutions, offer an important new model.

There is a real danger that Palestinian security force assistance that lacks a stable, whole-of-government foundation could lead to a repeat of the disastrous experience of security force development in the 1990s.

Unfortunately, this has not translated to the “national” level, where Palestinian security institutions are developing at a far greater rate than are other institutions. Palestinian security sector reform must be placed firmly within a sustainable security concept and this must happen swiftly.

During our trip, a wide range of Palestinians of all political trends spoke about “Dayton’s forces” or the “Fayyad/Dayton government,” casting serious doubts on the legitimacy of the prime minister as well as of the contingents of the security forces being trained with U.S. assistance. These comments are not just criticisms from Hamas—a number of senior Palestinian Authority officials expressed concerns about whether the U.S. Security Coordinator efforts are being closely coordinated with efforts to build Palestinian Authority institutions. Others complain of the imbalance of resources, and of what they view as excessive budgetary demands for the security forces at a time when other agencies are starved for funds.

A key part of the transformed military doctrine in Iraq in 2007 was the recognition of the centrality of information, communications, and of the hearts and minds of the local population. What was true in Iraq—the need to persuade the local population of the legitimacy of the mission of national (and coalition) security forces—is equally true in the Palestinian areas. This growing perceptions problem represents an urgent strategic communications problem which, if unresolved, could fundamentally endanger this vital mission. While Palestinians certainly appreciate the improved law and order, and the Israeli decision to limit security incursions into West Bank cities, the team must address public skepticism of the Palestinian Authority security forces.

This extends to the activities of other Palestinian security forces besides those under the mandate of the Dayton mission. Palestinians will likely not differentiate between different chains of command when faced with arbitrary arrest, human rights violations, and other abuses. If Palestinian security forces take sides in internal political battles, then a bloody civil war could ensue. The mission of the security forces should be to deliver unified law and order within the emerging Palestinian state and to serve whatever legitimate Palestinian government emerges, rather than to settle scores in internal power struggles among Palestinians.



Downtown Ramallah in the West Bank. Ramallah has emerged as an important governance and economic center in the West Bank, with the offices of top Palestinian Authority officials located here. While the economic situation remains difficult for most Palestinians, Ramallah is one area where commerce and business activity have increased.

The core principles of “smart power” that Secretary of State Hillary Clinton spoke of in her confirmation hearings at the beginning of the year need to be applied in the Palestinian territories. This will require a more active role for U.S. development agencies, nongovernmental organizations, and private businesses in building viable Palestinian governmental, social, and economic institutions.

Security sector reform must include a much more comprehensive and strategically integrated effort to assist in building rule-of-law institutions and political processes needed to mediate disputes. The U.S. Department of State’s International Narcotics and Law Enforcement Bureau has been quietly assisting the Palestinian Authority’s Ministry of Interior to develop the administrative, financial, budgeting, and human capital management components of the ministry. These efforts need to be closely coordinated with other U.S. efforts to build security institutions, including the work of the U.S. Security Coordinator. The absence of a constitutional, rule-of-law framework hampers effort to build a viable Palestinian state and could contribute to accelerating intra-Palestinian conflicts.

A strong “sustainable security” approach to building Palestinian institutions may require a far more direct presence in the West Bank than is currently possible. At present, U.S. Agency for International Development officials can only travel even to Ramallah under heavy security, with each visit costing thousands of dollars according to many estimates, and to the great dismay of Palestinian officials. The United States should strongly consider opening a diplomatic presence in Ramallah. This would send an extremely strong signal of U.S. support for an emerging Palestinian state, and would facilitate a much more effective engagement across all sectors of Palestinian institutional development.

In addition to building ministries, the United States and other outside actors should look for ways to advance efforts in key sectors that can improve the lives of Palestinians and Israelis and foster greater cooperation. Historically, there has been good cooperation between the Palestinian and Israeli health care sectors but that is now on the wane as funding for ongoing cooperative efforts for care and training has eroded. The health sector is one area that can improve Israeli and Palestinian ties. Agencies involved in providing stop-gap measures currently do not coordinate their efforts, and much work can be done to eliminate redundancies.

For all of the institutional problems and corruption of the Palestinian Authority, the core of the problem remains the Israeli occupation. Reducing the barriers to internal movement in the West Bank and restoring the linkage between the West Bank and Gaza would likely greatly boost the legitimacy of the Palestinian Authority by demonstrating a real change in the lives of Palestinians. The lack of a Palestinian state with clear borders and authorities impedes the process of building a body of laws and regulations needed to govern all aspects of life, including security and basic services.

Recommendation: Take immediate action to address the humanitarian crisis in Gaza

In the six months since unilateral ceasefires by Israel and Hamas were announced on the eve of President Obama's inauguration, the 1.5 million Palestinians living in the Gaza Strip have suffered from shortages, including basic medicines and services. In early March, the International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza that was held in Egypt raised a total of \$4.4 billion in pledges from the international community for the Palestinian Authority. But stringent import restrictions imposed by Israel and the continued divisions among Palestinian factions have impeded these funds from delivering much benefit to Palestinians.

According to briefings we received during the trip and recent reports by several international and nongovernmental agencies, the human security situation in the Gaza Strip is dire. A [recent report](#) by the International Committee of the Red Cross found Gaza's health care system is incapable of treating many patients with serious illnesses, water and sanitation systems are on the brink of collapse, and declining living standards and increased poverty are on the rise due to the collapse of Gaza's economy.

Israel cites security concerns, particularly the worry that imported materials might be "dual use" and could be employed by Hamas for military purposes, as the main reasons for the tight closure and restriction of goods into and out of the Gaza Strip.² In addition to its control of border crossings between Egypt and the Gaza Strip, Israel maintains a tight naval blockade over a zone that extends just three nautical miles from Gaza's shore along the Mediterranean Sea.

A network of tunnels from Egypt into the Gaza Strip, however, remains open and controlled by criminal networks and elements affiliated with Hamas. This has allowed the flow of weapons and other materiel into the Gaza Strip to continue. Hamas is able to control that flow, extracting revenues by taxing it and asserting power by directing its distribution. As a result, the blockage has hurt the Palestinian people while not substantially inhibiting Hamas. And simultaneously it allows Hamas to blame persistent shortages on the Israeli blockade.

The Palestinian Authority in the West Bank is reluctant to support efforts to ease restrictions on the Gaza Strip that would further enhance the power and stature of Hamas. And Hamas, with its control of the streets in Gaza, has insisted on being involved in the distribution of any humanitarian assistance. This connected series of standoffs need to be addressed comprehensively given the humanitarian crisis unfolding in Gaza.

The Obama administration is already engaged in quiet diplomatic efforts to ease the restrictions on border crossings in order to advance reconstruction efforts in the Gaza Strip. It should work with Israeli officials to establish transparent criteria and rationale for allowing the import of food, medicines, and reconstruction material.

Gaza's health care system is incapable of treating patients with serious illnesses, water and sanitation systems are on the brink of collapse, and declining living standards are on the rise due to the collapse of Gaza's economy.



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When an easing of restrictions on border crossing is achieved, the United States, as well as other countries and international organizations, then needs to develop regulations that will allow humanitarian assistance to be delivered effectively and efficiently in the Gaza Strip without benefitting groups engaged in terrorist activities. In particular, the Obama administration should review its procedures for vetting and certifying that recipients of assistance are not engaged in terrorist activities to ensure that they strike the right balance between security concerns and humanitarian concerns.

The remains of rockets fired into Sderot from the Gaza Strip outside of an Israeli police station.

Recommendation: Conduct a public outreach and strategic communications effort in the Middle East outlining America's regional strategy, with increased attention to Israeli public opinion

The Obama administration's diplomatic efforts over the settlements are not yet concluded and must be continued in order to revive U.S. credibility in Palestine and the Arab world. But the settlements themselves are only a small portion of the problem. The time has come to pivot to the next step—articulate a coherent strategy and build support for that strategy through a sustained public outreach and strategic communications effort.

Strategy obviously precedes the communications campaign, but now is the time to begin to aggressively prepare the information environment for the political battles to come. The United States does not need to put its own comprehensive plan on the table immediately, but it needs to seize the moment to move toward talking about tougher issues such a deal on permanent borders, Jerusalem, and refugees. The administration should closely coor-

dinate these communications and outreach efforts with other global and regional powers such as Russia, the European Union, Saudi Arabia, and Turkey.

This public diplomacy campaign needs to actively and aggressively pre-empt the legacy of cynicism shaped by the failures of the Quartet’s “road map”—a performance-based plan outlined by the United States, the European Union, Russia, and the United Nations with commitments for both the Palestinian Authority and Israel—and the Annapolis process attempted by the Bush administration, in which commitments were routinely ignored without consequences. The president should affirm that there is a short timeframe for negotiations and that there will be rigorous monitoring and enforcement of any agreement. This communications effort should explain how the Obama administration is trying to maximize the potential of the various mechanisms and initiatives aimed at advancing a two-state solution, such as the Middle East Quartet’s efforts and the proposed Arab Peace Initiative (see box on page 6 for a brief description of the various Middle East peace proposals).

Middle East Diplomatic Initiatives

Madrid Conference: A multilateral conference convened by the United States and Soviet Union in October 1991 to begin resolving the Arab-Israeli conflict. Along with the two superpowers, Israel, Syria, Egypt, Lebanon, the European Community, and a joint Palestinian-Jordanian delegation attended. Madrid marked the beginning of both bilateral negotiations between Israel and its Arab neighbors as well as the start of multilateral talks on issues like arms control, the environment, and economic cooperation.

Oslo Process: Based on a 1993 agreement, this process formed the basis for subsequent Israeli-Palestinian negotiations. Israel and the Palestinian Liberation Organization agreed to recognize one another and negotiate final status issues; in the interim, Palestinians would begin self-rule in the West Bank and Gaza, starting with Jericho and the Gaza Strip.

The Quartet: Formed in 2002, the Quartet is a diplomatic forum for coordinating the peace efforts of the United States, the European Union, the United Nations, and Russia. The Quartet is responsible for the 2003 Road Map, and has laid out a series of conditions for diplomatic engagement with Hamas or a Hamas-led government. Former British Prime Minister Tony Blair is the Quartet’s current envoy.

Arab Peace Initiative: The Arab Peace Initiative is an Arab League formula for comprehensive peace between Israel and its neighbors based on a plan proposed by Saudi Arabia at the 2002 Arab League summit in Beirut. The initiative offers peace and normal relations between Israel and Arab states in exchange for a complete Israeli withdrawal from pre-1967 territories, a solution to the Palestinian refugee problem, and the establishment of a Palestinian state with East Jerusalem as its capital. The Arab League reiterated its support for the initiative during its 2007 summit.

Annapolis Conference: A 2007 conference of Israel and Arab states and representatives convened by President Bush. Annapolis resulted in a Joint Understanding recommitting Israel and the Palestinians to the 2003 Road Map and relaunching direct final status negotiations between the parties. These negotiations were to have been completed before the end of 2008.

Above all, the Obama administration must manage the tension between discussing tactical steps, such as closing down some West Bank checkpoints or graduating additional Palestinian security officers, and talking about the need for strategic advances toward resolving the entire conflict, such as achieving a deal on permanent borders.

The relationship between strategy and communications can be seen in one possibility currently under consideration: moving quickly toward first negotiating permanent borders between Israel and the West Bank. This would allow for clarity about Israeli settlements, including which ones will be dismantled, which in turn would allow for construction in areas assigned to Israel and halt all construction in areas assigned to the future state of Palestine. Such a step would result in significant changes in the organization and administration of the Palestinian areas. It could generate a sense of momentum, buttress the credibility and legitimacy of the Palestinian Authority, and provide the foundations for the difficult compromises on core issues such as Jerusalem.

But this strategy should only be pursued under two conditions. First, it must be an absolute U.S. commitment that “borders first” would not become “borders only,” leaving other core issues such as refugees unresolved and likely producing something like the aftermath of the unilateral disengagement in Gaza. Second, the border definition would eventually have to deal with the Greater Jerusalem area, where proposed and existing settlements threaten the viability of the Palestinian state. Overall, a strategic communications campaign would be vital to explain where this gambit fits within the push toward the goal of a final status agreement.

Recent reports suggest that the Obama administration now hopes to pressure the Arab world to step up in response to a possible Israeli action on settlements. This would be tactically useful by building Israeli confidence in the process. But if it is not tied to a wider strategy then it is not likely to produce great breakthroughs. Arab leaders feel that they have already made major compromises by reaffirming the Arab Peace Initiative, first introduced more than seven years ago as a comprehensive peace initiative between the Arab world and Israel in exchange for a complete withdrawal from occupied territories and a resolution of the Palestinian refugee issue. Israel’s Arab neighbors are unlikely to offer major new gestures to Israel in the absence of a wider push toward a final status agreement or demonstrable progress on the issue of settlements well beyond what is currently on offer.

To the extent Arab leaders do step up, they are more likely to offer increased assistance to the Palestinian Authority or to increase their efforts to achieve a Palestinian national unity government than they are to offer significant steps toward “normalization” with Israel. This is a key strategic objective the Obama administration should pursue while not setting the public bar so high that their failure to deliver on the higher standard is framed as a setback and as an excuse for relaxing U.S. pressure to move ahead.

In addition, efforts on the Israeli-Palestinian track must be closely coordinated with any possible movement on other fronts, including the Israeli-Syrian track (which seems stuck for the moment) and the Arab peace initiative or any other broader multilateral efforts that may emerge. The Obama administration should consider ways to revive the multilateral talks on arms control and regional security, economic cooperation and development, environment, water, and refugees begun in 1991 at the Madrid conference to bring Arab states directly in to the negotiations.

Israelis must be a vital part of this strategic communications campaign. The push for a two-state solution will not likely succeed if Israel and its supporters come to believe that it is being imposed upon them. Any sustainable peace agreement will not be viable if the Israelis come to believe U.S. efforts undermine the bilateral relationship.

According to a [poll published in Haaretz](#) on July 3, 46 percent of Israelis support continued construction in the West Bank even if this causes a confrontation with the United States. Another 44 percent opposed construction at the cost of a clash with the United States, showing how sharply divided the Israeli public is. A [Jerusalem Post poll](#) from June 19 showed that only 6 percent of Jewish Israelis consider the views of American President Obama's administration pro Israel. These results, coupled with the negative coverage of the U.S. policies toward the Middle East in Israeli press, point to a need for a greater effort on the part of the United States to reconcile with the Israeli public.

The Obama administration has maintained that its vision of achieving a two-state solution is in the best interest of Israel and the United States, as well as crucial to broader global security. In order to achieve this goal, however, the United States needs to reassure its long-time ally that it will continue to support its security and work to maintain a close bilateral relationship. At times, Israel and the United States may not agree on certain tactical issues as steps are made to try to advance the peace process. But it is vital to maintain strong cooperation on issues of strategic importance. This will require close diplomatic, military, security, and intelligence cooperation.

Israel and the United States cannot afford to surprise each other with unexpected, uncoordinated initiatives that conflict directly with other's strategic position. The alliance must be maintained through mutual consultation and trust. America's relationship with Israel goes beyond simple government-to-government relations.

One key to preserving this bilateral trust is U.S. and Israeli policy toward Iran. Israel views Iran as the primary strategic threat to its security and existence, and sees Hamas and Hezbollah primarily as Iranian proxies rather than local political actors in Palestine and Lebanon, respectively, with their own constituencies and domestic support. The Obama administration recognizes the regional threat posed by Iran and its proxies, and it is currently developing a comprehensive regional strategy to deal with Iran. A produc-

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tive U.S.-Israeli security dialogue should ensure that the United States remains sensitive to Israel's acute security concerns while Israel takes into account the wide portfolio of U.S. national security interests.

The argument should not be impossible to make. Israel has engaged in military operations aimed at deterring its adversaries in Lebanon in 2006 and the Gaza Strip in 2006 and then again in 2008 and early 2009. These military actions may have bought some time and a temporary lull, but they have not fundamentally changed the balance of power or regional landscape. Most of the threats that existed to Israel's security prior to those military engagements remain.

At the same time, Israel's own security strategy has adapted to changes in the regional environment in recent years—and there are signs that it is shifting its security strategy in the West Bank to adapt to emerging realities there, too. For instance, by giving more room for Palestinian security forces to operate, Israel recognizes the importance of working with Palestinian partners to advance stability in the West Bank. In order to shape Israel's security calculations to advance a two-state solution, the United States should consider inducements or “carrots” that would help boost Israel's confidence as it considers certain changes in its security posture.

In order to keep the decades-long U.S.-Israel alliance strong and functional, the Obama administration needs to invest in steady diplomacy, enhanced public diplomacy, and continued security and economic cooperation to boost Israel's confidence so that it is prepared to strike compromises with its neighbors. Leaders of Israel and the United States meet regularly, and the Obama administration should continue to enhance its communication and coordination to maintain a strong alliance. But it needs to develop a more active public diplomacy and communications effort in Israel and the broader Middle East to achieve the goal of a two-state solution.

The Obama administration should work to directly address and reassure the Israeli public about its intentions, plans, and commitment. It should also seek out those voices within Israeli civil society that support a two-state solution and help to empower their own political efforts. This absolutely does not mean working to change the Israeli government, which should be solely an Israeli domestic affair, but rather to share the U.S. view of the importance of the Israeli security through a two-state solution. This constant dialogue should also embrace Israeli civil society and public opinion in a sustained, strategic fashion to help build support for the Obama administration's efforts.

The U.S. ambassador to Israel, working with the White House and the Mitchell team, should reinvigorate efforts to communicate America's support for the bilateral alliance as it moves forward in working for a two-state solution to the conflict. A vocal U.S. commitment for returning the kidnapped Israeli soldier Gilead Shalit home could convince many Israelis that the administration keeps Israeli concerns in mind. At a key moment in the

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coming year, President Obama himself should visit Israel and address the Israeli public, perhaps even start his speech with a few words in Hebrew, to signal that the Cairo speech by no means was a show of preference for the Arab and Muslim worlds.

Coordination on all levels over Iran will be particularly important in the coming months as the Obama administration considers its options and might eventually move to direct diplomatic engagement. So, too, will additional assistance to help Israel with the costs of moving settlements and military bases in the West Bank that might move as a result of a deal on permanent borders or a more comprehensive agreement. In order to achieve progress, the Obama administration should consider a package to facilitate possible land swaps and movement of people as a result of a deal on permanent borders or a broader peace package.

Similarly, the United States should encourage the countries behind the Arab Peace Initiative to step up their efforts, including powerful symbolic steps such as high-profile visits to Israel and Palestine, opening consulates, and fulfilling their commitments to fund Palestinian state-building projects. This would help build momentum and demonstrate to Israelis the prospect of a real regional transformation resulting from their efforts. This will take time, but actions by the United States, Arab countries, and other nations around the world can help set the right environment.

Conclusion

The Obama administration is now taking some important steps in the right direction to advance a new strategy for the Middle East, placing a two-state solution to the Israeli-Palestinian conflict at the center of its efforts. The general operating principle of its approach to the Middle East is to discuss the “interlinked” nature of the challenges and then move forward in a comprehensive fashion.

The administration’s first six months of policymaking in the Middle East largely centered on changing the image of the United States in the region. The administration conducted multiple policy reviews, gauged where the ripest diplomatic openings existed, and initiated some tactical efforts such as quiet diplomacy to improve movement and access issues in the West Bank and more vocal efforts such as the important call to freeze Israeli settlements.

But in the second half of 2009 the Obama administration needs to act boldly to maintain the enhanced credibility and leverage it has gained. The administration should unveil a more comprehensive effort to strengthen both Israeli and Palestinian partners to strike a sustainable peace deal while coordinating this effort with a broader regional approach to regional security.

In the West Bank and Gaza Strip, the Obama administration should reinvigorate its efforts to build the foundations of a Palestinian state to include a clearer plan for how to deal with Palestinian political divisions as the date for Palestinian elections approaches. It should take steps to enhance coordination with Israel and offer security assurances that build confidence and provide assurances so Israel feels secure in striking deals with the Palestinians. And it should help resolve the rapidly escalating humanitarian crisis in Gaza by working with all sides to open the border crossings for legitimate aid, food, and reconstruction materials.

The window of opportunity that the Obama administration has to help advance a two-state solution is narrowing. The rest of 2009 will be pivotal.

Endnotes

- 1 For more information on the U.S. training program for PA security forces, see Jim Zanotti, Congressional Research Service, "U.S. Security Assistance to the Palestinian Authority" (June 24, 2009) and International Crisis Group, "Ruling Palestine II: The West Bank Model?" Middle East Report No. 79, July 17, 2008.
- 2 In August 2005, Israel unilaterally disengaged from Gaza and redeployed all of its troops from the territory, ending its 38-year internal occupation of the Gaza Strip. After disengagement, Israel maintained control of all border crossings into and out of Gaza. In November 2005, U.S. Secretary of State Condoleezza Rice brokered an agreement between Israel and the Palestinian Authority to establish procedures to open and safeguard all crossings into Gaza, including the Rafah crossing from Gaza into Egypt, and to establish safe passage between the West Bank and Gaza Strip. This agreement was only partially implemented. Many Palestinian Authority officials continue to call for a reinstatement of the 2005 Movement and Access Agreement, but many resist any move to reinstate the agreement done in a way that would benefit Hamas.

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Acknowledgements

This report greatly benefitted from the comments and observations of a number of colleagues, including John Podesta, Rudy deLeon, Nathan Brown, Shira Efron, Peter Juul, and Emily Hogin. This report represents only the views of its authors.

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