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## The Obama Presidency and the Palestinian-Israeli Conflict

By

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The first ten months of the Obama administration's efforts to achieve a breakthrough in Arab-Israeli peacemaking have led to widespread disappointment among Palestinians and to growing anxiety among Israelis. Inevitably, this unsatisfactory interim report card is partly a result of the high expectations created by President Barack Obama himself, during the presidential campaign as well as in his inaugural address and following his inauguration. This Brief will first provide an account of the Obama promise to the Middle East, highlighting the innovations characterizing his approach to the region. It will then offer an explanation of what went wrong—of how both the administration and Israeli and Palestinian leaders contributed to wasting this initial period—and set forth options available to the administration if it seeks to overcome the present impasse and jump-start Palestinian-Israeli talks. Finally, it will offer some guidelines for a more promising Middle East peace process.

## The Context: A New Approach to Middle East Peacemaking?

Already in his presidential campaign, Barack Obama promised to dramatically change America's approach to the Middle East. Some aspects of the promised change reflected a broader commitment to a changed U.S. foreign policy generally; other dimensions reflected innovations that were unique to the region.

The first important promised change was a commitment to engage the Obama administration early in its first term in efforts to resolve the Arab-Israeli conflict. During the election campaign, candidate Obama had criticized the Bush administration for neglecting to launch any major effort to resolve the conflict until the last year of its two-term presidency. Accordingly, in January 2009—as one of the first steps the Obama administration undertook in the foreign policy realm—former senator George Mitchell was appointed Special Envoy for Middle East Peace.

A second change was a willingness to unconditionally engage some of those in the region whose policies the U.S. found most objectionable: specifically, Iran and Syria. (This change was not applied to non-state actors such as Hamas and Hezbollah, although the administration did not indicate that it would refuse to engage a Lebanese government that included a large contingent of Hezbollah ministers.)

Although the Obama administration continued to seek major changes in the policies of Iran and Syria, it would seek to achieve those changes through engagement rather than continuing to condition such engagement on these countries' prior agreement to make those changes.

In addition, President Obama's Middle East approach was based on the conviction that the U.S. could not achieve its objectives in the Middle East alone—that its key allies' support was a prerequisite to achieving these goals. Hence, the support of Saudi Arabia and the GCC states became an important pillar of efforts to contain Iran as well as to encourage Palestinians and Israelis to resolve their conflict. This in turn required Washington to demonstrate greater sensitivity to these countries' concerns, such as those related to the Palestinian issue.

A related linchpin of Obama's approach was the conviction that all major problems in the Middle East were interconnected and that, therefore, the U.S. needed to adopt a holistic approach to the region, out of which its specific policies toward Iran, Syria, Lebanon, and the Arab-Israeli conflict would evolve. The new U.S. National Security Advisor, General Jim Jones, seemed especially favorable to this approach. However, the precise linkages between the various issues facing the U.S. in the region were never fully articulated.

Finally, the U.S. approach was predicated on the notion that the best U.S. plans for the Middle East would falter if the region's local players would not change their mindset—and that an important aspect of the required change was the willingness of each party to examine issues from the perspective of its neighbors and to be sensitive to these neighbors' competing narratives. An important milestone in this regard was the speech President Obama delivered in Cairo on June 4, 2009.

## **The First Ten Months**

While the approach introduced by President Obama seemed conceptually innovative and creative, the track record of its implementation in the context of the Arab-Israeli conflict during his administration's first ten months was disappointing. Most glaring was the evident absence of any plan to follow up on the Cairo speech with equally dramatic concrete steps. Thus, whatever goodwill was generated by the speech was never translated into a diplomatic breakthrough of one kind or another.

Furthermore, the admirable and largely successful attempt to communicate directly to Muslims and Arabs was never accompanied by any parallel effort to open a direct channel to the Israelis. As a result, President Obama missed an opportunity to affect Israeli opinion. Instead, he seems to have offended Israelis who felt that they were being taken for granted.

A related mistake was making an Israeli freeze on settlement activity the centerpiece of U.S. efforts to restart the negotiations process: The freeze issue was presented as a confidence-building measure required to create a positive environment for launching a process, rather than as an integral part of the process itself. And the administration failed to present the freeze issue within a broader political and strategic context by showing that it was important for recruiting Arab states to help contain Iran—a national interest to which Israelis have increasingly come to ascribe the highest priority.

In addition, the administration allowed Israelis to develop the perception that the scope of the freeze demanded by the Obama administration was unreasonably broad. An important dimension of this was the belief that the U.S. was demanding that the freeze also apply to neighborhoods of Jerusalem. With the Palestinians demanding that this be the case, with Prime Minister Netanyahu suggesting that this *was* the case, and with the Obama administration refraining from clarifying that this was *not* the case, Israelis came to believe that this was indeed part of Washington's demand. As a result, Israeli settlement activity—an issue on which Israelis are deeply divided—became intertwined with the issue of Jerusalem, which continues to enjoy a far broader consensus among the Israeli public.

Finally, the Obama administration erred in creating false expectations. Not only was there widespread anticipation that the Cairo speech would lead to bold diplomatic developments, but the administration permitted the spreading of rumors that it was about to announce a detailed blueprint for achieving Arab-Israeli peace. (There was specific speculation in the press that such a plan would be included in President Obama's speech to the UN General Assembly in late September.) But this expectation was inconsistent with the administration's choice of George Mitchell as Special Envoy: It was never Mitchell's intention, nor was it in his nature, to pursue such a course. Instead, he expects to slowly forge a consensus among the parties to the conflict regarding the best way to proceed. Anticipating otherwise, Palestinians were especially disappointed by the slow progress, if any, that the Mitchell approach has produced.

Israel's prime minister, Benjamin Netanyahu, contributed his share to the wasted months by initially rejecting a "two-state solution" as the accepted framework for resolving the conflict. His excuse—that Israeli security requirements would necessitate the Palestinian entity's falling short of some essential attributes of statehood, such as the right to have an army—was greeted with disbelief on a number of counts. The first was that none of Netanyahu's predecessors—all of whom *did* endorse the two-state formula—ever thought differently about the compromises that a future Palestinian state would have to make. Second, during his own first term as prime minister (1996–99), Netanyahu operated within the Oslo

framework, signing Oslo implementation agreements such as the Hebron Agreement (1997) and the Wye River Accords (1998)—a process that was broadly understood to be leading to a two-state solution. Israel's prime minister failed to explain why he was now reluctant to endorse a principle on the basis of which he had previously operated.

In the end, Netanyahu had no choice but to reverse course: In a June 14, 2009, speech at Bar-Ilan University, he finally but grudgingly accepted the two-state formula as the basis for future talks. Netanyahu's about-face, however, having been preceded by his previous reluctance, was greeted by Palestinians with disbelief, as they now regarded the various limitations placed on a future Palestinian state—such as control over airspace and over international points of entry to and exit from the prospective state—as indicating that his new commitment to Palestinian statehood was not genuine.

Earlier, Netanyahu had made another about-face. For some time prior to his returning to Israel's prime ministership, Netanyahu had advocated "economic peace" as an alternative to a political resolution of the Palestinian-Israeli dispute: He suggested that economic prosperity would convince the Palestinians to turn away from violence, so that they would opt for accommodation with Israel even if their quest for independence would not be entirely fulfilled. Palestinians interpreted this to mean that Netanyahu was counting on improved security and economic conditions in the territories to release Israel from the tough decisions required to end its occupation of Palestinian land.

Beginning with a televised address to the AIPAC Policy Conference in May 2009, however, Netanyahu withdrew from this position, now calling "the advancement of the Palestinian economy . . . a boost to" political negotiations to end the conflict, rather than a substitute for them. Yet to this concession Netanyahu added a new complication. In an apparent effort to preempt a Palestinian demand that the Right of Return of Palestinian refugees be recognized, he now demanded that the Palestinians accept Israel as "the Jewish state. . . as the nation-state of the Jewish people." In effect, Israel's prime minister was now demanding that the Palestinians affirm the Zionist narrative—a demand Israel had refrained from making in the negotiations that led to its peace treaties with Egypt and Jordan.

The Palestinian leadership also contributed its share to the present paralysis. Most disastrous was the public diplomacy conducted by PA president Mahmoud Abbas during his visit to Washington, D.C., on May 28, 2009. In an interview with the *Washington Post's* Jackson Diehl on May 27, as well as on Al-Arabia Television the next day, the PA's president said that the Palestinians were awaiting the results of the pressure exerted by the Obama administration for an Israeli settlement activity freeze, and hence did not need not do anything to make it easier for negotiations to be

renewed. Abbas thereby contributed to the perception that a monumental confrontation between the U.S. and Israel was in progress—an impression that enhanced Netanyahu's sense that he was cornered, and so reinforced his inclination to "dig in." Not surprisingly, a *New York Times* editorial the following day offered a sharp rebuke to the PA president.

Not only was Abbas's declared passivity inexplicable—it gave rise to the false impression that the Palestinians did not have a vital interest in the success of the peace process—but his statements downplayed the positive contributions Palestinians had made to the creation of an environment more conducive to successful negotiations. By implementing a massive reform of its security sector, by building proto-state institutions, by implementing measures to increase financial accountability and transparency, and by launching hundreds of initiatives to increase economic prosperity, the policies orchestrated by the PA's prime minister, Salam Fayyad, had substantially helped to counter the sense of hopelessness that had paralyzed Palestinians at previous junctures.

But instead of drawing attention to these contributions, President Abbas now vowed not to enter renewed negotiations unless Israel implemented a complete freeze of its settlement activity. As a result, it was the PA president who now appeared to be blocking the resumption of permanent status negotiations, and Netanyahu no longer seemed to be the only "naysayer" in the neighborhood. Indeed, Abbas had to explain why he now made permanent status talks conditional on a settlement activity freeze when he had imposed no such condition when conducting similarly oriented talks with Prime Minister Ehud Olmert following the November 2007 Annapolis Summit.

Finally, Abbas contributed to this debacle by seemingly flip-flopping on other positions. After insisting for weeks that he would not meet with Prime Minister Netanyahu unless Israel implemented a complete settlement activity freeze, Abbas yielded to U.S. pressure and agreed to what amounted to a U.S.-sponsored triangular photo opportunity in New York on September 22, 2009, at the convening of the annual meeting of the UN General Assembly. And then, on October 2, he yielded to combined U.S. and Israeli pressure again, this time reversing a previous decision calling for the Goldstone report on the IDF's and Hamas's conduct during the January 2009 Gaza War to be immediately voted on by the UN Human Rights Council.

Were these instances of U.S., Israeli, and Palestinian misconduct inevitable? Did they constitute avoidable mistakes, or were they a reflection of deeper problems endemic to all three key players—with respect to both their modus operandi in diplomacy and their domestic politics?

There is some reason to suspect that the problems encountered by the Obama administration in its efforts to advance Arab-Israeli peace reflect the broader predicaments experienced by the new administration in pursuing its foreign policy. While the Obama presidency has already scored impressive achievements in changing attitudes about the United States in various foreign lands, the expected drawdown of U.S. forces from Iraq appears stalled; U.S. policies regarding Afghanistan and nuclear Pakistan remain uncertain; and the administration has made no significant progress thus far toward ending the slide of Iran and North Korea toward becoming the ninth and tenth nuclear weapons states.

The common denominator underlying many of these failures seems to be the absence of effective follow-up that takes maximal advantage of the radically improved environment that the administration has helped to create. For example, an important step toward meeting Russia's security concerns—reversing previous U.S. plans to deploy missile defense systems in Poland and the Czech Republic—was taken unilaterally instead of in the context of a negotiated deal that would have secured Russia's cooperation in imposing crippling sanctions against Iran—a negotiation that might have proceeded more successfully on account of that altered environment.

Israel's contribution to the stalemate seems embedded in the predicaments associated with the nature of Netanyahu's coalition. The Likud Party that Netanyahu brought into his government in 2009 is very different from that which he led in 1996–99. In November 2005, then Israeli prime minister Ariel Sharon formed the Kadima Party and took with him most if not all of the moderates in Likud. The result is that the members of Knesset in the 2009-model Likud are far to the right of their 1996–99 predecessors. In fact, many on the current Likud Knesset list seem to the right of the rightist Yisrael Beitenu [Israel Is Our Home] Party headed by Foreign Minister Avigdor Liberman. Thus, it is not surprising that on a variety of issues—including his initial presentation of “economic peace” as a substitute for political accommodation, his reluctance to endorse the two-state solution formula, and his current insistence that the Palestinians recognize Israel's legitimacy as a Jewish state—Netanyahu has at least initially taken a harder line than he did during his first term as prime minister.

The conditions that the Palestinian side has set for the resumption of negotiations likewise seem to reflect a changed domestic scene. As noted earlier, President Abbas's refusal to resume these talks unless Israel imposes a total freeze on its settlement construction activity constituted a condition that he did not insist on with the previous Israeli government, headed by Ehud Olmert. It seems that the crisis of confidence that Netanyahu's election produced among Palestinians created an environment in which a settlement freeze became a make-or-break issue on the Palestinian side. In addition, the ever greater rivalry between Fatah and Hamas, along with the increased influence of the Fatah “Young Guard” in the aftermath of the successful meeting in Bethlehem of the movement's Congress on August 4–10, 2009,

has created a new willingness to take on Hamas and at the same time to work toward reconciliation with the Islamic movement, both necessitating a harder line. By yielding to U.S. pressure (regarding the New York meeting and the Goldstone report) in this political environment, Abbas was seen as signaling weakness and was depicted as lacking backbone. He thus found himself all alone and had to defend himself against attacks from all sides, including from within the Fatah leadership.

Most importantly, when the Annapolis process was launched in November 2007, the Palestinian Authority was unable to implement its principal obligation under the first phase of the “Roadmap”: to reform its security sector and implement a complete halt to violence. By early 2009, the Palestinian side felt that it had done exactly that: successfully implemented a near-complete end to violence and streamlined and professionalized its security services. With these achievements behind it, the PA now saw itself as in a far better position to demand that Israel meet its own obligations by implementing a settlement activity freeze.

## **Moving Forward: Five Options**

The Obama administration’s attempts to renew Palestinian-Israeli negotiations invites the following question: On what should these talks focus? This section presents five options, including a consideration of the advantages and disadvantages of each as well as the level of U.S. involvement required to implement it. These options are not mutually exclusive; in the end, the administration may push for talks that combine two or more of these possibilities—an approach suggested at the conclusion of this Brief.

### ***Permanent Status***

The first of these options is to renew the permanent status talks initiated during the 2000 Camp David summit, which continued, albeit in a very different form, following the November 2007 Annapolis Summit. If successful, such talks hold the promise of meeting the ultimate goal of resolving the Palestinian-Israeli conflict in all its aspects. In addition, it is to this option that the Obama administration seems most committed. This is not surprising given that Arab governments, whose support the U.S. needs to stabilize Iraq and to contain Iran, have stressed to Washington that a resolution of the Arab-Israeli conflict would make it far easier for them to cooperate with the United States. Moreover, the same Arab states have reminded Washington that they can provide the incentives promised in the 2002 Arab Peace Initiative only if Israel meets a key Arab demand—its withdrawal to the 1967 lines—in the framework of a permanent status agreement.

Another positive aspect of the permanent status option is that considerable progress seems to have been made over the past decade in narrowing the gaps between the



two parties' positions regarding the issues that would be addressed in such an agreement. Through a series of formal negotiations and Track II talks, including the July 2000 Camp David Summit, the December 2000 Clinton Parameters, the January 2001 negotiations at Taba, the December 2003 Geneva Document, and the 2008 post-Annapolis talks, these gaps have been significantly reduced.

Moreover, public opinion polls demonstrate that a solid majority among both Israelis and Palestinians support a peace agreement based on a two-state solution, provided that all of the concessions required and gains made are presented as making up one comprehensive "package." If put forth in such a framework, majorities in both publics support making the concessions required to reach a permanent status agreement.

The most significant drawback of the permanent status option is that it requires Israel and the Palestinians to resolve every aspect of their conflict—a very tall order, indeed. This task is especially daunting as it entails agreement regarding not only the practical aspects of all these issues but also their symbolic and ideological dimensions, including the hypersensitive issues of the Right of Return of Palestinian refugees and sovereignty over Jerusalem's Holy Basin. Given the aforementioned recent developments in the Israeli and Palestinian domestic political scenes—the new Likud-led government on the Israeli side and the Hamas-Fatah rupture on the Palestinian side—it is difficult to see how an agreement that has eluded previous Israeli and Palestinian leaderships could be concluded today. Such an agreement can be deemed possible only if the aforementioned narrowing of gaps between the two sides' positions is assessed as more significant than these negative domestic developments.

It should also be noted that notwithstanding the solid majorities among both the Israelis and the Palestinians supporting a permanent status agreement, a sizable minority in both publics opposes making the concessions required for concluding such an agreement, even if they are presented as a comprehensive package. Moreover, these minorities are far more committed, mobilized, and organized than the majorities supporting such a deal. In Israel this minority is led by the settler community; among the Palestinians it is led by Hamas. Admittedly, however, this also means that if the issues galvanizing these constituencies are not resolved, the conflict will continue to fester, producing new violent eruptions.

Finally, if past experience is any guide, Israeli-Palestinian permanent status negotiations would require a very high level of sustained U.S. involvement. Washington would need to deepen its engagement in preliminary negotiations over the conditions that would allow this option to succeed: the issue of the settlement activity freeze; normalization steps that the Arab states might be willing to take to encourage Israel to pursue this option; and adopting an approach to Hamas that

might diminish the Islamic movement's commitment to derail the effort to achieve Palestinian-Israeli peace.

Assuming these permanent status talks were to proceed, Washington would need to offer proposals to bridge the remaining gaps between the two parties' positions—and to apply considerable pressure on both Israel and the Palestinians to ensure that these proposals were accepted. At the same time, the U.S. would need to offer massive assistance to offset the risks that both sides would have to undertake in the framework of a permanent status agreement.

### *Permanent Status Minus*

The second option is to focus on negotiating all permanent status issues but to refrain from attempting to bridge the gaps between the parties' positions regarding the symbolic/ideological aspects of the refugees and Jerusalem—issues that are at the heart of the two sides' diverging narratives about their conflict. This means that while negotiations will include an attempt to address all the practical dimensions of the plight of the Palestinian refugees, they will not attempt to address the Right of Return or the Palestinians' demands that Israel acknowledge its responsibility for the creation of the refugee problem. Similarly, while all practical issues involved in the sharing of Jerusalem by Israel and the Palestinians will be addressed—including arrangements for exercising the two sides' rights in the Holy Basin—no attempt will be made to determine who will exercise sovereignty over this hyper-sensitive area.

The permanent status minus option has all the advantages of the permanent status option. It would allow the parties to negotiate trade-offs within their complex bargaining positions, and if successful it would bring to closure all practical issues dividing Israelis and Palestinians. It would be based on an appreciation that while the parties have a strong interest in building a new, more positive reality, they continue to face great difficulties when attempting to reconcile their competing narratives.

Those difficulties loom even larger if one assumes that the Palestinian Authority will not be able to implement any agreement reached with Israel unless this agreement is tolerated by Hamas. Indeed, there are many indications that although Hamas recognizes the need to take the steps necessary for the Palestinians to achieve their minimum national aspirations, the movement will not compromise its ideological positions, particularly those related to Jerusalem and refugees. Thus, a prerequisite to winning Hamas's tacit consent to such an agreement is to create a clear distinction between the practical and the symbolic dimensions of these issues.

The most important drawback of this option is that it would prevent the parties from closing all the files on their conflict. For those on both sides content with nothing less than ending the conflict and preventing any future resumption of it, this option

would imply the opposite: namely, that at some point in the future one or both parties might reopen some of the issues based on the claim that they have never conceded their right to such recourse.

### ***Palestinian State-Building***

Another option is to focus negotiations on creating the conditions for an emerging Palestinian state as envisaged in the plan recently introduced by the PA prime minister, Salam Fayyad. Since under current conditions such an entity could not enjoy the requisite “attributes of statehood” without Israel conceding such attributes, negotiations would focus on the issues requiring Israeli consent if a viable Palestinian state is to emerge.

The greatest advantage of this option is that it would for the first time allow the transformation of the idea of Palestinian statehood into a reality. In contrast to the PA’s post-Oslo failure, this option would be based on an understanding that if an emerging Palestinian state is to become more than an empty shell, state institutions must be built and economic viability must be ensured. Equally, it is based on an appreciation that for these institutions to acquire credibility, they would need to assert real power, which implies ending the reality of Israeli occupation in every practical manner. Yet this could not happen without Israeli consent, which is precisely the reason why the various issues entailed would have to be negotiated.

This consideration also points to the complexity of the state-building option. While the Fayyad Plan can be viewed as analogous to the Zionist movement’s building of Yishuv institutions (those serving the pre-state Jewish community in Palestine), in the latter case the “bottom-up” institution building was conducted in anticipation of the eventual “top-down” departure of the British from Palestine. Thus, negotiations would need to be conducted in order to define the steps that Israel would have to take so as to create for the Palestinians a reality that they might consider functionally equivalent to the British departure.

For the Obama administration, this option may prove more demanding than might at first sight appear. The least of Washington’s problems with this option will be its financial price tag: To be successful, the envisaged Palestinian state would require a massive input of funds. In effect, however, the U.S. is already funding the infrastructure of a future Palestinian state by paying for its public institutions. (In FY 2010 this financial assistance will likely exceed \$900 million.) But the U.S. would need to consider taking other steps to build Palestinian economic prosperity—for example, by defining certain areas in the West Bank as Qualified Industrial Zones, similar to the special status accorded certain areas in Egypt and Jordan.

A more demanding challenge would be to deal with Israeli concerns that a unilaterally emerging Palestinian state would assert additional responsibilities without coordinating with Israel. These concerns would need to be addressed if Israeli obstacles to this option were to be minimized. Thus, Palestinian-Israeli negotiations focusing on the Fayyad Plan would need to be accompanied by U.S.-Israeli negotiations around the same issues, if only to eliminate the danger that Israel might sabotage the process.

Even more complicated is that the Obama administration would have to decide what policy it would adopt in case the Palestinians unilaterally declared independent statehood. What would be Washington's position regarding an effort on the part of the self-proclaimed Palestinian state to increase its scope by acquiring more and more meaningful "attributes of statehood"—for example, with respect to its ability to control its exit and entry points? How would the administration respond to a Palestinian request that the U.S. monitor the traffic, human and commercial, through these points? And how would Washington respond to an Israeli decision—for example, in response to terror attacks—to block traffic through these entry points?

As a negotiations option, a focus on the manner in which the Fayyad Plan would be implemented might alleviate some of America's dilemmas: The greater the understanding reached between Israelis and Palestinians regarding the parameters of cooperation in implementing the Fayyad Plan, the less likely Washington is to confront unilateral steps—and possible Israeli countermeasures—that might present the administration with new dilemmas.

### ***Borders First***

Closely associated with the Palestinian state-building option is to begin by first negotiating the *boundaries* of a future Palestinian state, thus separating borders from all other permanent status issues. Successfully doing so would constitute a historical breakthrough: the complete resolution of an important permanent status issue. In turn, it is thought, this would restore confidence in diplomacy among both Palestinians and Israelis, turning them away from violence and measures of control. Within Palestinian ranks, this would presumably result in considerable damage to Hamas, since the latter thrives when circumstances make diplomacy—to which Fatah and the PA remain committed—irrelevant.

Another important advantage of this option is that it would unclog the issue of the settlement activity freeze—because once the final borders between Israel and the prospective Palestinian state are set, it will be clear where Israel should stop all settlement construction and where it can continue such activity. Moreover, resolving this issue would provide a huge boost to the proposal of Prime Minister Salam Fayyad to establish a "self-made" Palestinian state within a two-year period. By

providing the prospective state with permanent borders, this option would clarify the boundaries within which the state institutions envisaged under the Fayyad Plan should be erected.

The Palestinians are likely to reject this option on grounds similar to those which have led them to dismiss the idea of focusing on the second phase of the Roadmap: namely, establishing a state with provisional borders. (See below.) In this case the Palestinians would fear that the real meaning of this option is “borders first *and last*”—that is, Israel would refuse to continue the process by addressing and resolving the other permanent status issues. Moreover, Palestinians will likely fear that once the boundaries of the prospective state are negotiated, important international players will consider that the most important dimension of the future Palestinian state has been resolved and that they can therefore redirect their attention and energy to other, more pressing problems—forgetting that important aspects of the conflict remain unresolved. In particular, the United States would need to assure the Palestinians that the demarcation of the boundaries between Israel and the future Palestinian state would not lead to its abandoning its efforts to help the two peoples reach closure regarding the other issues dividing them.

It is also not entirely clear how the question of the boundaries between Israel and the prospective Palestinian state can be separated from another, more sensitive issue: namely, that of Jerusalem.

### *Second Phase of the Roadmap*

A fifth possibility is to focus the forthcoming talks on an attempt to implement the option set forth in the second phase of the 2003 Roadmap to Middle East Peace: namely, the establishment of a Palestinian state with “provisional” borders (as opposed to final or permanent). An agreement on the parameters of such a state would clearly constitute a dramatic breakthrough. Moreover, the likelihood of achieving agreement on such parameters is far higher than the odds of successfully negotiating permanent status, since such an agreement would not require bridging the gaps regarding the more difficult and hypersensitive dimensions of the conflict: those regarding Jerusalem and Palestinian refugees.

The most important advantage of this option for the Israeli government is that it would spare it the domestic rupture that would surely be associated with any of the more ambitious plans to resolve the Palestinian-Israeli conflict. Moreover, by being released from responsibility for the Palestinians residing within the boundaries of the provisional state, Israel would avoid the dilemma induced by present demographic trends: It would be able to remain both Jewish and democratic.

The Palestinians led by Mahmoud Abbas will continue to dismiss this option, however. Historically, Abbas has been associated with the repeated demand to negotiate nothing less than a complete end to the conflict. His opposition to this option rests, however, on a broader Palestinian consensus that regards Israel as the stronger party and fears that it will be able to freeze the process once a new Palestinian state is established, thus making the provisional borders permanent.

Overcoming these Palestinian fears would require deep and sustained U.S. involvement, because even under the best of circumstances the Palestinians will not drop their objections to this option without an ironclad U.S. guarantee that Israel would not be permitted to freeze the process at its “provisional” state. Specifically, the Palestinians will demand that Israel commit to eventually withdrawing to the 1967 borders, at best allowing for mutually agreed minor adjustments.

## **Guiding Principles**

Weighing these options, the Obama administration might be wise to adopt the following guiding principles:

### ***Exercise U.S. Leadership***

Past experience demonstrates that when Arabs and Israelis were blessed with leaders who were committed to making peace, the U.S. was not critical to the success of the process. This was the case when Egypt’s President Sadat went to Jerusalem in 1977, thereby completely transforming the tone and substance of Arab-Israeli interaction. This was also the case when representatives of PLO chairman Yasser Arafat and Israeli Prime Minister Rabin negotiated the Oslo Accords. Even in these cases, however, deep and sustained U.S. involvement was required in order to transform these breakthroughs into meaningful new realities.

However, when Arabs and Israelis were led by individuals who were reluctant to travel the road to peace—as was the case when Secretary of State Henry Kissinger had to prod the first Rabin government to make the concessions necessary for a second disengagement agreement with Egypt or when Secretary of State James Baker had to persuade a reluctant Syrian leader, Hafez Assad, and a reluctant Israeli prime minister, Yitzhak Shamir, to attend the Madrid Peace Conference, breakthroughs in Arab-Israeli peacemaking could not be achieved without deep American involvement.

The first ten months of the Obama administration have demonstrated conclusively that given the present political realities in Israel and among the Palestinians, a

breakthrough in these peoples' relations will not take place without Washington exercising real leadership. The first requirement, then, is that the U.S. be at the negotiating table—taking an active part in the talks—whichever option for the focus of negotiations is chosen.

The second requirement is that the U.S. put forth a vision for the resolution of the conflict. Such a vision must build on the progress already made by Israel and the Palestinians during the past ten years, whether in formal negotiations or in informal talks. It must also be based on the evolution that United States' positions have already undergone regarding the desired end state of Middle East conflict resolution, from the Clinton Parameters to President George W. Bush's June 2002 speech advocating a two-state solution. Formal Israeli-Palestinian negotiations, informal talks, and U.S. statements have either narrowed the gaps between the parties' positions or presented ways in which the remaining gaps could be narrowed. The Obama administration should base its vision on these suggestions: In other words, it should at least initially seek to present the two sides with a record of their own past negotiating positions rather than impose a vision of its own.

In addition to presenting a broad vision for resolving the conflict, the Obama administration must be prepared at some point early in the process to offer bridging proposals, suggesting how the remaining gaps in the parties' positions on specific issues might be closed. Finally, Washington should be prepared to use its leverage as well as that of its allies to persuade the parties to adopt these proposals. Such leverage might involve recourse to both positive and negative incentives.

### *Abandon a Camp David Principle*

The second imperative is for the Obama administration to abandon an important "rule of conduct" which underlay all Permanent Status talks beginning at Camp David 2000: namely, that "nothing is agreed upon until everything is agreed upon." This principle was meant to preserve the parties' ability to make trade-offs—trading concessions in one issue area for their counterpart's concessions in another—thus preventing either party from simply "pocketing" concessions made by the other.

The major drawback of this rule is that if "nothing is agreed upon until everything is agreed upon," then the parties' ability to reach an agreement is held hostage to the most difficult issues: in this case, the Right of Return of Palestinian refugees and sovereignty over the Holy Basin. As a result, none of the narrowing of the gaps in the parties' positions on any of the *other* issues can be implemented and thereby translated into improved realities that the publics on both sides could experience. Unaware that such narrowing had taken place but fully aware of the negative consequences of their unresolved conflict—Palestinian terrorism and harsh Israeli measures to stem such

terror—both the Israeli and Palestinian publics lost confidence in the prospects of peacefully settling their dispute.

Given these costs, this “rule of conduct” must now be abandoned. While preserving the option for trade-offs between issues is important, rebuilding the parties’ confidence in peaceful conflict resolution is now even more important. Hence it is imperative that any understanding or agreement reached by the parties be implemented immediately. It is high time that Israelis and Palestinians be able to observe positive changes on the ground.

### *Combine the Desirable with the Feasible*

Informed by the first two guidelines as well as by the preceding analysis of the advantages and disadvantages of the various options for negotiations, the Obama administration would be wise to orchestrate a process that combines the desirable with the feasible. There is little doubt that the most desirable among these options would be a Permanent Status agreement—one that ends the parties’ century-long conflict. Despite the difficulties entailed—casting a shadow over its feasibility—negotiations should be dedicated to the goal of resolving all the issues involved, if not in their symbolic then at least in all their practical dimensions.

Simultaneously, fast-track negotiations should be launched, focusing on two interrelated issues: borders and security. Without agreement on the final boundaries between Israel and the future Palestinian state it will be impossible to resolve the settlements construction issue—one that Palestinians regard as a litmus test of Israel’s real commitment to “end the occupation.” Moreover, the welcome efforts of Prime Minister Salam Fayyad to build the institutions of this future state—much the same as the Yishuv prepared for the British departure from Palestine—requires that this emerging entity be provided with some definition of its scope and the extent of its control over its own affairs. Of similar importance is the issue of security: Israelis need to know that they can withdraw safely from the West Bank.

The implication of such a fast track is that for all practical purposes, important aspects of the Jerusalem and refugees issues would be placed on a back burner; yet demonstrating that Israel’s security requirements can be met and that a future Palestinian state can be made viable and contiguous might reverse the skepticism, cynicism, and fatigue that now characterize Israeli and Palestinian attitudes toward prospects for peace—views that poison the two peoples’ relations.

By combining these three guidelines, the Obama administration could present bridging proposals on borders and security and could exercise leverage to expedite agreement on these issues. By urging the parties to implement these agreements, the U.S. would be helping to create a new environment that would be far more



conducive to any future consideration of the remaining difficult issues (particularly Jerusalem and Palestinian refugees)—one in which the parties' faith in diplomacy has been restored.

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