

COUNCIL *on* FOREIGN RELATIONS

POLICY INNOVATION MEMORANDUM NO. 40

Date: January 13, 2014
From: Elliott Abrams
Re: The Israeli-Palestinian Negotiations: Aiming “Low” or “High”

The Obama administration is fostering Israeli-Palestinian negotiations aimed at a full and final peace agreement. While the talks last they help calm the regional political situation, but they do nothing to improve Palestinian daily life or help build the institutions of a future Palestinian state. If they fail, as all past efforts have, they may leave behind frustration and bitterness. Even so, negotiations should not be abandoned, but should be buttressed by a simultaneous effort to undertake pragmatic steps that support Palestinian institutions, improve life in the West Bank, and strengthen the Palestinian Authority (PA) against Hamas. While today’s political-level peace negotiations can provide an essential umbrella for such steps, focusing solely on achieving a full “final status agreement” is too risky. Practical “on-the-ground” improvements are beneficial in themselves and can improve chances for an eventual negotiated settlement. Moreover, because such steps do not violate the interests of the Israeli or Palestinian sides, they can be pursued without continuing the top-level U.S. intervention that other and often higher U.S. policy priorities may require.

THE COST OF “AIMING HIGH”

At least since the Oslo Accords in 1993, Washington has sought to broker a comprehensive peace agreement to resolve the Israeli-Palestinian and Israeli-Arab conflict. Those efforts have failed, and they have damaged the prestige of both U.S. administrations and Palestinian leaders. Had the moderate leadership that emerged under President Mahmoud Abbas and former prime minister Salam Fayyad achieved a peace agreement and created a Palestinian state, it would have been greatly strengthened vis-à-vis Hamas and other terrorist groups. When this failed to occur, the PA’s main argument against Hamas—that Hamas could only deliver violence, while they could deliver a state—was weakened.

The United States has contributed to this problem by “aiming high.” The cost of Washington’s focus on a comprehensive agreement has been that it has rarely pushed hard for immediate, on-the-ground changes that would be meaningful to Palestinians—such as more jobs in Israel or more control over larger areas of the West Bank. Such changes do not reflect a lack of ambition or vision; rather, they can be characterized as “preparing for statehood,” and

would suggest to Palestinians that their affairs are being competently handled by the current leadership and that they have much to lose from the violent actions and extreme politics of terrorist groups. The United States can, as a matter of policy, seek both a long-term, comprehensive deal and take incremental, preparatory steps. But top officials have limited time and energy, and focusing on the former has crowded out the latter.

The rebalancing of policy from focusing exclusively on a final and comprehensive deal to examining preparatory steps as well means more than just rearranging diplomatic talking points. It requires reorienting U.S. policy after decades of aiming high and falling short. It also requires a new understanding of how a Palestinian state will be built: not at the United Nations or even at the negotiating table but, rather, in the West Bank. While the U.S. timetable of nine months to negotiate a full peace agreement and the longer time needed for pragmatic steps to bear fruit appear out of sequence, the opposite is true. A final peace agreement will take many years, and the effects of practical steps can be felt far sooner. And because such steps do not threaten Israeli security or the PA's role in the West Bank, they should be agreeable to both sides.

NEGOTIATIONS AND PRACTICAL STEPS

Taking incremental steps is not an argument against seeking comprehensive peace negotiations. The renewal of peace negotiations is useful, if only to demonstrate that the ultimate goal of a comprehensive agreement has not been abandoned. But it is unlikely that new negotiations will make progress in the near future; the most any Israeli government seems able to offer is less than the least any Palestinian government seems able to accept.

- *The United States should help the PA emerge from a state of financial crisis.* The PA depends on foreign aid for survival, because it cannot pay salaries or provide public services on its meager tax revenues. This objective will require maintaining U.S. aid at current levels, pressing the EU to do the same, and pushing Arab oil-exporting countries to provide additional aid. It will also mean pressing Israel to transfer PA tax monies it has intermittently withheld since the Palestinian statehood initiative in the United Nations. A bankrupt PA that cannot pay salaries will not survive.
- *The United States should encourage Israel to take further steps to improve the Palestinian economy.* In the last four years, Israel has removed some barriers and checkpoints that interfere with mobility in the West Bank, granted permission for Israeli Arabs to shop there, and created more opportunities for residents there to work in Israel. In September 2013, with negotiations under way, Israel granted five thousand more work permits, and during Ramadan it permitted hundreds of thousands of Palestinians to enter Israel to shop, visit holy sites, and meet with family members. It should be a top priority of U.S. policy to seek the continuation and enlargement of these steps.
- *Israel should limit construction in settlements to the major blocs that, in all previous negotiations, have been understood that Israel will keep.* The logic is obvious: limiting construction to the major blocs would signal that Israel does intend ultimately to enter into an agreement that establishes a Palestinian state in the rest of the West Bank. Israeli coalition politics makes achieving these limits difficult, but the United States will have a better chance if it drops the politically impossible demand that Israel cease construction in Jerusalem and all the major blocs and focus instead on outlying settlements.
- *Israel should minimize its incursions in Palestinian territory and undertake only those with significant security payoffs.* In areas of the West Bank, Palestinians feel the Israeli presence outside of settlements through their interactions with Israeli security forces: the Israeli Defense Force, police, and Shin Bet (the Israel Security Agency). Raids in

urban areas are particularly likely to result in violence, as they have on several occasions in 2013. Such incidents severely damage essential Israeli-Palestinian security cooperation. The United States should publicly ask for explanations by the government of Israel when such raids do occur.

- *The United States should encourage Israeli security forces and courts to prevent and penalize settler violence against Palestinians, which has increased in recent years.* The United States should seek investigations and prosecutions of such incidents.
- *The United States should be willing to criticize and sometimes penalize the PA whenever it glorifies violence or those who have committed acts of terror.* This issue, known as preventing “incitement,” goes to the heart of the Israeli-Palestinian relationship and the chances for peace. The U.S. government should publicly criticize actions that glorify violence and terror, and demand PA responses that address U.S. criticism. Financial penalties undermine U.S. efforts to help the West Bank economy but can drive home the message to the PA that this issue is viewed as serious. Given U.S. aid levels of over \$400 million per year, penalties of several million dollars in the direct budget support portion (roughly \$200 million) will not bankrupt the PA; conversely, the absence of them sends the message that such conduct does not matter or that U.S. complaints may be ignored.

Hamas will denounce practical steps as “making the occupation more tolerable.” But, in fact, steps that improve life for Palestinians and help them build state institutions are beneficial in themselves and create a positive background for serious talks and improve their chances of success. Moreover, such steps would help the PA demonstrate its efficacy to the Palestinian people today, when it cannot deliver statehood (and indeed when Fayyad’s departure suggests that the PA may be hard put to deliver clean and effective governance); it will need that credibility to sell the compromises that any final status agreement will entail. None of this will transform the Palestinian political situation, but it can at least prevent a further deterioration in PA popularity. Those who focus instead on achieving a comprehensive peace are allowing their hopes to crowd out the pragmatic steps that are the most realistic path forward.

THE NEXT THREE YEARS

While today’s political-level peace negotiations can provide an essential umbrella for pragmatic steps, focusing solely on achieving a full “final status agreement” is too risky. Practical on-the-ground improvements are beneficial in themselves and can improve chances for an eventual negotiated settlement. They will also strengthen the PA and its ability to engage in the compromises any full peace agreement will require. Supporting the construction of a Palestinian state from the ground up, strengthening Palestinian institutions, and seeking pragmatic Israeli-Palestinian cooperation should be the center of U.S. policy now, not the handmaiden to a policy aimed at a comprehensive but currently unattainable final peace agreement.

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