

# What Washington Is Missing in the Israeli-Palestinian Peace Talks

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**To prevent another failure that would further dishearten the Israeli and Palestinian publics, the Obama administration should focus on direct, low-profile engagement between the two sides, lapsed economic reform, and other helpful efforts.**

**T**he recent near-collapse of Secretary of State John Kerry's Israeli-Palestinian peace efforts unleashed the characteristic wave of criticism that predictably follows in the wake of such setbacks. Yet indulging in finger-pointing, wishing that the parties had different positions, or throwing up our hands and walking away will lead nowhere.

Secretary Kerry was not wrong to pursue Israeli-Palestinian peace -- doing so is in our interest and is an important element of American leadership in the region. Yet he should not seek to reconstitute the process as it previously stood. It was tactically flawed, insofar as it required both leaders to take political risks for a scant payoff, namely the promulgation of an American "framework document" and the continuation of talks whose odds seemed bleak.

Palestinian Authority (PA) President Mahmoud Abbas, facing a public enamored of the false hope of unilateral statehood via accumulated U.N. agency memberships, never engaged enthusiastically in the talks. Israeli Prime Minister Benjamin Netanyahu engaged with vigor but, facing the likelihood that Abbas would reject the framework document and thus doom it to immediate irrelevance, had little incentive to incur the political cost of releasing Palestinian prisoners or blocking housing tenders.

Secretary Kerry has argued that it is better to try and fail at peace than not to try at all, but failure has a cost. The majority of both Israelis and Palestinians, according to a recent poll by Shibley Telhami, support a two-state solution, but nearly half of both publics do not believe it can be achieved and only a quarter on either side have confidence in their own negotiators or the American mediators. A high-profile failure deepens that pessimism and feeds

enthusiasm for counterproductive alternatives.

The question, therefore, is not whether to have a peace process, but what approach can stabilize the peace talks and increase long-term chances for producing an agreement. There are four elements that the Obama administration should incorporate going forward.

First, there can be no substitute for direct engagement between the parties themselves. Unable to obtain direct Israeli-Palestinian dialogue on final-status issues, Kerry substituted parallel U.S.-Israel and U.S.-Palestinian discussions, and substituted as its product an American statement for a bilateral agreement. This may have seemed like a diplomatic expedient, but faltered for the simple reason that its benefits did not outweigh its costs to the parties.

Realistically, emphasizing direct dialogue means lowering the talks' profile and accepting that progress will initially come on less divisive issues like economics and security. It also means dispensing with overly-ambitious deadlines, and accepting that merely handing off a healthy process to President Obama's successor in 2017 would be a worthwhile accomplishment.

Second, a greater emphasis should be placed on Palestinian economic growth and reform. Doing so helps Palestinians focus on what they stand to gain through peace, not just what they believe they will lose. It also reassures Israelis that their Palestinian neighbor will not be a failed state. The West Bank economy stagnated in 2013 after several years of growth, and the PA's finances deteriorated. As the recent Arab uprisings demonstrate vividly, such downturns and dashed expectations can prove deeply destabilizing.

Mindful of this, Secretary Kerry launched a commendable economic initiative for Palestinians last month in Prague. Such initiatives are insufficient, however -- peace talks and economics are inextricably linked.

Setbacks in the negotiations and political instability heighten the uncertainty facing would-be investors and entrepreneurs and threaten Israeli cooperation on clearance revenues and movement restrictions, all of which are vital to Palestinian economic growth. In addition, donor aid surges when negotiations are going well, and dwindles during diplomatic lulls; it is also negatively affected by corruption in the PA, which has reportedly grown even as political institution-building has stagnated. From 2008, the height of the "Annapolis Process," to 2011, aid fell by half.

Third, the United States should repudiate the so-called "BDS movement," which calls for boycott, divestment, and sanctions against Israel, rather than attempt to use the specter of boycotts to spur Israel along. Israel is more likely to take risks when it feels secure. The BDS movement, the stated aims of which go well beyond the achievement of a reasonable peace accord, accomplishes the opposite -- it persuades Israel that the campaign against its existence as a Jewish state will not cease even with an agreement.

Furthermore, damaging the Israeli economy hurts Palestinians as well. They are dependent on Israel economically for employment and as an export market, meaning that Israeli economic downturns reverberate painfully in the West Bank and Gaza. In addition, the success of a future Palestinian state will depend vitally on economic cooperation with Israel; that cooperation will be undermined by boycotts and sanctions. The Palestinians' supporters would do far better to focus on bolstering the Palestinian economy through reform, transparency, aid, and investment, rather than on undermining Israel's.

Finally, as is the case with so many other issues, our peace efforts would benefit from more robust engagement with Arab states. They can be a source of both aid and political cover for Abbas, can marginalize rejectionists like Hamas, and can offer Israel better regional integration. Secretary Kerry commendably persuaded the Arab League to amend the 2002 Arab Peace Initiative to endorse land swaps, and should build on that success.

The Israeli-Palestinian conflict is not ripe to be solved, nor will it benefit right now from yet another high-level diplomatic push. But that does not mean we should neglect it, and step back that much further from regional leadership.

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