A transfer of power within the Palestinian Authority, coupled with the Israeli disengagement from Gaza, presents both challenges and opportunities for reviving Israeli-Palestinian peace negotiations. The preconditions of past peace treaties between Israel and its Arab neighbors have demonstrated the necessity for calm on the ground and strong leaders who can force their constituents to accept peace. Unfortunately, the past four years of fighting, the lack of strong leadership, and the asymmetry of power between the Israelis and Palestinians all act as bulwarks against necessary change. The situation is complicated by the need to prevent Hamas and local warlords from expanding their power. Nevertheless, from the Israeli perspective, there are some opportunities for change. The disengagement plan proves that Prime Minister Ariel Sharon understands that Israel cannot sustain the settlements, while the continued construction of the West Bank fence presents opportunities for new negotiations.

As President George W. Bush plans for his second term, he must decide whether he will make reengagement in this arena a priority. One motivation for doing so is the eventual U.S. disengagement from Iraq, which will leave the White House searching for a new way to remain involved in the affairs of the region. Should the president decide to prioritize the Israeli-Palestinian situation, he will need to create policies that balance U.S. engagement between the extremes of over- and under-involvement. The former characterized President Bill Clinton's second term, while the latter characterized President Bush's first term.

Initially, a decision to reengage would mean encouraging Egypt, which is already engaging the Palestinians and Hamas, helping to prepare the Palestinians for elections, and ensuring that the international donor community provides the funding necessary for the Palestinian Authority to function. The president could also capitalize on his demonstrated support for Israel in order to pressure the Israeli government. Following these steps, the administration could appoint an emissary of the highest level to help open talks. Such talks should not be hastened, however, nor should they focus on rushing toward a final-status agreement. Instead, they should be dedicated to creating a friendlier environment. If the ground is not suitably prepared for final-status talks, they could fail, leading to renewed conflict.

Yasser Arafat leaves behind a mixed legacy. While he succeeded in placing the Palestinian cause on the map, he died before the creation of an independent Palestinian state. He refused to delegitimize suicide bombing—in fact, he exhorted Palestinians to become "martyrs." This legacy, part of his general failure to prepare the Palestinians to live in peace alongside Israel, is likely to cause problems for his successors.

In the immediate term, a new ceasefire should be implemented. Although this will prove difficult, Hamas is certainly aware of the importance of this transitional period and may be amenable to a ceasefire arrangement of some sort. Another way to take advantage of the new status quo is to expand Israel's Gaza disengagement project into a bilateral effort aimed at creating a healthy, economically stable Palestinian area. This would require a U.S.-appointed envoy to serve as the chief contact between the two parties. Such an envoy could guarantee that goodwill gestures made by one side are fully appreciated and understood by the other side. Additionally, by reestablishing such a dialogue between Israelis and Palestinians, U.S. efforts would relegate the notion of peacemaking.

Measures of this sort have a greater chance of succeeding than a rush to full peace. After all, given the ongoing political changes on both sides, hastened final-status talks would have to take into account the uncertain minority status of Sharon's parliamentary coalition as well as a new Palestinian leader. Such talks would force this new leader to immediately confront Arafat's legacy of maximalism on the most difficult issues (e.g., refugees). Due to these and other factors, many of which are slated to change over the next six to nine months, any attempts to rush final-status talks are likely to lead to failure and further setbacks.

In order for recent events to lead to renewed peace negotiations, several benchmarks must be met. The new Palestinian leadership must stabilize the situation and preserve Palestinian unity. Moreover, Arafat's successor must overcome the late chairman's maximalist platform and refusal to denounce terrorist activities. At the same
time, the new leader will need to bear in mind the lessons of the hudna (ceasefire) of 2003. That agreement collapsed because the Palestinian Authority had separate agreements with Israel and with Hamas. Any ceasefire established in the current environment would have to apply equally to mainstream Palestinians, Israel, and cosigners from radical groups. Securing Hamas's participation in this type of ceasefire will be difficult; the group fears that the Israeli disengagement from Gaza will delegitimize its reliance on violence. In any case, Israel should not open a dialogue with Hamas. Instead, it should negotiate any ceasefire terms for Hamas through a third party, such as Egypt or the Palestinian Authority.

On a positive note, each of the contenders for the Palestinian presidency has demonstrated an understanding of the potential opportunity that the Israeli disengagement from Gaza represents. Each has also advocated reforming the Palestinian Authority. One particularly crucial reform is the institution of elections. Four distinct types of elections—presidential, parliamentary, Fatah, and municipal—must be held to legitimize the leaders of each sector of the Palestinian political sphere. Fatah elections would be an important step in strengthening the organization and countering Hamas's influence.

Finally, Israel must continue with the disengagement plan. Successful implementation of this plan will give Israel the opportunity to begin a political discussion with the new Palestinian leadership.

This Special Policy Forum Report was prepared by Minda Arrow.