Executive Summary

Israel's proposal for Palestinian elections stems from a realization that the status quo is not tenable and a fear that the intifada could escalate to a more violent pattern of confrontation.

Despite continued controversy over its details, the elections proposal indicates several new elements in Israel's position: recognition -- for the first time -- that an interim agreement for Palestinian self-government can be negotiated with a purely Palestinian delegation; an implied readiness to legalize the PLO-affiliated local leadership.

 Ideally, elections are the best way to proceed. They would enhance the status of the local Palestinian leadership, shifting the balance of forces within the PLO in favor of the insiders who are more supportive of interim arrangements. But any agreement on elections is probably months away; in the meantime, to avoid further deterioration of the situation, the United States should encourage an initiative to complement diplomatic efforts to reach an Israeli-Palestinian understanding on elections.

The initiative would involve Israel's administrative disengagement from the territories following a series of narrow agreements with local Palestinian bodies. Institutional disengagement would end a situation in which the weakened Israeli Civil Administration and the PLO-affiliated Unified Command's shadow administration coexist in the midst of confrontation. If elections do not take place, this process would bestow control over aspects of autonomy upon those Palestinians who would win elections were they held. Some of the burden of occupation would be removed, Israeli-Palestinian friction would hopefully be reduced and a new channel for negotiations would be opened.

Transfer of authority to the local leadership on a sectorial basis would precede a formal agreement. The process will not necessarily be part of a political package; rather, it would be an on-the-ground adjustment, pending the formal negotiation of an interim Israeli-Palestinian agreement. It would not serve as a substitute for elections, but as an incentive for both sides to move forward and tackle more complicated political issues. The external PLO would find it hard to oppose this process since it would not entail political concessions, but a fulfillment of the declared objective of creating new Palestinian institutions in the territories.