

Policy Focus

•••
Special Studies
on Palestinian Politics
and the Peace Process

Reforming the Palestinian
Authority: Requirements
for Change

Dennis Ross, Editor



The Washington Institute
for Near East Policy

THE WASHINGTON INSTITUTE

Policy Focus

• • •

Special Studies on
Palestinian Politics
and the Peace Process

Reforming the Palestinian
Authority: Requirements
for Change

Dennis Ross, Editor

RESEARCH MEMORANDUM

Number Forty-Three September 2002

All rights reserved. Printed in the United States of America. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage and retrieval system, without permission in writing from the publisher.

© 2002 by The Washington Institute for Near East Policy

Published in 2002 in the United States of America by The Washington Institute for Near East Policy, 1828 L Street NW, Suite 1050, Washington, DC 20036.

About the Authors

Ziad Abu Amr is chairman of the Palestinian Legislative Council's Political Committee.

Hassan Abu Libdeh, a professor emeritus at Bir Zeit University, is chairman of the board of directors of the Palestinian Forum for Democracy, and the founder and director of the Palestinian Central Bureau of Statistics.

Dennis Ross is director and Ziegler Distinguished Fellow at The Washington Institute. In government, he served as special Middle East coordinator in the Clinton administration, director of the State Department's Policy Planning Staff in the first Bush administration, and special assistant to the president for Near East/South Asia affairs in the Reagan administration.

Khalil Shikaki is an associate professor of political science at Bir Zeit University and director of the Palestinian Center for Policy and Survey Research in Ramallah.

• • •

The opinions expressed in this Policy Focus are those of the authors and not necessarily those of The Washington Institute for Near East Policy, its Board of Trustees, or its Board of Advisors.

THE WASHINGTON INSTITUTE

for Near East Policy

*An educational foundation supporting scholarly research
and informed debate on U.S. interests in the Near East*

Executive Committee

Chairman
Michael Stein

President
Fred S. Lafer

*Founding President/
Chairman Emerita*
Barbi Weinberg

Vice Presidents
James Schreiber
SENIOR VICE PRESIDENT
Charles Adler
Benjamin Breslauer
Robert Goldman
Walter P. Stern

Secretary
Richard S. Abramson

Committee Members
Howard Berkowitz

Richard Borow
Maurice Deane, *emeritus*
Gerald Friedman
Leonard Goodman, *emeritus*
Roger Hertog
Bernard Leventhal
Fred Schwartz

Board of Advisors

Warren Christopher
Lawrence S. Eagleburger
Alexander Haig
Max M. Kampelman
Jeane Kirkpatrick

Samuel W. Lewis
Edward Luttwak
Michael Mandelbaum
Robert C. McFarlane
Martin Peretz
Richard Perle

James Roche*
Eugene V. Rostow
George P. Shultz
Paul Wolfowitz*
Mortimer Zuckerman

** resigned upon entry to government service, 2001*

Institute Staff

*Director of Policy and
Strategic Planning*
Robert B. Satloff

Director/Ziegler
Distinguished Fellow
Dennis B. Ross

Deputy Director
Patrick Clawson

*Counselor, Turkish Research
Program*

Director of Development

Senior Fellows
Michael Eisenstadt
Helena Kane Finn
Matthew A. Levitt
David Makovsky

Mark Parris

Administrator
Nina Bisgyer

2002 Visiting Fellows

Financial Officer
Laura Hannah

2002 Sonof Fellows
Soner Cagaptay
Avi Jorisch
Jonathan Schanzer
Ray Takeyh

Eliyahu Kanovsky
Ely Karmon, ROSEN FELLOW

Director of Publications

Associates
Ze'ev Schiff
Ehud Ya'ari

Abbas Kelidar
Martin Kramer, WEXLER-

Executive Assistant
Marguerite Dale

FROMER FELLOW

Development Assistant
Marilyn Turner

Malik Mufti

Ali Salem

Ephraim Yaar, IRA WEINER
FELLOW

2002 Visiting Military Fellows

Administrative Assistant
Rebecca Saxton

Col. Nitsan Alon

ISRAEL DEFENSE FORCES
Maj.-Gen. Yaakov Amidror

Financial Assistant
Robin Edwards

ISRAEL DEFENSE FORCES

Publications Associate
George Lopez

Col. Yalcin Ergul

TURKISH AIR FORCE

Lt. Col. Phillip Gibbons

UNITED STATES AIR FORCE

Adjunct Scholars
Hirsh Goodman
Simon Henderson
Joshua Muravchik
Daniel Pipes
Michael Rubin
Harvey Sicherman

Table of Contents

Introduction <i>Dennis Ross</i>	1
Unrealized Reform: Learning from Past Mistakes <i>Khalil Shikaki</i>	7
Political Reform: Prospects and Obstacles <i>Ziad Abu Amr</i>	14
Establishing the Conditions for Reform <i>Hassan Abu Libdeh</i>	20
Appendix 1: Reform Agenda of the Palestinian Legislative Council	29
Appendix 2: The Palestinian National Initiative	36
Appendix 3: The 100-Day Reform Plan	40
Appendix 4: President Bush's Speech on Palestinian Reform	48

Introduction

Even prior to President George W. Bush's June 24, 2002, speech on Palestinian reform, The Washington Institute had decided to host a full-day forum on the subject, in part because calls for reform have gradually intensified in many quarters of the international community. The fact that donor countries were pressing for reform came as no great surprise in Washington, particularly given the scope of Palestinian corruption. That Palestinians themselves were demanding reform—even in the aftermath of Israel's Operation Defensive Shield, conducted in the spring of 2002—came as a revelation.

Consequently, The Washington Institute invited three Palestinian reformers working in different sectors of Palestinian society to present their views on various aspects of reform: Khalil Shikaki, a professor and polling expert from Bir Zeit University; Ziad Abu Amr, chairman of the Political Committee of the Palestinian Legislative Council; and Hassan Abu Libdeh, director of the Central Bureau of Statistics for the Palestinian Authority (PA). The three essays in this Policy Focus are edited versions of the presentations given by each of these speakers.

A Palestinian Agenda for Reform

Throughout these essays, one overriding message is clear: reform is a Palestinian requirement, not a response to pressure from the outside world. In one way or another, each of the authors explains that Palestinians across the ideological spectrum are insisting on good governance, accountability, transparency, and security services that operate not in the shadows, but according to the rule of law. They also emphasize the need to develop Palestinian civil society institutions and separate the powers of government.

In describing America's critical role in the reform movement, however, the authors seem to articulate somewhat contradictory messages. In some instances, they strongly criticize the United States for its past failures to respond to Palestinian calls for reform. This criticism is not unfounded, given Washington's past tendency to side with Israeli leaders who preferred an authoritarian Palestinian regime (i.e., one that could fulfill its security obligations) to a regime that emphasized de-

mocracy, human rights, and the rule of law. The authors argue for the opposite formulation: Palestinians are more likely to fulfill their obligations, including security commitments, under the rule of law.

At the same time that they critique America's slow embrace of the reform movement, however, the authors also express reservations about Washington's new rhetorical emphasis on reform, most notably President Bush's June 24 speech. In other words, they appear to want American support, but not American blandishments. In no way do they want the United States to dilute its eagerness for reform or reduce its demands for standards of accountability and responsibility in Palestinian governance. Yet, they feel that Washington complicates the efforts of reformers when it insists on a new Palestinian leadership, as President Bush did in his speech. The authors imply that they and other reformers will be put on the defensive if they are seen as participating in a movement whose sole objective is the removal of Yasir Arafat.

Instead, they want to highlight their principal objective: to transform Palestinian society and create a new order. Toward that end, they call for American and international help to create new structures, new institutions, a new constitution, and a parliament with real powers. Under the latter reform, the bulk of executive power would reside in the hands of a prime minister elected by the parliament; many see this as the best mechanism for transferring power to a responsible authority and elevating Yasir Arafat to a more symbolic position.

Hassan Abu Libdeh goes a step further in calling on donor countries to establish a custodial arrangement with the Palestinian government in order to ensure that agreed-upon reforms are actually implemented. For example, many of the important laws ratified by the Palestinian Legislative Council in recent years have yet to be applied. A custodial arrangement would create external oversight by parties who would insist that reform be carried out in deeds, not just words.

Violence: The Primary Obstacle

Not surprisingly, all three Palestinian authors highlight the difficulty of carrying out reform in the current environment. They argue that reform will remain theoretical as long as the Palestinian public is subject to extensive curfews, severe limitations on movement, internal closures, and an Israeli military presence in West Bank cities. Accord-

ing to the authors, elections and other transformations can take place only if the Israeli military pulls back to its pre-intifada positions. The problem, however, is that Israel is unlikely to pull back if doing so will subject its public to increased terrorist attacks and permit groups committed to terror to revitalize themselves. Conversely, should the Palestinians convince the Israeli government that they will, in fact, assume responsibility for stopping terrorist attacks, the Israelis will likely pull back.

Are there any Palestinian reformers who can fulfill this responsibility in the period between a relaxation of Israeli control and the establishment of effective governance in the territories? Or will the United States and Israel be forced to work with the remnants of the PA in order to confront the violent activities of Hamas, Islamic Jihad, and the al-Aqsa Martyrs Brigades? Moreover, if the PA is given such a role, how will it affect those who are trying to create a new Palestinian order?

The three Palestinian commentators in this study are well aware of these dilemmas, but do not explicitly address them. Implicitly, they recognize that reform will not take place if the violence is not stopped. This is not an ideological position, but rather a statement of reality: as long as the violence continues unabated, the Israelis will not pull back, and without withdrawal of some sort, there will be no reform. In truth, no diplomatic initiative can succeed if the violence is not halted, or at least confronted, by Palestinians.

One potential solution to this dilemma is the use of a rolling approach to security and withdrawal. First, the Palestinians secure specific areas, whereupon the Israelis withdraw their forces from those areas. This withdrawal can be cumulative, starting in Gaza and gradually spreading throughout the West Bank. Such an approach does not require the Palestinians to quell violence in all areas at once, a task that is probably beyond their capabilities anyway. Yet, it does allow both parties to demonstrate that they can make commitments and fulfill them. Most important, it offers a realistic means of stemming the violence.

The Palestinian authors do not comment on this suggestion, however, preferring instead to emphasize that Palestinians will be far more inclined to fulfill their security obligations if they are shown a politi-

cal pathway that offers hope. From this standpoint, the authors express disappointment in President Bush's June 24 speech, arguing that it offers a vague vision to Palestinians while making considerably more concrete demands of them. Nevertheless, all three authors acknowledge that Palestinians need to develop their own political framework, one that distinguishes between appropriate and inappropriate means of pursuing Palestinian aspirations. The PA has yet to create such a framework, in effect remaining neutral between those who argue for pursuing Palestinian objectives peacefully and those who argue for pursuing them violently.

Nothing could be more fundamental to the future of Palestinian reform and statehood than the abandonment of violence as a means to political ends. Once the United States, Israel, and the international community are convinced that Palestinians view violence as inimical to their interests, progress toward a political solution will accelerate rapidly. Donor countries are not asking Palestinian reformers to forsake the cause of liberation as a gesture of appeasement—only to acknowledge publicly that there is a legitimate, and an illegitimate, way to pursue this cause. The sooner Palestinians abandon the illegitimate way—violence—the sooner their grievances and aspirations are likely to be addressed.

Reform as a Bridge

The Palestinians' grievances are real, and their desire for reform is profound. Yet, they are in dire need of external intervention, in terms of both material assistance and pressure to perform. The United States should create unambiguous criteria for performance and an external structure of accountability, which could also provide reformers with a justification for their actions. Once the reformers begin to produce a new order in Palestinian governance, the Bush administration could agree to add more content to its vision of Palestinian statehood.

To be sure, Israel has a major stake in the success of Palestinian reformers. The Sharon government has repeatedly sought to show Palestinians that terror and violence are futile. The reformers understand this reality. But Israel must also help to create a context demonstrating unmistakably that there is another pathway for Palestinians—that Israel is ready to accept genuine Palestinian independence so long as

Palestinians truly accept Israel, renounce terror, and honor their security commitments. Reform offers a bridge to a much more hopeful future for the Palestinian people. Without security for Israelis, however, it is a bridge unlikely to be built anytime soon.

Dennis Ross

UNREALIZED REFORM: LEARNING FROM PAST MISTAKES

Generating interest in reforming the Palestinian Authority (PA) has never been easy, especially in the United States. Although Palestinians have made some headway in sparking international interest in this issue over the years (primarily in Europe), much of the momentum behind the reform movement has been created by Palestinians themselves. Examining how this movement began, where it is heading, and why it is deemed necessary is a useful endeavor, particularly now that reforming the PA seems to have become the focus of the international community.

Early Attempts at Reform

Initially, many Palestinians became interested in reform as a means of addressing the problem of waste. For example, one of the very first evaluations of Palestinian governance dealt specifically with budgetary waste. In 1995—only one year after the establishment of the PA—the Palestinian comptroller issued a shocking report stating that approximately \$250 million had already been wasted by the Palestinian government. Although the report contained significant exaggerations, it was sufficient to create great interest in the issue of reform among members of the Palestinian Legislative Council (PLC).

As a result, a committee was established with the express purpose of examining reform. This was an important step because it showed Palestinians and the international community alike that the issue of honest, effective governance was important to the Palestinian leadership, notwithstanding the fact that Palestine was not yet a state and

that ending the Israeli occupation was still at the top of every Palestinian's agenda.

Waste, corruption, violations of human rights in Palestinian jails, security forces that essentially ignored law and order: these and other negative trends were of serious concern even in the first years of the PA's existence. As a 1997 PLC report pointed out, however, most of the problems within the PA seemed rooted in the same cause: the Palestinians' failure to build structurally sound institutions. In other words, regardless of their intentions, Palestinians had created a system of governance that was destined to produce corruption of one sort or another. Fortunately, recognition of this failure eventually led many Palestinians to shift their focus to institution building (particularly in preparation for the anticipated establishment of a Palestinian state in mid-1999).

Several factors contributed to the Palestinians' initial failure to create strong institutions. First, they had no prior knowledge of or experience in the process of building a state. For the most part, they had known only revolution and the leadership of the Palestine Liberation Organization (PLO). Therefore, they began the process of state building from scratch, with no clear guidelines. An old system was being demolished, but none had been built to replace it.

The state-building process unfolded slowly, partly because the social value system on which Palestinians had relied in the past did not translate easily into an institutional value system. Hence, when Israel took initial steps to end its occupation and the Palestinians began to build their own institutions, they lacked a set of values to guide this process. For example, they had no clear definition of what would constitute corruption in the emerging government.

As a result, weak institutions were created. The PLC, for instance, was established to provide accountability and oversight, yet failed to do so. Although this failure was partly attributable to the council's monolithic makeup (most of its members represented the same political faction: Fatah), it was also a consequence of the PLO legacy. The interim agreement that established the PA was transitional; it did not create a state, and it allowed for the continued functioning of the PLO. Therefore, two sets of institutions emerged, with two sets of rules and two sets of values: those of the PLO and those of the PA. The PLO legacy, led by the old guard, was characterized by a revolutionary

mindset that had little respect for accountability and transparency; its institutions were authoritarian in nature. The PA, however, was supposed to be built on a system of law, with transparent institutions and leaders elected by the will of the people. From the start, then, a great deal of conflict emerged between the PA and the PLO. Given that the former was created more or less by the latter's decree, it was the PLO's legacy—its institutions, values, and culture—that dominated the initial process of state building.

Israel and Reform

The continuation of the Israeli occupation exacerbated these internal problems. From the start, the Israelis expressed great interest in developing a peaceful, even democratic, neighbor; yet, whenever the prospect of an open Palestinian government contradicted other Israeli interests, such sentiments quickly evaporated. To illustrate, security has long been one of the principal interests on the Israeli agenda. Ironically enough, many Israelis assumed that security could only be provided by a Palestinian government that did not respect the rule of law. For example, former Israeli prime minister Yitzhak Rabin believed that the Palestinians would be more effective security partners if they ignored issues such as human rights.

In general, Palestinians were in favor of establishing the rule of law, but since the old guard of the PLO wanted to provide security in a way that did not undermine their own authority, most Palestinians were willing to turn a blind eye when security courts were created. Even the United States welcomed this measure, despite the fact that it represented the first direct assault on the independence of the Palestinian judiciary.

The Israelis were also interested in fostering a Palestinian leadership that would negotiate acceptable final-status terms. Israel had no intention of strengthening the Palestinian negotiating position in any way. Consequently, the Israeli government often looked favorably upon Palestinian elites who were amenable to Israeli needs—not just vital security needs, but the political needs of a given administration. As a result, the Israelis had a direct role in fostering corruption and mismanagement in the early days of the PA. For example, most Palestinian institutions lacked financial transparency from their very inception.

Some of the money collected from customs, taxes, and fees went into separate accounts rather than the Ministry of Finance's treasury, and much of it was not included in the budget submitted to the PLC. Several different Israeli administrations tolerated this mismanagement, but most Palestinians were unaware of it.

In Search of Legitimacy

The factors outlined above—the PLO legacy, and Israel's focus on both security and a weakened Palestinian negotiating position—are the primary reasons why Palestinians have failed to build strong institutions and reform their government. Yet, this diagnosis begs the central question: why is reform, institutional or otherwise, necessary in Palestine? First and foremost, every political system needs legitimacy, and every Palestinian has, in one way or another, expressed this requirement. Even before the establishment of the PA, Fatah refused to acknowledge that the old sources of legitimacy had to be abandoned, insisting that revolutionary legitimacy be maintained until the creation of a Palestinian state. Certainly, the PLO elite had no interest in replacing their own influence with a new source of legitimacy. They acknowledged that a new legitimacy based on the will of the people was valuable, but only if it existed alongside the PLO.

Currently, the philosophical basis for reform is one of the most important issues being debated by Palestinians. Once they can agree on the nature of the legitimacy that will guide their governance, they will have a better chance of effectively prioritizing their goals and reform efforts. Should that source of legitimacy be the PLO legacy or the will of the people (i.e., state building in the normal sense)? Palestinians have not yet made that decision. Although quite some time has passed since the first Palestinian elections, the debate about legitimacy rages on, with no real sense of what the ultimate outcome will be.

Even so, most Palestinians acknowledge that strong institutions would be more capable of respecting their commitments than weak ones. In other words, without reformed institutions that reflect the will of the people, Palestinians cannot effectively implement their agreements—including security agreements—with Israel or any other party. Palestinians have brought this problem to Israel's attention since the beginning of the peace process, with mixed results. For example, dur-

ing early negotiations concerning the interim Gaza-Jericho agreement, Palestinians emphasized the need for elections. Although this issue had been addressed in the newly created Declaration of Principles between the two parties, Palestinians now feared that Israel's sole reason for potentially supporting elections—namely, as a means of bypassing the PLO—was no longer a factor. (As part of the Oslo deal, Israel had agreed to allow the PLO to return to the West Bank and Gaza and to supervise the creation of PA institutions.)

Indeed, Israel's initial response to these concerns—as voiced by then-Prime Minister Rabin—was a studied indifference to the implementation of Palestinian elections. Such an attitude indicated that Israel did not assign enough importance to effective Palestinian governance. The Palestinian people, however, wanted to establish a strong, democratic government. They had known no central government other than the government of occupation, and therefore were suspicious and critical of any potential government that was not based on the will of the people. They did not want to form a typical Arab state, let alone a corrupt, mismanaged one. They felt that they could do better than their neighbors, and these sentiments have been reiterated in surveys taken over the past decade.

Old Guard versus New Guard

Palestinians have also acknowledged that reform is necessary for their own social cohesion and domestic harmony. From the beginning of the Oslo process, the generational tension within Palestinian society was clear. Both the old guard (long schooled in traditional Arab political culture) and the new guard (who had led the first intifada in the late 1980s and lived their entire lives under occupation, with no central government) realized that they would have to respect democratic rules if they were to live alongside one another in a pluralistic society; that would be their only means of survival.

Yet, of these two conflicting cultures, it was the old guard—in the form of the PLO—who signed the initial agreements with Israel, granted legitimacy to these agreements, and controlled their implementation. Therefore, the PLO legacy, and the old guard, came out on top. Initially, the new guard were willing to accede to this legacy. For example, almost one-third of the members of the early PLC were from

the old guard. Although they had little grassroots support, their membership represented an effort to integrate all facets of Palestinian society.

This effort ended in failure, though, because the new guard gradually came to feel that the old guard were not responding to the needs of the Palestinian people. The old guard had built a closed political system, and the new guard felt that they had been cheated. Although the new guard wanted to end the occupation, the old guard seemed more interested in consolidating their corrupt rule under the PLO legacy. For their part, the Israelis seemed to believe that a corrupt old guard would be more effective in reaching agreements than an open Palestinian government. This assumption proved false, of course, and the consequent failure of negotiations was seen as an outcome of the old guard's corruption, in which the Israelis were complicit.

The Current Conflict

The second intifada, begun in September 2000, resulted in part from the Palestinians' disillusionment with the old guard's failures at both state building and peacemaking. The new guard had come to believe that violence was their only means of sparking fundamental change. Through violence, they felt that they could inflict enough suffering on the Israelis to force them to withdraw unilaterally, while creating conditions that would effectively end the control of the old guard and lead to a reformed Palestinian government. Clearly, though, the intifada has complicated the issue of reform.

Nevertheless, Palestinians continue to search for reliable sources of legitimacy that will lead to a government of consensus. Their continuing debate over what these sources should be has prevented them from producing a definitive constitution. In May 2002, however, President Yasir Arafat finally signed the Basic Law—the constitutional framework meant to govern the PA during the transitional period between the 1995 Oslo agreements and eventual Palestinian statehood. Despite the potential for controversial amendments to this framework, Arafat's action signaled a serious departure from the past. Signing the Basic Law represented the Palestinians' most significant step toward building a state, and certainly the most significant show of acquiescence on the part of the old guard. If Palestinian leaders follow through on this action by implementing

specific reforms (e.g., within the judiciary), they can effectively end the primacy of the PLO legacy.

All in all, most Palestinians are keenly interested in the possibility of widespread reform, though they have been unable to make significant progress in carrying out specific reforms. They want to create strong institutions in order to expand their economy. They have failed to do so. They want to provide security for both themselves and the Israelis. They have failed to do so. They want to create a strong judiciary so that they can live under the rule of law, which would in turn encourage foreign investment. They have failed to do so. Nevertheless, the current intifada has weakened and marginalized the old guard, leading to the creation of a new, *de facto* leadership. This implicit leadership change will likely be confirmed in the next elections—the old guard will be ousted, and the new guard will take their place. If true reform follows this change, Palestinian society could undergo a dramatic transformation within a period of months, effectively ushering in the first Palestinian republic.

POLITICAL REFORM: PROSPECTS AND OBSTACLES

On May 15, 2002, President Yasir Arafat delivered a speech to the Palestinian Legislative Council (PLC), one that was also ostensibly directed toward both the Palestinian people and the outside world. In that speech, he acknowledged that mistakes had been made in the governance of Palestinian society. At the same time, however, he attempted to take personal responsibility for these problems, in effect saying, “We’ve made mistakes, but now we can put them behind us and start afresh.” That attitude proved unacceptable to many members of the PLC because it seemed to sidestep the process of accountability and real reform. Such philosophical differences have long characterized Palestinian politics, and the council’s response illustrates both the necessity of and the obstacles to meaningful reform within the Palestinian government.

The PLC’s Reform Agenda

Immediately following Arafat’s speech, the PLC debated the measures that the president had proposed and the issue of reform in general. As an outcome of this debate, the council produced its own reform agenda and sent it to Arafat (see appendix 1). In this document, the council politely but firmly demanded that the president not only sign all pending laws (including the Basic Law), but also ensure that they were applied. Arafat seemed to react favorably to these demands. One of his first responses was to sign the Basic Law, leaving the substance of the constitutional framework largely unaltered.

Although signing laws is an important step, it becomes meaningless if the laws are not implemented and respected. Unfortunately, this

problem has pervaded Palestinian governance for much of the past decade. For example, the day before his May 15 speech, Arafat signed a law safeguarding the independence of the judiciary. But almost immediately afterward, he overturned a key Palestinian supreme court decision. The court had ruled that Ahmad Sadat, leader of the Popular Front for the Liberation of Palestine, be released from the custody of the Palestinian Authority (PA), arguing that no formal charges had been pressed against him.* Arafat ignored the ruling, ordering that Sadat remain in custody. This violation of judiciary independence is only one of several instances in which the government's credibility on the issue of reform has been brought into question.

Electoral Reform

Similar problems have arisen with regard to elections. In its reform agenda, the PLC requested that Arafat designate dates for municipal, presidential, and legislative elections. The council suggested that municipal elections take place before the end of 2002 and that presidential and legislative elections take place in early 2003, assuming that circumstances would allow them to be held at that time.

Although Arafat responded favorably to this idea, he did not issue a decree specifying election dates, nor did he initiate necessary efforts toward reforming the Palestinian electoral system. For example, new committees are needed to revise the election laws, to oversee the elections themselves, and to coordinate the process of international monitoring. Without the implementation of such measures, the prospects for holding elections according to the PLC's suggested timeline are doubtful.

The principles of electoral reform exercised in democratic states can serve as valuable guidelines for Palestinian reform efforts. Equally valuable, however, are the lessons of past experience. For example, years of PA rule have taught Palestinians that any new electoral system should allow for broader participation and representation. The current makeup of the PLC is rather homogenous. Nearly 70 percent of its members represent Fatah, and no matter how much they may

* Sadat had been detained since his arrest in January 2002 for his purported connection to the October 17, 2001, assassination of Israeli cabinet minister Rehavam Ze'evi.

disagree with President Arafat on occasion, the fact remains that they are all of the same party.

Future elections should include all groups that wish to participate, including Hamas. Hamas opposed the previous elections because they took place within the framework of the Oslo Accords. Palestinians can surmount this obstacle by holding elections under an agreed-upon political framework based on compromise. The government need not label this framework "Oslo," particularly if such a label would prevent certain groups from participating in the electoral process. In any case, Israeli prime minister Ariel Sharon is unlikely to insist on such a label.

The inclusion of groups such as Hamas would not mean that the Palestinian government is shifting toward radicalization. Rather, it would be construed as evidence that Hamas is shifting toward moderation. Becoming part of an electoral system allows a group to participate in the decisionmaking process, but such inclusion also entails that the group be held accountable for its actions. The leaders of Hamas have publicly acknowledged that they are willing to submit to the requirements of any agreed-upon political framework and comply with collective decisions pertaining to suicide attacks and political initiatives, provided that those decisions are made by an elected Palestinian leadership.

A more open electoral system would also facilitate the formation of parliamentary blocs, particularly if it allowed for the participation of political groups that have been excluded in the past, either by choice (i.e., because they oppose the Oslo framework) or because the existing electoral system prevented such representation. The inclusion of such groups is bound to create a meaningful opposition bloc in the PLC, and such opposition would prevent Arafat from co-opting the council, as he has often done in the past. Currently, the PLC contains few opposition elements, and as long as the president's party holds a clear majority, he will pay little regard to the council's wishes.

This problem was highlighted in the PLC's recent attempts to alter the makeup of the executive branch. In the reform document that it sent to Arafat, the council asked the president to form a new cabinet within forty-five days. Soon thereafter, he declared that he had complied with this request. Yet, in looking at this supposedly new cabinet, the council found that sixteen of the twenty-one ministers had come

from the old cabinet. Moreover, two of the five new appointments had been undersecretaries in the old cabinet and therefore hardly represented substantively new selections. The PLC had asked Arafat for new blood—for new ministers who were efficient and capable, who had both expertise and integrity, and who would enjoy popular support and legitimacy. None of these criteria were taken into account when the president formed his “new” cabinet. He had made only three significant new appointments and then simply reshuffled the responsibilities of many of the old ministers.

The PLC responded by asking Arafat to present his cabinet to the council for a confidence vote. He would only consent to sending the five new appointees, however, despite the fact that eight members from the old cabinet were assuming entirely new portfolios. Various circumstances left this debate unresolved (e.g., the Israeli army’s siege of Arafat’s headquarters in Ramallah). Nevertheless, when the president does present his cabinet to the PLC, he will have difficulty securing a confidence vote; even many of those in his own party seem unhappy with his changes.

The Need for Accountability

Arafat’s recent attempts to alter Palestinian governance were not the sort of reforms to which the PLC had aspired. Obviously, meaningful reform does not happen overnight, but many in the council and elsewhere had hoped for a convincing beginning to a necessarily gradual process. At the very least, they had hoped to see evidence of one of the most fundamental elements of reform: accountability. During the first eight years of the PA’s existence, not one senior Palestinian official was questioned, tried, or held accountable for ineptitude, misuse of public funds, abuse of public office, or any other violations of the law. Hence, the PLC decided that it would not accept any governmental reforms without first exercising a measure of accountability.

The Palestinian security services in particular are in dire need of accountability-based reform. It was the PLC—not the United States or Israel—that first called for a reduction in the number of security services. The council also suggested that Arafat remove some of the more notorious leaders within the various services—those known for their misdeeds and corruption, including extortion, violations of civil liberties, impingement on public and private property, and so forth. Arafat

did not comply with either request, though, leaving the security services largely intact.

The Role of Israel and the United States

Despite this lack of accountability, the reform debate is alive and well in Palestinian society and government, and Palestinians should take pride in the serious, substantive nature of this debate. Every day, new ideas are put forward in the hope of making progress toward a healthy Palestinian social and political order. Many of the required reforms have yet to be implemented, but one must bear in mind the current environment in which these reforms are supposed to take place. For many Palestinians, several troublesome questions remain unanswered: How much reform can take place under curfew? Under siege? Under occupation? What happens if election time arrives and Israeli tanks are still patrolling Palestinian cities and refugee camps? Under such circumstances, talk of reform becomes a political luxury, and the efforts of reformers become an embarrassment. Whenever these factors intervene, both the debate about and the prospects for reform are dampened.

If other parties are looking to facilitate change in Palestinian governance, they should gear their ideas about reform toward the Palestinians' national, democratic agenda; otherwise, the notion of reform becomes somewhat absurd. Although Palestinian, Israeli, and American officials have spoken of reform at great length, it often seems as if each has a different idea of what the reform process should look like. For example, no Palestinian believes that Sharon is truly concerned about the well-being of the Palestinian people. He is viewed as an occupier; hence, whenever he talks about reform, Palestinians become skeptical about his agenda. Nevertheless, they remain committed to reform, so it is crucial that other parties refrain from manipulating this important concept, lest it lose its value as a tool for democratic change.

Moreover, all parties should refrain from painting a false picture of Palestinian public opinion. Palestinian attitudes toward governance and reform cannot be reduced to the personality of Yasir Arafat. A wide variety of individuals, groups, and power centers oppose reform and the rule of law out of fear that such measures would hurt their interests; this opposition cannot be pinned to a particular sector or generation of Palestinian society. Contrary to what some believe, cor-

ruption and inefficiency are not limited to the old guard; for example, many of the new guard who are looking to assume important positions in the PA are just as corrupt as those whom they want to replace. Moreover, although opponents of reform are currently outnumbered by reform advocates, the former are still more powerful and influential than the latter. Therefore, the reform process may well meet with a great deal of political resistance.

Although many Palestinians are eager for reform, they view with skepticism President George W. Bush's June 24, 2002, speech on Palestinian reform (see appendix 4), given the behavior of past U.S. administrations. Beginning in 1997, for example, when some Palestinians were fighting for reform, the United States and Israel turned a blind eye to corruption within the PA. As long as security cooperation with Israel was maintained, no one seemed to care about political reform, and many corrupt Palestinian officials were welcomed in both the United States and Israel.

President Bush did in fact call for new Palestinian leadership in his speech, seemingly targeting President Arafat himself and the corps of PA officials. At the same time, however, the United States appears intent on continuing to work with many of these same officials. As a result, several important questions remain unanswered: Will the Bush administration's calls for reform lead to a more credible U.S. policy? Will the United States and other parties offer convincing criteria for defining governmental corruption and acceptable Palestinian leadership? After all, many in Washington would like to see Arafat replaced, but they often sidestep the ironic fact that he is the only democratically elected president in the Arab world. Regardless of how one feels about Arafat, claiming that he is an unacceptable choice in past and future elections makes the notion of reforming the Palestinian electoral system even more problematic. At the very least, America's attitude toward Arafat should frighten other Arab rulers.

In any case, the United States should concede the right of the Palestinian people to supervise their own reform process, and any U.S. contribution to this process should be offered in that spirit.

ESTABLISHING THE CONDITIONS FOR REFORM

The notion of reforming the Palestinian Authority (PA) is hardly new. Calls for reform have been voiced repeatedly over the past decade, even during the earliest days of the PA. After all, the PA was born out of the Palestine Liberation Organization (PLO), long known as an aging, ineffective, corrupt, and poorly managed institution. Since then, several calls have been issued for corrective measures that could help the PA to make better use of its resources and achieve its goals in a less painful fashion.

Defining Reform in the Palestinian Context

Given the current realities in the Israeli-Palestinian arena (i.e., the adverse social and security conditions on the ground, as well as the absence of a roadmap to Palestinian independence), it is only logical to ask whether implementing a genuine reform agenda is possible or even desirable. But reform must be acknowledged as the only means of preserving the aspirations of the Palestinian people; it is a mandatory, irreversible path toward the fulfillment of Palestinian interests. Years of corrupt practices within Palestinian society and government have created a distorted concept of good citizenry, and any reforms must address this central problem. The Palestinian people should view reform as the most appropriate means of empowering themselves, ensuring their personal security, and improving their standard of living, not as a response to externally imposed conditions and pressures.

Although the commitments set out in the interim agreements between Israel and the Palestinians must be taken into consideration during the reform process, the framework for such reform should be shaped

in response to internal needs. Recently, the United States and other parties seem to have conditioned the resumption of the peace process on changes in the PA leadership. Yet, reliance on this externally mandated formula would likely backfire and lead to further deterioration on the ground. The enabling conditions for successful reform must be self-induced. Certainly, reform goals should be based on what is required and what is achievable, but they must also reflect Palestinian wants, interests, and expectations. Success in the reform process should not be measured solely with an Israeli or American yardstick.

Successful reform also requires a clearly and rigorously developed operational agenda, well-identified priorities, well-established mechanisms of performance appraisal, and well-defined methods of monitoring and reporting progress. From the outset, the reform process should include a genuine, comprehensive review of government programs and their perceived mandates, operational requirements, track records, and ability to respond to the needs of the Palestinian people. In current and past discussions, several different areas have been given high priority on the reform agenda: public administration, security, finance, policymaking, citizenship, regulatory frameworks, local authorities, civil society institutions, political parties, and the judiciary. Establishing monitors for each of these areas would help to ensure that the necessary corrective actions are taken.

The Role of Elections

The primary modality for reform in all such areas should be elections, which would help Palestinians identify and empower accountable leaders. Legitimate elections are central to the reform process. In addition to governmental elections, Palestinian civil society institutions could hold elections of their own in order to alleviate the potential chaos inherent in the transition to a thoroughgoing civil society. Although presidential and PLC elections were held as recently as 1996, many of the leading Palestinian civil society institutions have not held elections for many years. As a result, the civil society base has suffered from the various negative practices that often accompany unchanging leadership.

Electoral reform—and the reform process in general—must also include Palestinian political parties, especially Fatah. Fatah has long

played a substantial role in shaping the content of reform, and it will continue to do so in the future. In recent years, Fatah has been the sole authority in the Palestinian government, controlling the PLC and either using or being used by President Yasir Arafat to serve various interests. Therefore, if the electoral reform process excludes this party, the impact of other reforms might be minimal. For example, even if legitimate general elections are set up to determine the next Palestinian president, the fact remains that Fatah will choose its own candidate—who would have the upper hand in general elections—according to its own rules, which do not lend themselves to transparency or honesty.

Reforming the Executive Branch

The reform process should also include the institutionalization of the PA cabinet. One of the major weaknesses of the cabinet is the fact that it does not regularly discuss the actual work of governance. Whereas the cabinet should focus on serving the interests of the people and facilitating the process of development, it instead devotes nearly all of its attention to the peace negotiations and political relationship with Israel, leaving the rest of the government with little executive guidance on domestic issues. This problem could be at least partly alleviated if the cabinet conducted regular meetings devoted to business plans, technical issues, and other matters related to the functioning of a future state. Moreover, the PLO could be given primary responsibility for overseeing the process of negotiations with the Israelis, leaving the day-to-day management of Palestinian society to the PA.

In particular, the PA must focus on implementing ratified laws. Signing and ratifying laws is purely symbolic if these laws are not applied. The Palestinian government has often fallen victim to this unfortunate habit; many of the most important laws that have been signed and ratified remain unimplemented, from the overarching Basic Law to specific legislation in areas such as labor.

Socioeconomic Reform

Another key domestic sector in need of the PA's attention is the Palestinian economy. The demographic situation in Gaza and the West Bank offers insight into the current economic problems and the potential obstacles to reform. According to the Palestinian Central Bureau of

Statistics (PCBS), 53 percent of the 3.4 million Palestinians living in these areas are under 18 years of age. In Gaza, 51 percent of the people are under 15 years of age. On the whole, then, Palestinian society is very young. Moreover, the fertility rates in these areas are among the highest in the world: approximately 7 children per woman in Gaza, and 5 to 6 children per woman in the West Bank.

In the labor sector, the Palestinian work force consists of approximately 800,000 people. Currently, the unemployment rate in Gaza and the West Bank is about 45 percent, according to the International Labor Organization's definition. Moreover, the latest PCBS statistics on poverty indicate that nearly two-thirds of Palestinian households live below the poverty line. The per capita annual income in Gaza and the West Bank is under \$1,500—less than one-tenth of the per capita income in Israel.

In many ways, then, the Palestinian economic and demographic profile is a ticking bomb. Therefore, any efforts at economic reform must be accompanied by a program of action that will alleviate the suffering of the people and improve their standard of living, in part to combat the fatalism and desperation caused by the current conditions. Several positive indicators point to a brighter future (e.g., a relatively high literacy rate and a low infant-mortality rate), but much more needs to be done.

Following intensive study of the Palestinian economic sphere, most reformers have agreed on the basic measures that need to be implemented. First, government revenue must be managed more efficiently. Currently, such revenue is not adequately centralized, controlled, or audited. Moreover, the mechanisms by which it is transferred are not transparent; as a result, some revenue has been inappropriately diverted, with the consent of certain influential Israelis.

Second, some action must be taken on government expenditures. For example, the minister of finance does not currently control these expenditures, nor does he oversee government revenue. Yet, the experiences of other states dictate that any such minister be empowered to supervise both of these areas.

Third, some efforts toward private-sector development are needed. In particular, the government must ratify significant legislation to facilitate such development, including taxation laws, ownership laws,

corporate laws, and so forth. Moreover, the policymaking apparatus that manages this sector must be streamlined; currently, two different Palestinian ministries dictate development policies, and they often contradict one another.

Fourth, a central Palestinian investment fund must be established. Over the past three years, international donors have been pressuring the PA to establish such a fund and make appropriate use of it. One potential benefit of this fund would be the transfer of certain key powers from the office of the president to the hands of those managing the fund, which would likely lead to more efficient and extensive investment efforts.

The Role of Outside Actors

The international community must play a primary role in prodding the reform process into motion, and not simply in the economic sphere. For example, an independent, custodian-like group of donors could be established to ensure that the PA follows the proposed steps, overcomes the inherent difficulties of reform, and mobilizes its resources in an appropriate manner. Such a group could also verify whether Israel is taking steps to facilitate Palestinian reform. Without external help and supervision, it is unlikely that the PA will be able to complete all of the necessary reforms.

Indeed, Israel is perhaps the most important outside player in the reform process. Regardless of how the reform agenda is articulated, the fact remains that Israel controls most aspects of Palestinian life. There is a limit to what can be achieved under occupation, especially without the consent of the occupier. Although the PA should embark on a reform process that is guided by Palestinian interests and internal conditions, the potential role of Israel in altering Palestinian infrastructure and governance must be taken into account.

Given that the conditions required to create an enabling environment for reform are at least partly in Israel's hands, Israel should take practical steps to alleviate the suffering of the Palestinian people—such as easing restrictions on movement, increasing humanitarian support, and releasing funds to support the functioning of the PA. The cessation of Israeli military activities that compound Palestinian suffering (e.g., preemptive strikes) is also essential. In fact, ongoing and

future security arrangements are unlikely to succeed without such cooperation from the Israeli side.

For its part, the PA must launch a rigorous campaign exhorting the Palestinian people to use nonviolent means of expression. In the past, the PA has not put forth enough effort to convince the public that it can honor its commitments to nonviolence without abandoning other means of dissent. Instead, the PA has remained neutral in the face of violence.

At the same time, the continued hostile propaganda that the United States and others have issued against the PA leadership will only make reform more difficult. For example, President George W. Bush's June 24, 2002, White House speech called for a new Palestinian leadership, yet failed to provide a real roadmap for reforming the PA and alleviating the suffering of the Palestinian people. Without such a roadmap, Palestinian leaders will be unable to generate sufficient public sentiment against suicide bombing and other kinds of attacks on Israelis.

The success of the reform process depends on the creation of a more favorable environment, both rhetorically and on the ground. For example, elections are the heart of governmental reform, but if they are held in the current context, neither the United States nor Israel is likely to relish the results. That is, if appropriate confidence-building measures are not instituted well before such elections take place, the dominant platform will be a hardline stance against Israel. Few Palestinian politicians would be willing or able to campaign in favor of a peaceful relationship with Israel at a time when their friends and loved ones are kept from moving about freely, let alone when Palestinians are being killed on a daily basis. Although many in the PA and elsewhere have emphasized the need for elections as a way of producing credible, accountable, democratic leadership, holding elections in the current environment would only produce more radicals—Palestinian leaders who are unwilling to accept agreements that have already been signed or work toward peaceful coexistence on the basis of United Nations Security Council Resolution 242.

Clearly, reform is long overdue in Palestine. The current situation, however, requires that a special approach be taken to achieving reform objectives and implementing effective governance. Front-loading the processes of reform and statehood with conditions that are, at the moment, unrealistic will only cause more suffering among the al-

Hassan Abu Libdeh

ready desperate Palestinian people. Palestinians are well aware of the conditions that are necessary for the emergence of a viable state in Palestine, and they should work toward these conditions with the help of their principal partners, including Israel.

APPENDICES

REFORM AGENDA OF THE PALESTINIAN LEGISLATIVE COUNCIL

*A statement issued by the Palestinian Legislative Council [PLC] toward development and reform of the PNA [Palestinian National Authority] institutions, May 16, 2002**

The PLC listened in its normal session held in Ramallah and Gaza on May 15–16, 2002, to the important speech which was delivered by President Yasir Arafat, and which included a frank and strong call for administrative and financial reform. In its capacity as the Palestinian Legislative Council as stipulated in the law in terms of monitoring and accountability and legislature, the council conducted a comprehensive assessment discussion of the previous phase and the process of tackling the conditions that are the result of the weak institutional structure and the rule of the law; the bloody Israeli invasion of the Palestinian towns, villages, and camps in the West Bank and Gaza Strip; [and] the destruction incurred by the Palestinian society and its governmental and private institutions and organizations, in addition to the damage caused to the Palestinian economy in terms of the infrastructure and destruction of the public and private institutions.

The PLC highly appreciates the size, scope, and extent of sacrifices [made by] the heroic Palestinian people, through the convoys of martyrs and the injured, the thousands of freedom prisoners in the Is-

* Translation © 2002 by Jerusalem Media and Communication Centre. Adapted with permission.

raeli occupation prisons, and the physical damage incurred by the PNA and the Palestinian people.

The PLC highly praises the popular solidarity and the Palestinian national unity that was witnessed throughout the past months, and which constituted an important factor in the heroic steadfastness of the Palestinian people in front of the barbaric and ugly attack executed by the Israeli occupation. The past months also witnessed the masses' support and solidarity with the historical leadership which is headed by Brother President Abu Ammar under the worst conditions and under the siege which was imposed by the Israeli occupation.

The PLC affirms the importance of maintaining the Palestinian national unity as a basic guarantee for our just struggle to achieve our legitimate national rights in return and in self-determination and the establishment of the independent Palestinian state with al-Quds al-Shareef as its capital. The PLC calls for initiating a process of national dialogue on the basis of national programs adopted by the legitimate institutions, on the basis that there is one sole authority, and under the rule of the law in light of political pluralism. The PLC affirms its readiness to contribute in this dialogue.

The PLC commissioned the Political Committee to make a full assessment of the political developments surrounding the Palestinian cause at the national, regional, and international levels and regarding the Palestinian national dialogue and the negotiations in order to submit the assessment report to the PLC in a special session.

Thus, and in light of the PLC assessing the internal conditions and the requirements of change, activation, and reforms, the PLC decided:

The PNA and the State

In order to develop and activate the PNA institutions and define its structures and assess its shortcomings, and in order to achieve the principle of separation of authorities, and in order to lay the grounds of transparency and accountability, the PLC affirms all the resolutions and laws it has adopted and the need to implement them.

For the sake of the requirements of the reconstruction and the activation of the PNA institutions and in order to rectify the mistakes, the PLC affirms the following issues:

CHAPTER I: THE CONSTITUTIONAL ASPECT

The Basic Law

To ratify the Basic Law, issue it, and compel all institutions and commissions in the Palestinian society to respect this law and abide by it and implement it since it is the basic reference of the work of the PNA and its institutions.

The Laws and Legislation

(a) The PLC welcomes the ratification by President Arafat of the Law of Independence of the Judiciary System and demands implementation of the law, ratification of the remaining laws passed by the PLC which were submitted to President Arafat, and implementation of the ratified laws

(b) to execute all Palestinian ratified laws and compel all PNA institutions to abide by them and respect them.

The PLC demands the establishment of a constitutional court to present its special law to the PLC for ratification.

The General Elections

The elections process must include all representation commissions (the legislative parliamentary elections, the local councils, the trade unions, the sectoral institutions and charitable organizations, and others).

The Presidential, Legislative, and Local Councils Elections

(a) The PLC demands the setting up of a date for the legislative and presidential elections at the beginning of next year and the commissioning of the permanent central elections committee to prepare for those elections

(b) to reconsider the elections law in light of the new experience and reality

(c) to commission the elections committee of the local councils to prepare for holding the local councils elections and to set up a date for those elections not to exceed this year

(d) all representation institutions, such as the civil society institutions, have to abide and hold regular elections on their set dates, such as trade unions, professional unions, charitable organizations, and all other institutions, according to their bylaws.

Freedoms

To guarantee public freedoms and basic rights of the Palestinian people in all aspects of life, as stipulated in the Declaration of Independence and the Basic Law and according to the international norms and charters.

CHAPTER II: THE EXECUTIVE AUTHORITY

The Cabinet

The government will consist of ministers—not to exceed nineteen ministers according to Article (65) in the Basic Law—on the condition that the ministers have experience and are qualified; they do not necessarily have to be members of the PLC.

The PLC considers the current government a government to run the affairs until the formation of the new government, which should take place within a period not exceeding forty-five days.

To work on merging and canceling some sectoral ministries with similar duties and to limit as much as possible any establishment of independent administrations and include them in the ministries.

The new government should submit an integrated program for the work of the government in all aspects to the PLC to gain the vote of confidence from the PLC.

The members of the government will devote their time to implementing their programs and will hold meetings in a detailed manner independent from the meetings of the political leadership.

To expedite reconsideration and modernizing the administrative structure and job descriptions in the ministries in light of the previous experience and work according to clear future plans, and to provide the needed budgets to implement their works and programs.

The Finances of the PNA

To affirm the importance and centrality of the work of the Ministry of Finance and put an end to the numerous decisionmaking sources and the multiple references; to organize and monitor collection and resources and investments in the context of the ministry; and to abide by the law of organizing the general budget.

To abide by the annual general budget law and reconsider the structure of the Ministry of Finance in a manner that assures the unification of decisionmaking in the ministry, modernizes, and develops the work of the ministry.

To unify the finances of the PNA in the account of the general treasury; make an account to all revenues of government properties and investments of the PNA and its institutions; and procure all revenues in terms of taxes, fees, loans, and grants and all profits and all revenues incoming to the PNA through its activities. No amount of money from the general treasury can be allocated or spent for any purpose unless as decided by the law.

To subject all revenues of the independent government institutions (such as the tobacco and petroleum commissions and other commissions) and their assets and revenues and profits to the supervision of the Ministry of Finance according to the law.

To keep the money in the special funds of pension and other financial funds for their designated purposes according to the law governing such funds.

Security

To reorganize the structure of the public security troops apparatus and the national security troops apparatus according to the following principles and tasks:

The duty of the forces of the public security and national security apparatuses is to:

- (a) protect the security of the citizen and the public and private properties,
- (b) maintain public order and enforce the law.

A law based on the Basic Law and the pertaining laws will be issued to include the principles that govern the work of the security services and the conditions of recruitment and defining their jurisdictions and authorities in a manner that prevents overlap of duties.

The service term of the heads of security services will be limited to four years.

To reduce the number of security services and unify those services with similar jurisdictions, and have the Palestinian security services

under civil authority (minister of the interior) and under the monitoring of the PLC.

To form the national security committee as a higher commission, to be headed by the president, to supervise the security services and institutions.

To prevent the security services and their heads from interfering in political and media actions unless as stipulated by the law and the stipulated authorities.

To prevent the security services and their heads from conducting any monetary collection unless as stipulated by the law and on the condition that the money collected will be transferred to the Ministry of Finance.

To prevent security services and their heads from working in any economic or civil field unless stipulated by the law.

To ban the contacts of the security institution with the Israeli side and have such contacts within the [stipulations] in the agreements and according to a commission [created] by the political leadership.

General Control Office

To reconsider the law of [the] General Control Office in order to determine its role and responsibility, jurisdictions, and relations with the various governmental and nongovernmental institutions, and to have the office submit its annual and periodical reports to the PLC in a manner that reinforces the independence and efficacy of the office.

The PLC demands that the executive authority hold accountable and question all those who abuse public funds spending.

The Higher Positions of the Independent Government Institutions

The head of the General Control Office, head of personnel affairs, head of monetary authority, and the heads of independent public commissions that are not related to the ministries have to be ratified by the PLC in accordance with the Basic Law.

The Governors

To prepare charts and special organization pertaining to the governors and administrative structures; determine their authorities within the borders of the governorates; and organize the relations between the

governor, the security services, and the local administrations and assess their status according to their performance.

The Personnel Office

To abide by the provisions of the Civil Service Law regarding the role of the Personnel Office and its terms of reference and jurisdictions, and to implement the provisions of the law, especially the administrative aspect.

To halt any permanent appointments in the Authority until reconsideration of the structures of the ministries and ratification of their bylaws.

CHAPTER III: THE JUDICIAL AUTHORITY

The PLC welcomes the president's ratification of the Law of Independence of the Judiciary System and demands the issuing of it. The PLC believes there is a need to restructure the higher judicial council according to the law in order to activate the judiciary system and complete its final structure, taking into consideration the following issues:

To unify the Palestinian judiciary system and restructure it on all the Palestinian territories according to the law.

To reinforce the judicial system with human resources, prepare, and rehabilitate the judicial cadre.

To complete building the new courts according to the law; complete the logistic needs, including the buildings [and] the administrative and office equipment; and prepare the necessary regulations.

The PLC shall request that the government complete the submitting of the package of judicial laws so that the PLC can ratify them as soon as possible.

The PLC affirms the need to abide by the independence of the Palestinian judicial system and the respect of the rule of law and to implement the judicial provisions and decisions.

To allocate a special budget for the judicial authority in the framework of the general budget.

The PLC reaffirms its previous decision on [the] canceling of the state security court.

THE PALESTINIAN NATIONAL INITIATIVE

June 17, 2002

Today a group of Palestinian leaders announced the launching of the Palestinian National Initiative at a press conference in Ramallah, led by Dr. Haidar Abdul Shafi, Dr. Mustafa Barghouti, and Mr. Ibrahim Dakkak. The main objective of the Initiative is the realization of Palestinian national rights and of a durable, just peace. Both of these objectives can be best achieved at this juncture through the establishment of a national emergency leadership, the immediate implementation of democratic elections at all levels of the political system, and reform of political, administrative, and other institutional structures in order to meet the needs of the Palestinian people.

SUMMARY OF THE STATEMENT DISTRIBUTED AT THE PRESS CONFERENCE

The Palestinian people have sacrificed a great deal in their struggle to achieve freedom, justice, and lasting peace. They will not accept that these sacrifices should have been in vain; on the contrary, they assert that these sacrifices need to be translated into concrete achievements and outcomes. It is imperative that the Palestinians' resilience and their

Source: Palestine Monitor website (www.palestinemonitor.org/Other%20Updates/palestinian_national_initiative.htm). Used with permission.

determination to be freed from thirty-five years of military occupation be activated and channeled to achieve the collective goals of ending the Israeli occupation of the West Bank and Gaza and the dismantling of all Israeli settlements in the occupied territories. Only then can a just peace be achieved—through the establishment of a sovereign, independent, viable, and democratic Palestinian state on all of the territories occupied by Israel in 1967, with Jerusalem as its capital.

This Initiative calls for the implementation of relevant United Nations resolutions requiring the withdrawal of the Israeli army from the West Bank and Gaza and safeguarding the right of Palestinian refugees to return to their homeland. At this most critical time, we call upon all concerned parties to prevent the Israeli government from annexing the Palestinian territories and from consolidating its discriminatory policy of cantonization and the creation of an apartheid system in the West Bank and Gaza.

The absence of true internal reform and of a unified strategy has been a weakness that Israel has tried to exploit. This has been taken advantage of in order to undermine the Palestinian cause and to divide the Palestinians internally. It is necessary to address this situation through genuine reform and through the creation of internal political structures that can best serve the cause of freedom, independence, and socioeconomic development. Basic measures, rather than superficial changes, must be implemented in order to regain the confidence of the Palestinian people here and in the diaspora.

This Initiative is a response to popular demands from men and women calling for increased participation by Palestinian citizens in the process of nation building and for the opportunity to participate in the just struggle for the realization of an independent, viable, democratic, and prosperous state which guarantees security, justice, equality before the law, and a dignified existence for its citizens.

The Initiative is based on a belief in the capacities of our people and in the strength of our country's human resources. Our challenge is to create the appropriate conditions that will allow for the full and constructive utilization of this collective energy and for the participation of the people in the creation of our national structures. We affirm that internal reform and the development of state structures concern the Palestinian people and their institutions and should be carried out

with the active participation of the people and not only as a response to external pressures.

This Initiative is intended to be part of a dynamic process and should not be conceived of as a predetermined recipe for action. It should be viewed as a catalyst for the purpose of mobilizing the intellectual, cultural, social, and political energies of our people. We are and will remain open to the enrichment of this Initiative by the people, so that it might become the means for the development of a wide-scale national democratic movement.

The Immediate Objectives of the Initiative

- Creating a national emergency leadership with a unified strategy based on the principle of full participation in decisionmaking.
- Working for free, democratic elections for all institutions and political posts, including the Presidency, the Palestinian Legislative Council (Parliament) [PLC], and local councils, with an international presence to ensure free elections.
- Restructuring government institutions with clear mandates, bylaws, and responsibilities in order to guarantee transparency, accountability, and lack of corruption.
- Implementing the Basic Law and all other laws passed by the PLC.
- Working toward the separation of powers with independent judicial and legislative structures, and reform of the court system.
- Serving the needs of the poor and underprivileged by developing poverty alleviation programs through employment and social welfare schemes.
- Enhancing the role of local councils, and allocation of adequate budgets to facilitate the execution of their mandates.
- Consolidating and enhancing the role of civil society institutions and guaranteeing their independence.
- Centralizing the national budget, instituting a transparent system of expenditures, and guaranteeing oversight by the legislature.
- Eliminating factors that can lead to corruption, the misuse of funds, and the abuse of power and authority.
- Restructuring security forces to eliminate the duplication of structures and to ensure their abstention from interference in economic, administrative, and political decisions. The security services will

be subject to the rule of law and the decisions of the independent judiciary, and their main task will be the protection of the security of Palestinians.

- Developing and improving basic services in health, education, and social welfare.
- Promoting a sustainable and high-quality system of higher education to meet the developmental needs of Palestinian society.
- Continuing the struggle for the release of all Palestinian prisoners and detainees.
- Activating and engaging diaspora Palestinians in the nation building effort.
- Developing and expanding the international solidarity movement with the Palestinian people.

THE 100-DAY REFORM PLAN

The program of reform as prepared by the Palestinian Authority's Ministerial Reform Committee and approved by Yasir Arafat on June 23, 2002

100 DAYS PLAN OF THE PALESTINIAN GOVERNMENT (WITH REFERENCE TO THE PRESIDENTIAL DECREE OF JUNE 12, 2002)

In formulating this plan, the government was guided by the presidential decree amending the cabinet on June 9, 2002, by the president's opening statement in the first meeting of the new cabinet on June 13, 2002, and by his pronouncements before the Palestinian Legislative Council [PLC] during its session of May 15, 2002. The government has thus sought to meet the requirements and demands posed by the current situation, well recognized by all zealous citizens, PLC members, and officials, for whom the national good is foremost.

Based on the above, the Palestinian government:

- Sets out from one goal—in this plan as in all its programs—which is to foster the steadfastness of the Palestinian people and institutions in the face of Israeli occupation and all forms of terrorism

Source: Adapted from unofficial translation, Palestinian National Authority website (available at www.pna.gov.ps/new/100days.html).

- that it exercises, settlements, establishment of separation zones, siege, and other measures;
- Commits to adhere in its political pursuits to the programs and decisions of the Palestine Liberation Organization [PLO] and to the Arab Initiative adopted during the Beirut Summit in March 2002;
 - Rejects any renewed fragmentation of the solution of our people's cause and emphasizes the necessity of a comprehensive permanent solution based on ending the Israeli occupation of the Palestinian territory; its total withdrawal to the June 4, 1967, lines; the establishment of an independent sovereign Palestinian state with East Jerusalem (al-Quds al-Sharif) as its capital; and the achievement of a just resolution of the issue of the Palestinian refugees on the basis of [United Nations General Assembly] Resolution 194;
 - Seeks to deepen the national dialogue, involving all parties within the political spectrum in confronting present requirements and future challenges;
 - Strives to strengthen relations with the brotherly Arab states and urges them to persist in implementing the Summit decisions in support of the steadfastness of our people;
 - Endeavors to enhance relations with the Arab popular movement and with the world solidarity movement;
 - Seeks to establish close working relations with the peace forces in Israel that oppose occupation, racism, and state terrorism;
 - Emphasizes its condemnation of all acts of violence that threaten the lives of innocent Palestinian and Israeli civilians and considers that such acts provide a pretext and a cover for the forces of occupation and aggression in Israel to go to ever higher levels in perpetrating violence and atrocities against Palestinian civilians, while creating an atmosphere of hostility, hate, and bewilderment within the Israeli society, thus enabling these forces to persist in implementing their plans, whose cost is paid by both the Palestinian and the Israeli peoples;
 - Urges the Quartet (the United States, the European Union, the Russian Federation, and the United Nations) to adhere to the positions that [they] have adopted in their recent meeting in Madrid, and calls upon the Quartet to expand its efforts to bring about the imple-

mentation of the UN Security Council resolutions and to commit Israel to abide by the signed agreements; to cease its aggression against Palestinian National Authority [PNA] areas; to stop its invasions, incursions, and reoccupation; and to withdraw its forces from these areas;

- Seeks to strengthen its relations with all friendly countries, in particular Japan, China, the nonaligned countries, and the Islamic and African countries;
- Calls upon all regional and international parties to support the Palestinian National Authority in its quest to end the policy of siege, encirclement, and establishment of separation zones that hamper, and can even abort, the implementation of the reform and development plan;
- Expresses its readiness to cooperate effectively with all brotherly, friendly, and interested parties all over the world in order to create the appropriate atmosphere to put an end to violence in all its forms, immediately and without delay, and to restore the atmosphere of trust amongst all parties and to launch an effective peace process in order to implement international resolutions and the Arab initiative;
- Stresses that it will work toward the realization of a real and effective peace, for it is a government that believes in dialogue and respect of international and national legitimacy, and a government that seeks to pursue all legitimate and peaceful means to achieve the objectives of the Palestinian people to end occupation, enjoy freedom and independence, and establish the state of Palestine with East Jerusalem (al-Quds al-Sharif) as its capital;
- Acknowledges with gratitude the willingness of brotherly and friendly governments to support the process of reform and development, urges these governments to fulfill their financial commitments, and requests their help in rebuilding the institutions, installations, and infrastructure that have been destroyed by the Israeli occupation.

The Palestinian government, while calling upon all sections of the Palestinian society, in particular the youth, who are the pride and backbone of this steadfast and struggling people, to employ their creative energies in the pursuit of reconstruction and to participate in the mak-

ing of a promising future and in the making of peace in this blessed and holy land, endeavors to strive truthfully and with unwavering commitment to reform and develop its methods of work and to make them more efficient and effective in the service of the national good, cognizant of the fact that its success in its political and national tasks depends on the trust of its citizens and on its ability to influence the course of events based on this trust. Therefore, the government takes upon itself to achieve the following:

A. In the general domain

1. Reinforce the separation of powers, such that the Legislative Council can play its role to the full, as well as the independence of the judiciary and the rule of law.
2. Restructure the ministries and governmental institutions, review their methods of work, and create a modern and effective civil service, as elements of a reform process that ensures the effectiveness and efficiency of work in the service of the citizen.
3. Prepare for holding municipal, legislative, and presidential elections and ensure that elections are also held within unions and organizations of the civil society, wherever elections have not been held contrary to the bylaws of these organizations, thus reinforcing the principles of democracy, transparency, and accountability.
4. Put into force all laws that have been passed.
5. Give the needs of the people greater attention and endeavor to improve their standard of living, in particular unemployed laborers and other segments of the society that live in dire conditions.
6. Rebuild the infrastructure that has been destroyed by the occupation.
7. Tend to the needs of the families of martyrs, the wounded, the prisoners, and the detainees.

B. In the domain of public security

1. Restructure the Ministry of Interior and modernize its apparatuses as befits the requirements of the present situation.
2. Attach the Preventive Security Services, the police, and the Civil Defense to the Ministry of Interior so that this ministry will be in charge of all matters relating to internal security according to the law.

3. Activate the role of the Ministry of Interior and its apparatuses in the enforcement of court rulings.
4. Give utmost attention to the need of the population for safety, order, and respect of the law and take measures that respond to the expectations of the people and their demands within the law.
5. Deal with the negative phenomena arising from lack of discipline within the security services and weakening social control.
6. Reinforce loyalty to the Authority and to the job within the security services, as a manifestation of loyalty to the country.
7. Raise awareness among the population regarding the need for the preceding measures in order to secure their understanding, cooperation, and support.

C. In the financial domain

1. Reform operations within the Ministry of Finance with [a] view to serve the public good and to enhance the credibility of the Palestinian National Authority in the financial domain, both internally and externally.
2. Deposit all income of the PNA—taxes, fees, profits from commercial and investment activities, foreign aid in grants and loans, including financial [aid] extended to projects—in a single account of the treasury and implement the principle of the indivisibility of the treasury in the management of public funds.
3. Reorganize commercial and investment operations run by the PNA through the establishment of a Palestinian investment fund that will be responsible for managing all these operations and that will be managed by an accountable board that will be subjected to the most stringent standards of disclosure and auditing.
4. Limit expansion of employment in the public sector and unify the payroll administration, placing it completely under the Ministry of Finance.
5. Finish work on a modern pension scheme and put it into force as quickly as possible.
6. Activate and develop internal auditing, through the appointment of financial auditors from the Ministry of Finance in all positions of responsibility; and external auditing, by enhancing the inde-

pendence of the Office of Auditor General and having it submit regular reports to the president and the PLC.

7. Develop the process of preparing the general budget, including the development budget, through the establishment of an organic link between recurrent expenditures and developmental expenditures.
8. Put in place a monthly expenditure plan for the remainder of 2002 that can be implemented in view of available resources.
9. Start working on preparing the budget for the year 2003 according to the rules and timeline in the current legislation.
10. Reorganize the financial relations between [the] Ministry of Finance, on the one hand, and the municipalities and local authorities, on the other hand.

D. In the judicial domain

1. Activate the judiciary and secure its needs, such as the appointment of the required number of judges and the building of court-houses and offices of the district attorneys in the various cities, as well as building modern prisons.
2. Implement measures required by the Judiciary Law, which went into force on June 18, 2002, such as the formation of the Court of Cassation, the establishment of the “Department of Judicial Inspection,” and the modernization and development of court administrations.
3. Prepare draft laws, decrees, and decisions that will be required once the Basic Law goes into force.
4. Establish the “Governmental Legal Cases Administration,” which will handle legal cases to which the government is party.

E. In other domains

1. Seek to reinforce national, patriotic, and religious ethical and humanistic values, having in mind that Palestine represents a holy land to the whole world; renounce fanaticism in the educational curricula; and spread the spirit of democracy, enlightenment, and openness on a wide scale.
2. Activate the role of the Ministry of Awqaf in the making of the Palestinian individual and direct its institutions to serve the national and religious objectives that the PNA seeks to achieve.

3. Strive to find solutions to the chronic financial problems of the universities, schools, and hospitals.
4. Reconsider all government institutions that operate outside the jurisdiction of the ministries, with [a] view to attach them or incorporate them within the body of the ministries, as a necessary measure to reform the public administration and increase its efficiency, in particular in the domain of information, radio, and television.
5. End the role of the security services in civilian affairs that are the responsibility of ministries, according to the law.
6. Treat the deficiencies in the present employment policy, which has led to an inflated civil service.
7. Unify and develop the various investment institutions and promulgate laws that encourage and bolster investment.
8. Train the human resources and employ them under attractive conditions that help reinforce positive work values.
9. Coordinate with the Political Department of the PLO in order to increase the effectiveness of the diplomatic corps and to carry out the necessary changes.
10. Rebuild the management boards of government institutions according to the law, including the Palestinian Monetary Authority, for which a governor will be appointed.
11. Pay special attention to the pollution of the environment and put into force quickly effective measures in order to deal with the illicit transport and burial in Palestinian territory of toxic wastes by Israel.

The Palestinian government, as an expression of its determination to implement the measures listed above during the next 100 days, puts forth the following schedule and commits to implement it:

1. The Basic Law will be published in the *Official Gazette* no later than July 15, 2002.
2. The government will immediately start implementing measures that separate powers.
3. A presidential decree annexing the Preventive Security Services, the police, and the civil defense to the Ministry of Interior will be issued within one week of the adoption of this plan, and the process of annexation will be completed within two months thence.

4. Regulations relevant to the governors will be prepared and issued by the end of September 2002.
5. Restructuring all ministries and government institutions and reforming their operations will take place, starting with the conciliation of the operations of the Ministry of Finance, [the Ministry of] Planning and International Cooperation, [the Ministry of] Economy [and Trade], [and the Ministry of] Industry within two months of the adoption of this plan.
6. Submit the 2003 Budget Law to the Legislative Council on November 1, 2002, as stipulated by the law.
7. Submit the Chambers of Commerce, Industry, and Agriculture Law to the Legislative Council within one month.
8. Appoint the number of competent judges necessary to activate the judiciary no later than [the] end of September 2002.
9. Start preparing for holding presidential and legislative elections within one month with [a] view to hold these elections no later than January 2003.
10. Start preparing for holding municipal elections with [a] view to hold these elections no later than March 2003.
11. Merge the various information services and domains into the Ministry of Information and Culture no later than [the] end of September 2002.
12. The ministries [are] to finish preparing three-month plans based on the guidelines of this reform and development program and to submit these plans to the cabinet within two weeks of the adoption of this plan.
13. Start working immediately on implementing all other measures in this plan so as to leave an effect, tangible and visible to the people, within three months of its adoption.

PRESIDENT BUSH'S SPEECH ON PALESTINIAN REFORM

June 24, 2002

For too long, the citizens of the Middle East have lived in the midst of death and fear. The hatred of a few holds the hopes of many hostage. The forces of extremism and terror are attempting to kill progress and peace by killing the innocent. And this casts a dark shadow over an entire region. For the sake of all humanity, things must change in the Middle East.

It is untenable for Israeli citizens to live in terror. It is untenable for Palestinians to live in squalor and occupation. And the current situation offers no prospect that life will improve. Israeli citizens will continue to be victimized by terrorists, and so Israel will continue to defend herself.

In [this] situation, the Palestinian people will grow more and more miserable. My vision is two states, living side by side in peace and security. There is simply no way to achieve that peace until all parties fight terror. Yet, at this critical moment, if all parties will break with the past and set out on a new path, we can overcome the darkness with the light of hope. Peace requires a new and different Palestinian leadership, so that a Palestinian state can be born.

I call on the Palestinian people to elect new leaders, leaders not compromised by terror. I call upon them to build a practicing democracy, based on tolerance and liberty. If the Palestinian people actively pursue these goals, America and the world will actively support their

Source: Adapted from the official transcript (available at www.whitehouse.gov/news/releases/2002/06/print/20020624-3.html).

efforts. If the Palestinian people meet these goals, they will be able to reach agreement with Israel and Egypt and Jordan on security and other arrangements for independence.

And when the Palestinian people have new leaders, new institutions, and new security arrangements with their neighbors, the United States of America will support the creation of a Palestinian state whose borders and certain aspects of its sovereignty will be provisional until resolved as part of a final settlement in the Middle East.

In the work ahead, we all have responsibilities. The Palestinian people are gifted and capable, and I am confident they can achieve a new birth for their nation. A Palestinian state will never be created by terror—it will be built through reform. And reform must be more than cosmetic change, or [a] veiled attempt to preserve the status quo. True reform will require entirely new political and economic institutions, based on democracy, market economics, and action against terrorism.

Today, the elected Palestinian legislature has no authority, and power is concentrated in the hands of an unaccountable few. A Palestinian state can only serve its citizens with a new constitution which separates the powers of government. The Palestinian parliament should have the full authority of a legislative body. Local officials and government ministers need authority of their own and the independence to govern effectively.

The United States, along with the European Union [EU] and Arab states, will work with Palestinian leaders to create a new constitutional framework and a working democracy for the Palestinian people. And the United States, along with others in the international community, will help the Palestinians organize and monitor fair, multiparty local elections by the end of the year, with national elections to follow.

Today, the Palestinian people live in economic stagnation, made worse by official corruption. A Palestinian state will require a vibrant economy, where honest enterprise is encouraged by honest government. The United States, the international donor community, and the World Bank stand ready to work with Palestinians on a major project of economic reform and development. The United States, the EU, the World Bank, [and] the International Monetary Fund are willing to oversee reforms in Palestinian finances, encouraging transparency and independent auditing.

And the United States, along with our partners in the developed world, will increase our humanitarian assistance to relieve Palestinian suffering. Today, the Palestinian people lack effective courts of law and have no means to defend and vindicate their rights. A Palestinian state will require a system of reliable justice to punish those who prey on the innocent. The United States and members of the international community stand ready to work with Palestinian leaders to establish, finance, and monitor a truly independent judiciary.

Today, Palestinian authorities are encouraging, not opposing, terrorism. This is unacceptable. And the United States will not support the establishment of a Palestinian state until its leaders engage in a sustained fight against the terrorists and dismantle their infrastructure. This will require an externally supervised effort to rebuild and reform the Palestinian security services. The security system must have clear lines of authority and accountability and a unified chain of command.

America is pursuing this reform along with key regional states. The world is prepared to help, yet ultimately these steps toward statehood depend on the Palestinian people and their leaders. If they energetically take the path of reform, the rewards can come quickly. If Palestinians embrace democracy, confront corruption, and firmly reject terror, they can count on American support for the creation of a provisional state of Palestine.

With a dedicated effort, this state could rise rapidly, as it comes to terms with Israel, Egypt, and Jordan on practical issues, such as security. The final borders, the capital, and other aspects of this state's sovereignty will be negotiated between the parties, as part of a final settlement. Arab states have offered their help in this process, and their help is needed.

I've said in the past that nations are either with us or against us in the war on terror. To be counted on the side of peace, nations must act. Every leader actually committed to peace will end incitement to violence in official media and publicly denounce homicide bombings. Every nation actually committed to peace will stop the flow of money, equipment, and recruits to terrorist groups seeking the destruction of Israel—including Hamas, Islamic Jihad, and Hizballah. Every nation actually committed to peace must block the shipment of Iranian supplies to these groups and oppose regimes that promote terror, like Iraq.

And Syria must choose the right side in the war on terror by closing terrorist camps and expelling terrorist organizations.

Leaders who want to be included in the peace process must show by their deeds an undivided support for peace. And as we move toward a peaceful solution, Arab states will be expected to build closer ties of diplomacy and commerce with Israel, leading to full normalization of relations between Israel and the entire Arab world.

Israel also has a large stake in the success of a democratic Palestine. Permanent occupation threatens Israel's identity and democracy. A stable, peaceful Palestinian state is necessary to achieve the security that Israel longs for. So I challenge Israel to take concrete steps to support the emergence of a viable, credible Palestinian state.

As we make progress toward security, Israeli forces need to withdraw fully to positions they held prior to September 28, 2000. And, consistent with the recommendations of the Mitchell Committee, Israeli settlement activity in the occupied territories must stop.

The Palestinian economy must be allowed to develop. As violence subsides, freedom of movement should be restored, permitting innocent Palestinians to resume work and normal life. Palestinian legislators and officials, humanitarian and international workers, must be allowed to go about the business of building a better future. And Israel should release frozen Palestinian revenues into honest, accountable hands.

I've asked Secretary [of State Colin] Powell to work intensively with Middle Eastern and international leaders to realize the vision of a Palestinian state, focusing them on a comprehensive plan to support Palestinian reform and institution building.

Ultimately, Israelis and Palestinians must address the core issues that divide them if there is to be a real peace, resolving all claims and ending the conflict between them. This means that the Israeli occupation that began in 1967 will be ended through a settlement negotiated between the parties, based on [United Nations Security Council] Resolutions 242 and 338, with Israeli withdrawal to secure and recognized borders.

We must also resolve questions concerning Jerusalem, the plight and future of Palestinian refugees, and a final peace between Israel and Lebanon, and [between] Israel and a Syria that supports peace and fights terror.

All who are familiar with the history of the Middle East realize that there may be setbacks in this process. Trained and determined killers, as we have seen, want to stop it. Yet, the Egyptian and Jordanian peace treaties with Israel remind us that, with determined and responsible leadership, progress can come quickly.

As new Palestinian institutions and new leaders emerge, demonstrating real performance on security and reform, I expect Israel to respond and work toward a final-status agreement. With intensive effort by all, this agreement could be reached within three years from now. And I and my country will actively lead toward that goal.

I can understand the deep anger and anguish of the Israeli people. You've lived too long with fear and funerals, having to avoid markets and public transportation, and forced to put armed guards in kindergarten classrooms. The Palestinian Authority has rejected your offer at hand and trafficked with terrorists. You have a right to a normal life; you have a right to security; and I deeply believe that you need a reformed, responsible Palestinian partner to achieve that security.

I can understand the deep anger and despair of the Palestinian people. For decades, you've been treated as pawns in the Middle East conflict. Your interests have been held hostage to a comprehensive peace agreement that never seems to come, as your lives get worse year by year. You deserve democracy and the rule of law. You deserve an open society and a thriving economy. You deserve a life of hope for your children. An end to occupation and a peaceful, democratic Palestinian state may seem distant, but America and our partners throughout the world stand ready to help you make them possible as soon as possible.

If liberty can blossom in the rocky soil of the West Bank and Gaza, it will inspire millions of men and women around the globe who are equally weary of poverty and oppression, equally entitled to the benefits of democratic government.

I have a hope for the people of Muslim countries. Your commitments to morality and learning and tolerance led to great historical achievements. And those values are alive in the Islamic world today. You have a rich culture, and you share the aspirations of men and women in every culture. Prosperity and freedom and dignity are not just American hopes or Western hopes. They are universal, human

hopes. And even in the violence and turmoil of the Middle East, America believes those hopes have the power to transform lives and nations.

This moment is both an opportunity and a test for all parties in the Middle East: an opportunity to lay the foundations for future peace; a test to show who is serious about peace and who is not. The choice here is stark and simple. The Bible says, "I have set before you life and death; therefore, choose life." The time has arrived for everyone in this conflict to choose peace and hope and life.

Published by
The Washington Institute
for Near East Policy
1828 L Street NW, Suite 1050
Washington, DC 20036
(202) 452-0650
www.washingtoninstitute.org