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POLICY NOTES FOR THE TRUMP ADMINISTRATION

TOWARD A NEW PARADIGM FOR ADDRESSING THE ISRÆLI-PALESTINIAN CONFLICT

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Executive Summary *Like many of his predecessors, President Donald Trump has said he would like to resolve the Israæli-Palestinian conflict, going so far as to claim that he has "reason to believe he can do it." With the fiftieth anniversary of the Six Day War coming in June, followed in November by the centennial of the Balfour Declaration, an awareness of this symbolism may eventually enhance the appeal of tackling this challenge for the new president.*

Before taking such a step, however, Trump and his secretary of state will want to consider how such an effort fits within their broader strategy for the region and their other concerns. While often the focus of previous administrations, the Israæli-Palestinian conflict has never been the true source of conflict in the region. And today, it draws little attention from Arab leaders, who are generally preoccupied with other threats.

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NEVERTHELESS, this is a conflict that will not go away, and neglecting it will deepen the disbelief that threatens any possible settlement. Likewise, threatening a resolution and compounding hopelessness would be a repeat of past mistakes, wherein the United States imposes a grand initiative on the two sides. Today, unfortunately, the conditions are not set for a peace agreement, given an unprecedented gulf between the two sides. Internally, Palestinians are weak, divided, and maneuvering in advance of an inevitable but uncertain leadership succession from President Mahmoud Abbas—and they see negotiations with Israel as constituting a concession. For its part, the current Israeli government is not inclined to give up anything to the Palestinians, based on the conviction that it will receive nothing in return. In addition, the Israeli governing coalition contains parties that reject Prime Minister Binyamin Netanyahu's commitment to a two-state outcome, in which Israel and a demilitarized Palestinian state coexist side by side.

As such, the paradigm for dealing with this conflict needs to change. Pushing today for a resumption of bilateral negotiations and a comprehensive solution is not the answer—even though, in the long run, the drift toward a single binational state will ensure endless conflict between two distinct national identities, Israeli and Palestinian. Virtually no Middle East state with more than one national or sectarian group is at peace.

In lieu of seeking a comprehensive peace today, the new U.S. administration should focus on reaching an agreement with Israel on steps that could

- preserve a two-state outcome for later on;
- blunt the delegitimization movement against Israel; and
- provide the administration with leverage to use with the Palestinians, other Arabs, and Europeans.

In line with this approach, the United States would

- differentiate its approach to settlements, accepting construction in the existing settlement blocs and Jewish neighborhoods of East Jerusalem but asking Israel to stop building outside them; and, similarly,
- ask the Israelis to demonstrate Netanyahu's commitment to two states for two peoples by forswearing Israeli sovereignty to the east of the security barrier, or on 92 percent of the West Bank, and to open up parts of what is known as Area C for economic activity for Palestinians. This area constitutes 60 percent of West Bank territory, and the proposed opening could dramatically enhance Palestinians' economic well-being.

Such steps would not be easy for this Israeli government to take, but U.S. commitments to produce strategic gains for Israel in response could provide the political tailwind necessary for the prime minister to sell the moves. The U.S. commitments could include

- vetoing any UN Security Council resolutions opposed by Israel;
- assuring Israel that the United States would resist all pressures on Israel to take any other steps until the Palestinians and the Arabs offered tangible responses;
- promising to gain Arab and European public acknowledgment of the significance of the Israeli moves and a commitment from the Europeans in particular to insist that Palestinians also take steps to prove their support for two states. These steps would include stopping both their anti-normalization campaign and their funding of families of those who have committed acts of terrorism against Israelis.

The virtue of this approach is that it could change the realities on the ground and allow the Trump administration to break the stalemate and restore a sense of possibility. It could also draw the Sunni Arab states, which see common strategic interests with the Israelis in countering Iran and the Shiite militias as well as in countering the Islamic State and other radical Sunni Islamists, into peacemaking. Israelis and Palestinians alike need Arab cover to act, the Palestinians because of their weakness, and the Israelis because, in the eyes of the Israeli body politic, only concrete public steps by the Arabs can justify concessions to the Palestinians.

Correspondingly, Arab moves toward Israel to initiate a public dialogue on security challenges in

the region—perhaps under the rubric of the Arab Peace Initiative of 2002—would resonate in Israel. Such moves will be more likely if the Trump administration demonstrates that it takes the Iranian threat and its use of Shiite militias seriously, and if it has quietly consulted with key Arab states before taking any steps to move the U.S. embassy to Jerusalem. In other words, new opportunities with the Arab states could well form part of a new paradigm for making progress and ending the Israeli-Palestinian stalemate. But these steps will also require the Trump administration to understand and consider the Arab states' principal concerns.

Introduction

THE TRUMP ADMINISTRATION faces a complicated array of foreign policy challenges in the Middle East and beyond. Riven by multiple conflicts, the Middle East in particular looks very different from the region inherited by the previous administration eight years ago. With the state system under assault in Syria, Iraq, Yemen, and Libya, the Israeli-Palestinian issue no longer dominates regional attention as it once did. Yet despite its diminished prominence, the issue still resonates among Arab publics, with Jerusalem in particular touching a nerve and putting Arab leaders on the defensive. Even if the Trump administration is not drawn into the Israeli-Palestinian conflict, given its preoccupation with the Islamic State, U.S. officials have a strong interest in investing in diplomacy, if only to prevent the drift toward a one-state outcome—which would be a prescription for endless discord.

As the new administration considers its posture toward the Israelis and Palestinians, officials should consider that the last three U.S. efforts to resolve this conflict (in 2000, 2007–8, and 2013–14) have been guided largely by an all-or-nothing approach. The result, each time, has been nothing. Here, the Trump administration should recognize that during Secretary of State John Kerry's intensive peace effort of 2013–14, the Israeli and Palestinian leaderships failed to show they were prepared to make the requisite compromises for a deal. Neither was able or willing to close the gaps on the core issues (borders, security, refugees, Jerusalem, and mutual recognition of identity)—even if they showed flexibility on some issues. Leaving aside this apparent lack of will, the diplomatic process is at such a low ebb that arranging mere meetings, much less negotiations, proved beyond the means of the Obama administration. For Palestinian Authority (PA) president Mahmoud Abbas, meeting or negotiating with Israel's prime minister is seen by his public as conceding to Israel's aggressive settlement policy; while Prime Minister Binyamin Netanyahu has shown plenty of willingness to meet, he will not tolerate the perception of having to pay for a meeting with a concession. And, even if the new administration could produce negotiations soon—an unlikely prospect—there is no reason to believe such talks could generate any positive result unless they were very well prepared and sought an objective less far-reaching than Kerry's. The gaps—psychological, substantive, and political—are simply too great for negotiations to yield much progress toward two states any time soon. Moreover, the combination of Israel's right-wing government and Palestinian succession politics, with jockeying under way to replace the eighty-one-year-old Abbas, only deepens the divide between the sides—and has added to disbelief about "the other" that pervades the Israeli and Palestinian publics. It is hard to escape the conclusion that "all or nothing" has left the United States, Israel, and the Palestinians with nothing.

If ever there were a time to rethink the U.S. approach to the Israeli-Palestinian conflict, it is now. The region's terrible wars and proxy conflicts, while providing a fresh perspective on the area, ironically also reveal new possibilities. With the Sunni Arab leaderships viewing Israel as a natural partner in countering the Iranians as well as radical Sunni Islamists such as the Islamic State, Jabhat Fatah al-Sham (an al-Qaeda affiliate formerly known as Jabhat al-Nusra), and the Muslim Brotherhood, there is at least the potential to think about Arab states playing a role in peacemaking. But whether they are willing to do so, whether the issue is important enough to them, and whether they are prepared to pressure the Palestinians to take necessary steps—something they have not done in the past—remain open questions. Also unclear are

what moves the Arab states would need from Israel to play a different peacemaking role that includes pressuring the Palestinians. In turn, what would the Israelis need from Arab states and the Palestinians to justify these concessions? The answers are not self-evident but need to be probed, given the new realities.

Even as the new administration looks into such possibilities with the Arabs and Israelis, it must also think through the lessons of the past failed efforts of 2000, 2007–8, and 2013–14. In each of these cases, the Clinton, Bush, and Obama administrations believed the time was right to resolve the Israeli-Palestinian conflict comprehensively, with no more limited or interim agreements. Each administration determined that it would tackle the core issues of the conflict and end it. Unlike the Clinton and Bush efforts, where direct talks between the Israelis and Palestinians led to the Clinton Parameters and to Prime Minister Ehud Olmert's offer to Abbas regarding a resolution, the Kerry effort involved primarily indirect talks, with the United States acting as a go-between, and produced a U.S. proposal on the principles for resolving the core issues, which President Barack Obama presented to Abbas on March 17, 2014. According to Israeli officials, the proposal went beyond the terms agreed to with Netanyahu, and yet Abbas never responded—much as he never responded to Olmert's proposal in 2008.

Going for the home run, regrettably, has produced a situation in which even hitting singles will be tough, given the level of disbelief shared by Israelis and Palestinians. But all involved must, at the least, strive to hit these singles, in light of the deterioration and the one-state reality that would result from stasis. Two states for two peoples is the only answer to a conflict characterized by two national movements competing for the same space. In one binational state, each movement would struggle perpetually to dominate and submerge the identity of the other.

Thus, the challenge for the Trump administration is to preserve the viability of a two-state outcome, even as it recognizes that it cannot produce a two-state outcome in the near term. While the approach cannot be incrementalism for incrementalism's sake, the need exists to take meaningful steps signaling that progress is possible and, in so doing, mitigate the public disbelief that has gripped both sides about the other's commitment to a two-state outcome. The stakes are high: failure to move toward two states could close the door on such an outcome. (Reflecting the scale of a prospective relocation effort, currently close to 90,000 settlers live east of the security barrier, whereas Israel removed only 8,000 settlers during its disengagement from Gaza in 2005.)

It will not be easy to achieve a paradigm shift away from an all-or-nothing approach. The Palestinians believe they have international support for their particular vision of two states and a comprehensive approach, and will be in no hurry for anything less. They see the UN Security Council's passage on December 23, 2016, of Resolution 2334, a measure that cast Israeli settlements in "flagrant violation" of international law, as the ultimate proof that the international community is on their side. Invariably, they will cite the resolution as proof that the world does not accept the "legal validity" of settlements anywhere in the West Bank or East Jerusalem.

Their problem is that the Trump administration rejects the resolution, and both the new president and the nominee for secretary of state have made clear they will not be bound by it. Indeed, the Palestinians may wrongly believe the status quo serves them because it intensifies Israel's isolation. But Palestinian leaders should also ask themselves about their true situation, given divisions between the West Bank and Gaza and their increasingly alienated public.

Unlike the Palestinians, the Israeli government is in no hurry to embrace a comprehensive approach, but it may also be far too satisfied with the current reality—believing this reality is sustainable and preferable to paying the price, in terms of domestic and coalition politics, that any meaningful moves toward the Palestinians would certainly provoke. As already asserted, the price of standing pat for Israel is the inexorable drift toward a de facto binational reality. Leaving aside the likely impact on the Zionist ethos of Israel being a nation-state of the Jewish people with equal rights for all citizens, the one-state outcome would fail to produce long-term stability for Israelis.

As the Trump administration surveys the current landscape, it must understand lessons from the past as well as the costs of doing nothing ahead.

Why Past Diplomacy Has Failed

THE LEADERS of the Palestinians, Israel, and the United States have all said they are committed to a two-state solution. However, three major diplomatic drives, led by U.S. administrations of both parties, have failed to ultimately achieve that goal—in 2000, 2007–8, and 2013–14. Each initiative had its own dynamic and defies easy generalization. However, certain commonalities unite them. Among these, Israelis and Palestinians say they want the same outcome, but differ on specifics regarding the core issues of the conflict: borders, security, refugees, Jerusalem, and mutual recognition of identity. The breadth of the gaps may differ on each issue, but the gaps themselves have remained despite changes in Israeli and Palestinian leadership. Whether the problem is a leadership deficit or objectively unbridgeable differences, the result has been the same. And no evidence on the horizon suggests that Israel and the Palestinians will soon resolve their differences and attain a two-state solution.

Some will argue that the failure of bilateral negotiations demonstrates the need for the international community, through the UN Security Council, to devise a template on the core issues and impose a resolution on the Israelis and Palestinians. Given the substantive gaps between the parties, however, there is no reason to believe such an approach will prove any more successful than the three previous U.S.-led efforts. Similarly, a regional peace conference would be doomed to failure: the Israelis and Palestinians are simply too far apart on the core issues for anyone to simply push them together. For any international solution, both sides have made clear that they will defy what they consider unwarranted concessions imposed upon them.

The Price of Stalemate

ON THE ISRAELI-PALESTINIAN scene, as well as in the broader Middle East, an all-or-nothing approach to diplomacy typically yields nothing. But the particular failures to gain Israeli-Palestinian agreement also result in political paralysis, which is hardly neutral but instead politically costly. Indeed, paralysis deepens the lack of belief among the Israeli and Palestinian publics that peace is attainable, which in turn decreases the likelihood of any breakthrough. Since a real diplomatic breakthrough has not occurred since the 1990s, the net effect is an entire generation giving up. And often, in the Israeli-Palestinian dynamic, despair has meant greater violence and terrorism. As a leading Palestinian security official who engages closely with his Israeli counterparts put it: "People need hope even if we cannot solve everything. If there is no hope, the will for security cooperation will be lost." The absence of hope has put political moderates on both sides on the defensive, since they cannot point to any achievements. Only radical forces gain as the polarization deepens.

Absent concrete tangible political achievements, even the existence of the PA is likely unsustainable over time. The longer it fails to register progress toward its national goals—exacerbated by dismal governing performance—the more it will come under domestic attack for collaborating with Israel. The PA could unravel amid a variety of scenarios including internal violence stemming from Palestinian anger and frustration. Moreover, in such an environment, its leaders at some point may choose to make good on their repeated threats to dismantle the PA and force Israel to face the full administrative burden of services for all the Palestinian people of the West Bank. The history of the Israeli-Palestinian conflict suggests it is illusory to believe relative quiet will remain in the absence of progress.

To be fair, it is not only Palestinian rejectionists who exploit hopelessness (and use violence) to torpedo the possibility of a two-state solution. In the last decade or so, the term "price-tag attack" has emerged to describe extremist Israeli settler actions against Palestinians; they exact a "price" against those who are seen to damage the broader settler project. While price-tag attackers do not represent the mainstream of the settler movement or right-wing parties—and are decried for their behavior by

both—much of the Israeli right rejects a two-state solution and sees it as a fundamental threat to its core beliefs. Creating facts on the ground that would preclude a two-state outcome reflects the operating premise of these right-wing elements in Israel—and favoring annexation of Area C, 60 percent of the West Bank, has become their policy preference. Here, the leader of the Jewish Home Party, Naftali Bennett, has explicitly called for Israel to annex this area.[1] Prime Minister Netanyahu has resisted such calls, fearing the international response, but he has also presided over a policy that continues to deny the Palestinians any meaningful economic access to Area C. But Netanyahu's shifts during the latest peace effort are revealing. In spring of 2014, he authorized his negotiators to offer Palestinians permission to build in areas of Area C adjacent to Palestinian urban areas, showing the incremental but meaningful potential of diplomacy. (Defense Minister Avigdor Liberman has likewise committed to start eleven projects in select Area C locales adjacent to Palestinian urban areas and their environs, according to Israel's top official dealing with civilian affairs in the West Bank, Maj. Gen. Yoav "Poli" Mordechai. However, Mordechai said implementation will take time.)[2]

In the meantime, settlement activity continues east of the security barrier, with such territory, comprising about 92 percent of the West Bank, an unmistakable part of a future Palestinian state. To make matters worse, Israel has demolished Palestinian structures east of the barrier, with the July 2016 Quartet report noting that 11,000 additional units are slated for demolition.[3] These developments, supported by key members of the Israeli government, fuel concerns that a diplomatic impasse will enable creeping de facto annexation of areas integral to a future Palestinian state. Here, the failure of national leaders to agree on terms for a two-state solution has opened a wide political space for rejectionists who—each for their own set of reasons—are determined to block such a future outcome.

Need for a Political Initiative

EVEN THOUGH solving the Palestinian issue is not in the cards any time soon, ending the stalemate and restoring a sense of possibility remains essential to preserving a realistic endgame of two states for two peoples. With Palestinian leaders largely paralyzed by their division, weakness, dysfunction, and maneuvering over succession, they are very unlikely to take the initiative here—or at least an initiative designed to produce substantive progress as opposed to symbolic internationalizing of the conflict. While the Israelis are far more capable on the whole, the character of the current governing coalition and the fear of taking steps toward the Palestinians without gaining concessions in return make it unlikely Israel will propose a political initiative. The Trump administration could, of course, ask the two parties and Arab leaders discreetly to present their ideas on how to make progress, and could try to shape an initiative based on what it hears.

Alternatively, the administration could ask the Middle East parties for an initiative, with the caveat that if none were forthcoming, it would propose steps to break the stalemate and reinvigorate hopes for progress. Such an approach is, among the options, most likely to stir an Israeli interest in working out and implementing an agreed-upon concept. With Prime Minister Netanyahu likely to meet President Trump well before other Middle East leaders visit Washington, the conditions could be ripe for working out such an agreed basis for a political initiative.

The key elements of such an arrangement could include an American readiness to differentiate between settlement activity within and outside the blocs: the former is consistent with a two-state outcome, the latter is not. As such, the United States would be ready to agree with Israel that it could build within settlement blocs and existing Jewish neighborhoods in East Jerusalem;

1. Naftali Bennett, "A New Plan for Peace in Palestine," Wall Street Journal, May 20, 2014, http://www.wsj.com/articles/SB10001424052702304081804579559432394067 70.
2. Maj. Gen. Yoav Mordechai, conversation with author, Tel Aviv, January 5, 2017.
3. *Report of the Middle East Quartet*, July 1, 2016, http://fmep.org/wp/wp-content/uploads/2016/07/Quartet-Report-2016.pdf.

outside the blocs and these neighborhoods, no additional building would be allowed, nor would permits be issued for private construction. Because the Israelis and Palestinians must negotiate and agree on the exact location and dimension of the blocs, the United States will treat this understanding as applying to areas west of the security barrier, or roughly 8 percent of the West Bank.[4] Under this agreement, no legalization of any unauthorized outposts would be sanctioned—unless they are among the few that fall within the blocs where the United States and Israel agreed construction could continue.

To show unmistakably that Israel was taking these steps to demonstrate its commitment to a two-state outcome, Israel would also declare its intention to not seek sovereignty east of the security barrier and to permit Palestinian economic activity—commercial, financial, agricultural, and industrial—as well as housing construction in Area C.

This initiative would not touch Israeli security or its maintenance. It would preserve overall responsibility for security in the West Bank for the Israel Defense Forces until the Israelis and Palestinians reached agreement on the core questions of the conflict. With the Israeli public convinced there is no alternative to IDF responsibility for security, a diplomatic initiative at this point must not be allowed to alter that reality.[5]

To understand the practical consequences of such an initiative in terms of limiting settlement activity, and whether it would be such a leap for the Israeli government to take, a look at precise settlement numbers and locations is in order.

First, approximately 75 percent, or 270,000, of the Jewish settlers live within the security barrier, with most residing adjacent to the Green Line, as the pre-1967 border is known. (The barrier was built during the second Palestinian intifada, 2000–2004, to prevent suicide bombers from infiltrating Israel.) The remaining 90,000, or 25 percent, live east of the barrier in 92 percent of the West Bank.[6] The 75:25 ratio changes to 84:16 if one includes the estimated 200,000 Israelis living in neighborhoods of East Jerusalem.[7]

In his speech on December 28, 2016, Secretary of State Kerry stated that Israel had added 100,000 settlers to the West Bank since Obama entered office.[8] Of this figure, he said close to 20,000 live outside or east of the security barrier, implying that 80,000 reside in blocs within the barrier. The proportion of such residents (including in East Jerusalem) within a future Israel is therefore slightly lower than the 84 percent mentioned before. (The Quartet report issued in July 2016 set a lower figure than did Kerry—claiming the number in the blocs grew by 64,000 rather than 80,000. The Quartet report, issued approximately a half-year earlier, makes clear that residents east of the barrier, or what it euphemistically calls "deep in the West Bank," have risen by 16,000 since 2009. The report cites a "marked slowdown" in settlement construction from mid-2014 until now.) Whether one focuses on the Kerry speech or the Quartet report, the overall split shows that the Netanyahu government has generally focused building efforts in settlements that could be part of a future Israel.

4. Ideally, Israel and the PA should be discussing these issues, but their dysfunctional relationship renders this impossible. Therefore, defining construction areas inside the blocs should be left to U.S.-Israel consultation and presumably would emphasize construction in existing built-up areas. It might be best to limit construction in select areas such as Ariel that will prove contentious in final-status negotiations. In any case, these discussions should contain enough precision to avoid any possible misunderstandings or ambiguities. There is a critical precedent for such geographic consultations between the United States and Israel: Israel built its security barrier in 2002–2004 only after each section of the barrier was approved by senior U.S. officials before presentation to the Israeli cabinet.

5. The strength of this viewpoint is confirmed in polling, showing 81 percent of generally dovish Labor voters, and 64 percent of even more dovish Meretz voters, favoring IDF control after an Israeli pullback. Numbers from right-of-center constituents are understandably higher.

6. Speech by Secretary of State John Kerry, December 28, 2016, available at http://www.timesofisrael.com/full-text-of-john-kerrys-speech-on-middle-east-peace-december-28-2016/.

7. Israel does not consider these East Jerusalem residents to be settlers because it annexed the area and extended the municipal boundaries of Jerusalem after the 1967 war. The Palestinians and much of the international community, however, do consider them settlers, according to a definition whereby any areas beyond the June 4, 1967, lines are regarded as occupied territory.

8. See Secretary Kerry's speech, http://www.timesofisrael.com/full-text-of-john-kerrys-speech-on-middle-east-peace-december-28-2016/.

In contrast to the nearly 90,000 settlers living east of the barrier, a large majority of the estimated 2.75 million Palestinians in the West Bank and East Jerusalem reside east of the security barrier.[9] Thus, the settlers are a rather small minority east of the barrier.

To be sure, the security barrier would not constitute a final border in this initiative. That, and the precise contours of the settlement blocs, must be worked out once full negotiations become possible again. Instead, for now, the security barrier would serve as a dividing line between where building is and is not permitted. Construction outside the barrier—in what unmistakably would be part of any Palestinian state based on negotiations—would not take place. Practically, this would mean halting government-sponsored commercial bids or tenders, and, as noted, no longer allowing construction by private individuals and in illegal outposts. The issue of private building is particularly relevant given reports suggesting that the government has issued permits in previous years for more than 10,000 structures that are not yet built; for the initiative to have any credibility, these projects would have to be stopped.

Although some may argue that these Israeli moves will fall far short of Palestinian demands on settlements and a political horizon, the aim here is to push for what is attainable while acknowledging the failure of past all-or-nothing efforts. And it is worth noting that these steps on settlements, forswearing sovereignty and opening up Area C to Palestinian economic activity—along with related steps that would further facilitate Palestinian economic growth and development—could alter Palestinian public perceptions of Israeli intentions. Indeed, a leading Palestinian pollster found in a March 2016 survey that "an overwhelming majority [82%] of Palestinians believes that Israel's long term aspiration is to annex the lands occupied in 1967 and expel their population or deny them their rights." Even should the PA try to belittle these Israeli moves—no doubt to reduce the pressure to respond—the Palestinian public would, at least, take notice. If the United States and Europeans were to publicly tout the significance of these Israeli moves for preserving the two-state outcome, the moves would more likely resonate. And, as part of any effort to get the Israelis to follow such a course, a serious attempt should be made at messaging and framing the importance of these steps.

9. Ibid.

Gaining Israeli Acceptance for a Political Initiative

NOT ONLY Bennett's Jewish Home Party, but also elements of Netanyahu's Likud, would find it very difficult to embrace the elements of this initiative. That said, the more adept the Trump administration is at persuading the Israelis of potential strategic gains from the deal—in the form of U.S. commitments to deliver benefits from the Palestinians, Arab states, Europeans, and possibly the Russians—the better positioned Netanyahu will be to sell it or reshape his coalition, if necessary, to do so.

For its part, the administration's new commitments could include

- a guarantee to veto any UN Security Council resolution opposed by Israel;
- an assurance to coordinate all subsequent initiatives on peace with Israel, and to treat this as a baseline for peacemaking efforts, asking nothing more of Israel vis-à-vis the Palestinians until credible reciprocal moves have been made by the Palestinians and Arabs;
- a promise to mobilize the Europeans and the international community to fight delegitimization steps against Israel, while making clear to the Europeans and others that nothing more should be expected of Israel or the United States if the Palestinians (and their Arab allies) are unresponsive to Israel's initial moves;
- a revocation of the Obama-administration-imposed commitment in the 2016 memorandum of understanding that Israel cannot seek additional security assistance from Congress for two years.

One additional strategic gain for Israel could be the administration's explicit reaffirmation of the April 2004 letter from George W. Bush to Ariel Sharon, in which

the president wrote that it is "unrealistic to expect" that any final Israeli-Palestinian deal would call for Israel to return to the pre–1967 war boundaries—referred to in the letter by the almost identical 1949 Armistice Line. The letter, some may recall, was a response to Sharon's decision to pull out of Gaza. Moreover, the letter alludes to Israeli settlement blocs adjacent to the pre-1967 lines, where a large majority of settlers live, noting that any deal will be based on "mutually agreed changes that reflect these realities." Given the adoption in December 2016 of UN Security Council Resolution 2334, which refers to territory beyond the June 4, 1967, lines as "occupied Palestinian territory" and declares that any Israeli settlements beyond these lines have "no legal validity," the Bush letter could now take on new meaning for the Israeli government. For Netanyahu, producing a reaffirmation of the Bush letter would mark an important political gain, particularly because it would put the United States on record on key aspects of any permanent-status agreement between the Israelis and the Palestinians.

While such gains may mean Israel going ahead solely based on the agreement with the United States—a potentially worthwhile path anyway given how these Israeli steps could undercut the delegitimization movement as well as prevent the drift toward a binational state—the Trump administration should make a major effort on its own and with Arab and European leaders to produce at least some responsiveness from the Palestinians. To that end, it should elicit from the Israelis the range of actions by the Palestinians, Arabs, and others that would make it easier to sell the proposed steps.

What the Palestinians Can Do

IF PAST IS PROLOGUE, the Palestinians may refuse to accept, as a default, anything short of a comprehensive deal on their preferred terms. However fractured their governing situation, Palestinian leaders might assume that the current impasse plays to their strengths in the long run, enabling them to rally the international community to their side and portray the Israelis as recalcitrant while gradually squeezing compromises from them.

To disabuse Palestinian leaders of this notion, U.S. officials must press Arab and European leaders to press the PA to demonstrate that just as the Israeli actions prove a commitment to two states, Palestinians must follow suit. Because the Palestinians believe their one true achievement is international acceptance of their cause, a perception that their nonresponsiveness would jeopardize their international standing could motivate them to act. In this connection, the PA could lift its opposition to grassroots people-to-people peace exchanges with Israel, and make clear it opposes the antinormalization movement. The PA leadership could actually meet with Palestinian peace activists, whose numbers are small, but who are typically attacked rather than legitimized.

Even more important, the PA could take measures against incitement to violence. The July 2016 Quartet report noted Palestinian glorification of violence as a central impediment to a two-state solution. This problem needs to be addressed, and one means of doing so would be to stop funding the families of those who kill Israeli civilians, are killed in the process of trying to carry out terrorist acts, or are imprisoned for using violence against Israelis. In practical terms, this would require the Palestine Liberation Organization to stop providing monies to the so-called martyrs' foundations—which support the relatives of suicide bombers or perpetrators of other terrorist actions. So long as this policy continues, it conveys the sense that one is a *shahid* (martyr) if one kills innocent Israelis. The policy therefore has to stop. Congressional scrutiny is already beginning on this issue, and the PA should be told it is going to intensify.

Other steps that could demonstrate the Palestinian commitment to two states include acknowledging that there are two national movements competing for the same space and, as such, that two states are needed for two peoples. Palestinians have been reluctant to acknowledge that Jews are a people and that they have had a national movement. Just as the Palestinians believe that the Israelis seek to absorb the entire West Bank and remove them, Israelis have parallel fears of Palestinian intentions and goals. Israeli polls show as many as 64 percent of Jewish Israelis fear

that the Palestinians will never accept that the Jews have the same right to statehood as they do.

Altering this perception in Israel would have a dramatic effect on Israeli attitudes and the ability to take tough steps on settlements and settlers. In short, it would change the psychological and political landscape in Israel. The Palestinian leadership will resist acknowledging Israel as the state of the Jewish people for a number of reasons—some tactical, some more strategic. At a minimum, they see accepting the legitimacy of Israel in this fashion as somehow negating their own narrative and their displacement from much of Palestine in the Nakba (catastrophe), as Palestinians refer to the 1948 war, from which Israel emerged as a state. They want Israelis to recognize their role in this event. While pressing Palestinians to publicly accept Israel as a Jewish state may be too much in today's climate, it would not be too much for Palestinians to acknowledge that the peace effort is consistent with ending a century-long (perhaps even closer to a 135-year-long) conflict of dueling nationalisms and national movements.

Lastly, the Palestinians could take two steps that would demonstrate their commitment to a two-state outcome. One is to stop trying to internationalize the conflict in a way that also seeks to delegitimize Israel's existence. Here, Palestinians have sought to isolate and discredit Israel in every international forum—which must cease, particularly if Israel is acting to preserve the prospect of two states. Second, the Palestinians need to build their own state. To be sure, the Middle East does not need another failed or failing state, and rather than focusing on symbols of statehood, the PA should be building and reinforcing its political and economic institutions. Today, the PA needs assistance in collecting taxes, managing its budget, reforming its credit system, improving its energy sector, and training Palestinian bureaucrats—not to mention fully establishing rule of law. To address these deficits, various countries could devote technical and financial assistance to accomplishing these goals and modernizing the Palestinian economy to prepare it for statehood. Indeed, state building from the ground up must be a part of the U.S. initiative. Former PA prime minister Salam Fayyad was associated with this focus on governance, employing reform and sustained transparency as tools against corruption, not because this pleased the international community but because it strengthened Palestinian society. The more Palestinians trust their own government as being accountable, the more they will know the government is on their side, its word respected at home and abroad. One piece of good news is that, unlike at the close of the Arafat period in 2004, the international community no longer fears the siphoning of foreign aid, thanks to the additional safeguards now in place. Yet government reform basically stopped after the Fayad era ended in 2014.

As already noted, the Palestinians will resist taking action if possible—in their eyes, they are the victims of injustice, they are the weaker party, Israel is the occupier, and the onus for all steps should be on the Israelis. They will not feel compelled to acknowledge or respond to any Israeli steps, even if some are unmistakably in their interests. Instead, though, they will tacitly accept Israeli steps. As one senior Palestinian official noted privately, "We don't have to formally agree, but we have to understand. We will not object if Israel wants to avoid settlement activity. This is a decision taken by Israel."[10]

If left to their own devices, the Palestinians will almost certainly be nonresponsive to the proposed Israeli steps. It is time for Palestinians to know that there is a price for always saying no and that the United States will impose sticks, not just offer carrots. Ultimately, producing some degree of Palestinian responsiveness will probably rest on mobilizing Arab and European public acknowledgment of the Israeli moves.

10. The obvious question to ask is whether Palestinian unwillingness to respond should scuttle the U.S. initiative. The answer is no: the Palestinians should not be allowed through their own inaction to torpedo a U.S. initiative, particularly if the consequence is to serve a Palestinian default strategy of holding out and letting a binational state be the outcome.

What the Arab Leaders Can Do

PUBLIC STATEMENTS by Arab leaders, either individually or collectively, acknowledging the meaningful nature of the Israeli moves would be unprecedented—and therefore very important to produce. Historically, instead of giving the Israelis credit when they acted constructively, Arab states have allowed the Palestinians to judge what was acceptable. For instance, far-reaching Israeli concessions around 2000, during talks with the Palestinians, drew no public responses from Arab leaders. This is why acknowledgment that Israel has taken steps to promote a two-state outcome would be significant; even though Arab leaders cannot be expected to publicly call on the Palestinians to respond, their expressions of approval would create an environment of pressure.

Because such approval would be unprecedented, it is only likely to occur if three conditions are met:

1. There can be no ambiguity in the Israeli declarations and actions. Forswearing sovereignty east of the barrier must be explicit, private licenses cannot be issued for construction outside the blocs, and meaningful parts of Area C must genuinely be opened for a significant range of Palestinian economic activity.

2. The U.S. administration must outline its larger strategy in the region, conveying that it will not withdraw and that it will counter and contain Iran and radical Islamist threats. While the United States will do its part, however, it expects the Arab states to contribute their share.

3. The United States needs to invest in quiet diplomacy spelling out that a serious effort to produce these Israeli moves must be met with Arab responsiveness.

Public acknowledgment is one thing; private pressure on the Palestinians is another. In addition, the United States should push for Arab public outreach to Israel in response to the steps—this, too, should be part of the discussion with Arab leaders. Trade missions, invitations to Israeli high-tech leaders, and exchanges of scholars or journalists would demonstrate a change in the air. If combined with an Arab readiness to open a dialogue with the Israelis on security issues—perhaps under the rubric of the Arab Peace Initiative of 2002 and its security-arrangements principle—this could provide political tailwinds in Israel, easing the path toward necessary concessions.

Finally, a restoration of slashed Arab funding for the PA would be helpful. For example, over the past year or so, monthly Saudi funding to the PA has been cut from $20 million to $7 million. The United Arab Emirates, for its part, has not been providing any genuine assistance amid a rift between Crown Prince Muhammad bin Zayed al-Nahyan and Abbas over the hostile treatment by Abbas of the crown prince's friend Mohammad Dahlan, a Fatah leader who lives in the UAE.

What the Europeans Can Do

IF EUROPEANS WANT the United States to take an active role in easing the Israeli-Palestinian conflict, then Washington must ask that European leaders endorse the proposed Israeli actions and encourage the Palestinians both privately and publicly to respond. The administration should try to work out a common game plan with the Europeans—especially the British, French, and Germans—on the specific responses sought from the Palestinians. Such responses should go beyond avoiding negative steps such as going to international forums or showing a willingness to "accept" Israeli actions. The best case would obviously entail adopting a public posture that acknowledges the existence of two national movements and, thus, the need for two states. More modestly, the Europeans should demand that Palestinian leaders act on the incitement front—with the scale of responsiveness determining levels of assistance to the PA.

Other Issues Affecting the Initiative

TWO ADDITIONAL ISSUES could affect the viability of this initiative: Gaza and Jerusalem—the latter of which this paper has touched on briefly regarding demographics. On Gaza, Israel fought wars with Hamas in 2009, 2012, and 2014 in the territory. The

worst of these conflicts was the last, and while the ceasefire now appears to be holding, it is fragile. Even if the initiative discussed here were accepted, and Palestinians and Arab states took some or all of the suggested reciprocal steps while the Europeans played their role, its prospects would collapse in the face of another war like that of 2014—during which Hamas fired large numbers of rockets into Israel and used its civilian population as human shields or deliberately invited high casualties to stigmatize Israel and pressure it to back down.

Maybe the next war will be brought to an early halt, or maybe Israel will feel it has no alternative but to reoccupy Gaza for a period. For now, even Hamas has a stake in preserving the ceasefire, but the group could shift course, especially if it perceives a break in the broader Israeli-Palestinian stalemate. Even as Israel is permitting roughly nine hundred trucks a day to carry goods into Gaza, the area's economic conditions remain dire. Roughly three-quarters of the housing damaged in the 2014 war has not been repaired, while electric power is only available for part of the day and water and sewage treatment is sorely insufficient. Generally speaking, there are no simple answers for Gaza's future, especially with the PA reluctant to assume any responsibility so long as Hamas retains total control. Still, any political initiative should focus on addressing the area's economic situation in a way that reduces Hamas's incentive to go to war any time soon. (Indeed, any initiative involving Israel and the Palestinians must involve Gaza.) Turkey and Qatar's relationship with Hamas may be helpful here, and both countries have expressed readiness to help with electric power regeneration and possible desalinization. Getting international donors to deliver more of the promised assistance might also be useful if it produced quicker construction of housing—which in combination with Turkish and Qatari contributions might signal improvements that Hamas would want to take credit for and thus render possible.

On Jerusalem, should the Trump administration follow through on its campaign promise suggesting a move of the U.S. embassy from Tel Aviv, prospects for any new initiative to break the stalemate could grow far more complicated. Such complications would extend to eliciting Arab and European, not to mention Palestinian, responsiveness. This is not to say the relocation cannot be done—but it would require careful preparation.

Moreover, the public presentation and private consultations matter. Publicly, the administration needs to frame the move not as a political statement on the future of Jerusalem but as recognition of the reality that no one questions—namely, that West Jerusalem is and will always be a part of Israel. Nor does the move prejudge the final status of the city, which the administration understands can only be resolved through negotiations. In addition, the United States is only righting an anomaly, wherein America has had political representation with a consulate in Jerusalem for dealing with the Palestinians but no official political office in Jerusalem for dealing with Israel. Repeating this as a mantra can help condition the environment, but it is not a substitute for privately consulting with key Arab partners—Jordan, Egypt, Morocco, Saudi Arabia, and the Emirates—before making any public announcements. These partners should be told about the plans, and their views should be solicited about how best to frame the issue publicly. No doubt, they will express their concerns, and those concerns should be considered, not dismissed, on how, when, and whether to go ahead. The Palestinians should also be consulted before any public statement is made, if for no other reason than that they will be on the defensive—accused of surrendering Jerusalem without a fight.

With Jerusalem an emotional issue for all sides, on which rational presentation rarely wins the day, the administration must also prepare the ground with the Israelis. No one would expect any Israeli government to counsel caution on an issue that goes to the heart of Israeli identity. In short, conditioning the environment, careful preparation, public framing, and timing will be critical should the administration ultimately decide to move the embassy.

A final word on Jerusalem: Following the same logic as on settlement construction should this initiative be pursued, Israel will be able to build in all the city's Jewish neighborhoods—East and West—but construction in the east will be confined to existing neighborhoods and not beyond. No more

territory will be taken for Jewish neighborhoods, and the government would stop expansion into Arab neighborhoods.

Conclusion

THE TRUMP ADMINISTRATION inherits an Israeli-Palestinian environment that may not be characterized by the violence of the second intifada but contains a psychological and political gap, for leaders and residents alike, as wide as any in the last thirty years. Peacemaking may feel impossible at the moment, but the stalemate is only deepening disbelief on both sides and making the drift toward one state—and the continuous conflict that would accompany it—more likely. The lessons of the past indicate that now is not the time to launch an end-of-conflict initiative that would be doomed to fail and only worsen prospects for the future.

Inaction is not the answer, either. While peace may not be attainable in the near term, a more limited approach could produce meaningful progress. In this connection, a U.S. initiative pegged to an agreement with the Israelis on building inside the settlement blocs and the existing Jewish neighborhoods but not outside them, forswearing sovereignty east of the security barrier, opening up Area C for Palestinian economic activity, and at least making an effort to improve economic conditions in both the West Bank and Gaza could be parlayed into affirmative responses from the Palestinians, Arabs, and Europeans.

The potential benefits of making the effort along these lines include:

- The United States and Israel would again be on the same page on peacemaking, and progress would be possible.
- Settlements would no longer be an irritant to the relationship.
- The Israelis would demonstrate to a skeptical international community that it is committed to a "two states for two peoples" outcome, something that could defuse the delegitimization movement.
- The realities on the ground would change for the better, reducing the risk of another violent outbreak and making it easier to build on the emerging, if discreet, cooperation between Israel and the leading Sunni states. (This is an important potential asset for the United States in countering Iran and radical Islamists.)
- The stalemate on the ground could be broken and a sense of possibility between Israelis and Palestinians could be restored.
- The Arab states could, for the first time, be seriously brought into the diplomatic process and at a time when the Palestinians, because of their weakness, and the Israelis, because of the difficulty of making concessions to the Palestinians, need their cover.

The benefits of making the effort are many, and the risks, precisely because the initiative is comparatively limited, are manageable. In fact, in this case, the Trump administration would be taking a limited action because the costs of doing nothing are likely to be high.

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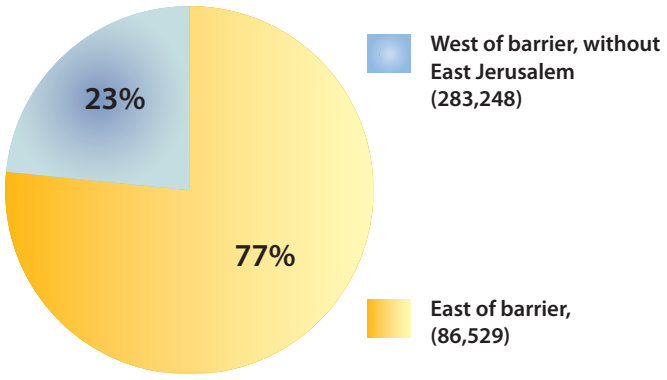
Jewish Population in the West Bank and East Jerusalem

JEWISH POPULATION WEST AND EAST OF THE PLANNED BARRIER 2009–2014						
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
West of barrier (without East Jerusalem)	225,860	236,948	247,955	260,383	272,195	283,248
East of barrier	70,078	73,357	76,769	80,359	82,833	86,529
Total population (without East Jerusalem)	295,938	310,305	324,724	340,742	355,028	369,77
East Jerusalem	194,188	196,713	200,830	204,280	207,340	207,340
West of barrier (with East Jerusalem)	420,048	433,661	448,785	464,663	479,535	490,588
Total population (with East Jerusalem)	490,126	507,018	525,554	545,022	562,368	577,117

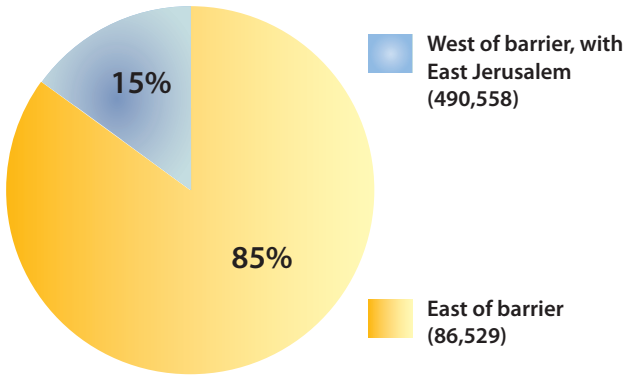
POPULATION GROWTH WEST AND EAST OF THE PLANNED BARRIER					
	2010	**2011**	**2012**	**2013**	**2014**
West of barrier (without East Jerusalem)	4.91%	4.65%	5.01%	4.54%	4.06%
West of barrier (with East Jerusalem)	3.24%	3.47%	3.52%	3.18%	2.29%
East of barrier	4.68%	4.65%	4.68%	3.08%	4.46%

POPULATION PERCENTAGE AS TOTAL OF WEST BANK						
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
West of barrier (without East Jerusalem)	76.32%	76.36%	76.36%	76.42%	76.67%	76.60%
West of barrier (with East Jerusalem)	85.70%	85.53%	85.39%	85.26%	85.27%	85.01%
East of barrier (without East Jerusalem)	23.49%	23.45%	23.46%	23.41%	23.17%	23.24%
East of barrier (with East Jerusalem)	14.30%	14.47%	14.61%	14.74%	14.73%	14.99%

2014: Jewish population west and east of the planned barrier, without East Jerusalem



2014: Jewish population west and east of the planned barrier, with East Jerusalem



Security Fence Status 2016

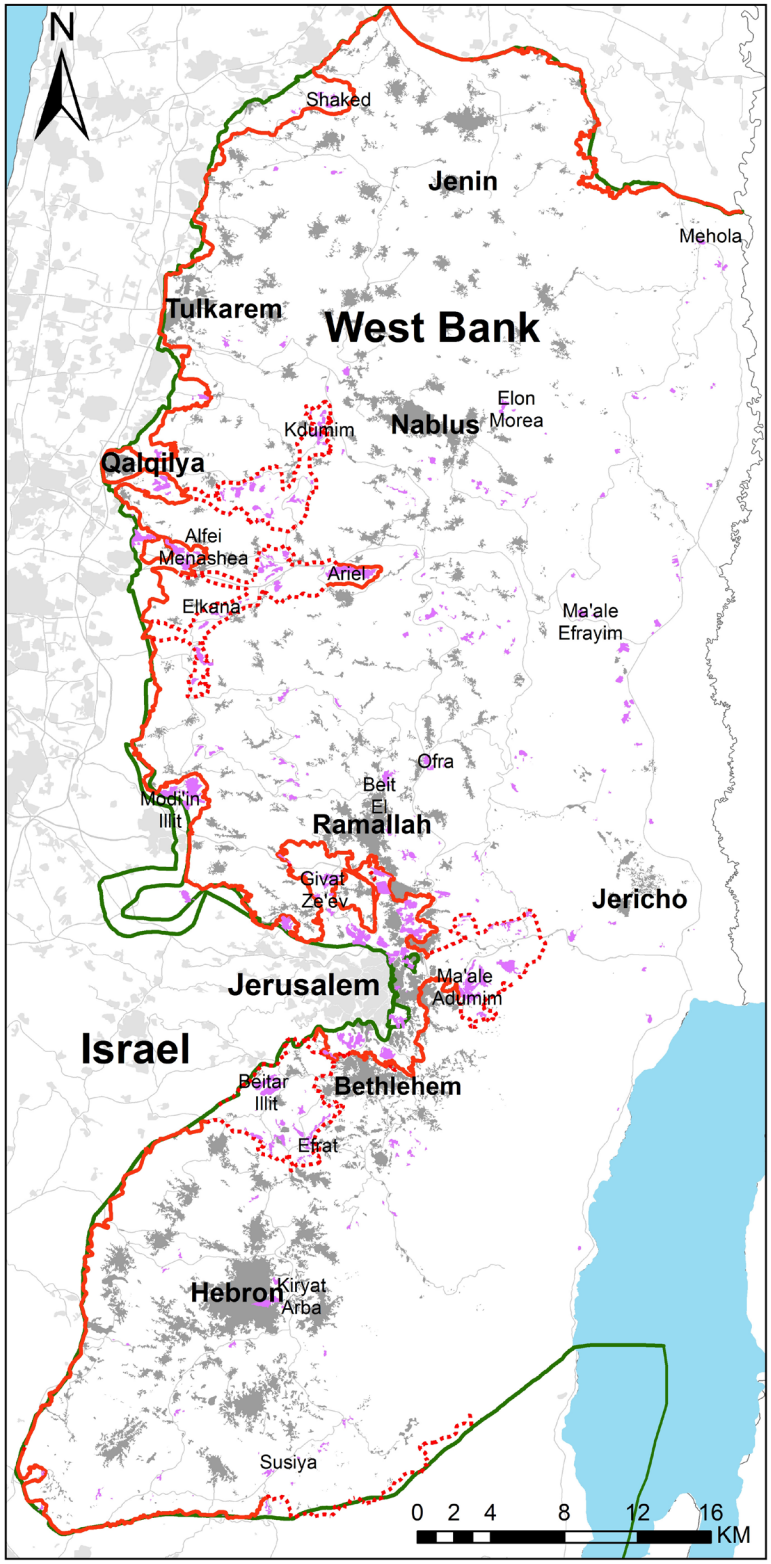
Legend

- The 'Green Line'
- Existing 'Security Fence'
- Planned 'Security Fence'
- Main Road
- Israeli Settlements
- Palestinian Cities and Villages

Length of the Built Fence: 462 KM

Length of the Planned Fence: 242 KM

	Number of Settlements	Population
Within the Built Fence	24 + 12	220,000 + 140,867
Within the Planned Fence	27	177,088
Outside of the Planned Fence	75	95,317
Total	126 + 12	413,272 + 220,000



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