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The Day After . . .
in Jerusalem

A Strategic Planning Exercise on the Path to Achieving Peace in the Middle East

Roger C. Molander, David Aaron, Robert E. Hunter, Martin C. Libicki, Douglas Shontz, Peter A. Wilson
Preface

In September and October 2008, the RAND Center for Middle East Public Policy (CMEPP) conducted a series of exercises to help policymakers in the new U.S. administration to address the Arab-Israeli conflict (and the challenges of the Israeli-Palestinian conflict in particular) more effectively as a key component of the broader effort to secure stability in the Middle East. We sought to achieve this objective by drawing on the insights of leading experts and former government officials through a strategic planning exercise that illuminated

- key security and other challenges in Arab-Israeli (and related Middle East) relationships
- derivative linkages and threats to U.S. regional and international security interests
- alternative strategies the new administration could pursue in addressing the Israeli-Palestinian problem and other regional issues.

In May 2009, a subset of the initial exercise participants reconvened to reassess the results from the 2008 exercises in light of then-current circumstances in the region.

These proceedings should be of interest to those studying the risks and challenges surrounding the effort to secure peace and stability in the Middle East. They should also be of interest to those interested in the use of rigorous strategic planning exercises to identify promising strategies and policy pathways for risk mitigation and resolution in contentious strategy and policy environments.

This document was prepared by the RAND Corporation and is based on the deliberations in the exercises described above, the May 2009 roundtable, and subsequent analysis of those deliberations, in what is clearly a very dynamic strategy and policy environment. It does not purport to be a consensus document from those sessions or even a complete synthesis of the views expressed therein. It was, however, inspired by those deliberations and seeks to be faithful to the overall thrust of the discussion—and to represent the breadth of analysis and of proposals made by the participants therein.

This research was conducted with funds provided by donors to the RAND Center for Middle East Public Policy. The RAND Center for Middle East Public Policy, part of International Programs at the RAND Corporation, aims to improve public policy by providing decisionmakers and the public with rigorous, objective research on critical policy issues affecting the Middle East.

For more information on the RAND Middle East Public Policy, contact the Director, David Aaron. He can be reached by email at David_Aaron@rand.org; by phone at 703-413-1100, extension 5271; or by mail at the RAND Corporation, 1200 South Hayes Street, Arlington, Virginia 22202-5050. More information about RAND is available at www.rand.org.
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Summary

Overview

In the fall of 2008, before the U.S. presidential election and unexpected Israeli invasion of Gaza, the RAND Center for Middle East Public Policy conducted a series of exercises that generated the conclusion that the new U.S. administration simply could not afford to delay engaging in serious Arab-Israeli peacemaking. This effort drew on the insights of nearly 50 leading experts and former government officials who participated in a strategic planning exercise that highlighted the full range of security challenges in the Middle East. A major goal of the exercise was to develop and refine alternative strategies that the new U.S. administration might pursue in addressing the Israeli-Palestinian problem and other regional issues. While it was recognized that the new administration would undoubtedly face other immediate and serious challenges in the region—notably Iraq, Iran, and Afghanistan —this exercise-based study concluded that the decisive advancement of the Arab-Israeli conflict toward resolution should also be a top administration priority, in part because of its effect on all of these issues.

After the U.S. elections, the Obama administration did, in fact, place the Israeli-Palestinian issue high on its agenda, especially with the appointment of a special envoy, former Senator George Mitchell. This step was very much in line with the conclusions of our experts in the exercise. The administration’s commitment to an Israeli-Palestinian peace agreement was further emphasized in President Obama’s efforts to reenergize negotiations at the time of the September 2009 UN General Assembly meeting.

Whether this elevation of the Arab-Israeli issue will continue to be a top priority of the administration remains to be seen, especially as difficulties occur; difficulties inevitable in any effort to deal with issues of such complexity and consequences (political and otherwise). But the basic insight of this project will remain valid: This issue needs to be near the top of the U.S. policy agenda, and it must remain there until serious progress toward a resolution of the conflict is achieved, if not a complete resolution of all outstanding issues.

It is well recognized that events subsequent to October 2008—the November U.S. election, the December Israeli invasion of Gaza, and the February 2009 Israeli elections—have altered some aspects of this critical area of international security policy and strategy. At the same time, it has become increasingly clear that a major focus and product of this exercise project remains highly germane: Although the situation on the ground in the region has changed since the exercises upon which the conclusions presented herein took place, this document, which outlines general approaches to seeking the resolution of the differences between Israel and Palestine and other neighbors in the region, presents viable strategic alternatives that could be considered by the National Security Council.

In considering the alternative strategies that emerged over the course of the testing for and conduct of the exercise, it is not surprising (nor was it anticipated) that, in the final
analysis, no single strategy alternative emerged that received unanimous support from the participants. However, there was a broad consensus that the strategy options that emerged did in fact accurately reflect the broad alternatives that should be considered by the new administration.

### Strategic Options for Addressing Arab-Israeli Issues in the Broader Middle East Context

**STRATEGY 1: Lay the Groundwork for Later Israeli-Palestinian Peace Negotiations**

Make Iraq, Iran, and security in the Persian Gulf region initial top priorities. At the same time, begin working to create a security environment in Palestine conducive to improving economic conditions and enables civil society developments more favorable for a future Israeli-Palestinian peace agreement. Tactical aspects of this strategy might include naming a high level envoy, who could act as an “honest broker” between the parties, and facilitating the improvement of security conditions in the West Bank and Gaza with the help of third parties.

**STRATEGY 2: Aggressive Israeli-Palestinian Negotiation Effort**

Aggressively seek an Israeli-Palestinian peace agreement (and possibly also simultaneously seek resolution of the Israeli-Syrian conflict). The United States would play a proactive role—putting forward proposals and expending its influence to get acceptance by both sides—and would solicit funding from other countries to assist with economic development in Palestine. Although the 2003 “road map” agreed upon by the so-called Quartet (the United States, the European Union, the United Nations, and Russia) would be set aside, the Quartet would be engaged to support the new effort.

**STRATEGY 3: Inclusive Comprehensive Regional Effort**

Begin a comprehensive regional diplomatic effort addressing stability in Iraq, the threat posed by Iran, and an Israeli-Palestinian peace agreement. This would involve key players and allies, and would include dedicated resources for security guarantees, stabilization, and economic development. The United States would negotiate directly with Iran on a selected set of outstanding issues, including securing Iran’s agreement not to derail Israel/Palestine peace efforts.

**STRATEGY 4: Phased Comprehensive Regional Effort—a Variant of Strategy 3**

Recognize that a simultaneous and inclusive regional effort could overload the system. Thus, embrace a carefully staged, phased approach that lays out a framework and vision that connects all the major issues, creates mechanisms for key multiple tracks, and lets all the major actors know that they have a seat at the negotiating table. Begin with an effort to foster significant progress toward an Israeli-Palestinian agreement as the flagship.

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1 More detailed descriptions and a set of pros and cons for the first three of the strategies is provided in the body of the report. Since Strategy 4 emerged in the course of the exercise, no effort to develop further details was undertaken.
undertaking, but also launch efforts on all other issues. For example, engage Iran slowly, looking to successes in other areas to undermine the Iranian narrative.

**A Bottom Line Perspective**

Two dominant sentiments emerged from the deliberations of this highly diverse group of experts and former government officials based on the scenario challenges in the exercise (described in the body of this document) and on the alternative strategies for the region:

1. the extraordinary importance of the Arab-Israeli conflict
2. the conclusion that the new administration cannot put Arab-Israeli peacemaking on the back burner.

As noted above, RAND proffers the results of this effort as further evidence in support of the importance of seeking resolution of the problems in this region.

As described in more detail in the body of the report, the May 14, 2009, roundtable discussion unequivocally reaffirmed the broad consensus from the fall 2008 exercises that the Arab-Israeli conflict should be a top national security priority and that substantial progress remains possible.
Acknowledgments

This effort has benefited immeasurably from the deliberations and insights provided by the nearly 50 participants in the two exercises, those who participated in the follow-up roundtable, and the large number of individuals that participated in the exercise tests that preceded the formal sessions. Special note of appreciation are due to James Dobbins and Seth Jones for their thoughtful reviews and to Daniel Levy, who took part in a number of exercise design meetings and brought unique perspective and experience to the effort.
## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>IDF</td>
<td>Israeli Defense Forces</td>
</tr>
<tr>
<td>MANPADS</td>
<td>Man-Portable Air Defense Systems</td>
</tr>
<tr>
<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
</tr>
<tr>
<td>NGO</td>
<td>nongovernmental organization</td>
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<tr>
<td>NSC</td>
<td>National Security Council</td>
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<tr>
<td>PA</td>
<td>Palestinian Authority</td>
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<tr>
<td>PLO</td>
<td>Palestine Liberation Organization</td>
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<td>UN</td>
<td>United Nations</td>
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Objectives

In the late spring of 2008, the RAND Corporation initiated an exercise-based research project with the overarching objective of helping to enable policymakers in the next administration address the Arab-Israeli conflict (and the challenges of the Israeli-Palestinian conflict in particular) more effectively as a key component of the broader effort to secure stability in the Middle East. The specific objectives of the project were to

- illuminate key challenges in addressing extant and prospective Arab-Israeli (and related Middle East) problems
- uncover derivative links with and threats to U.S. regional and international security interests
- consider prospective alternative strategies or strategy pathways (as distinct from solutions to specific and well-identified issues) for making progress toward resolving the long-running Arab-Israeli conflict.

In September and October 2008, after an initial exercise design and testing period, RAND convened 50 leading Middle East and international security experts and former government officials spanning a wide range of perspectives in two exercise sessions that addressed these objectives.

Exercise Methodology

The methodology for the exercise that was the major activity under the project is summarized in Figure 1.

Figure 1. Exercise Methodology
The fall 2008 exercises followed RAND’s well-developed “Day After. . .” exercise methodology and consisted of three steps through which participants proceeded in parallel in three groups (see Figure 1.1), with identical tasking for all of the groups. The groups presented the results of their deliberations at the end of each of the three steps.

In the first two steps in the exercise, participants were convened in a simulated meeting of senior government officials tasked with preparing a decision memorandum in advance of a National Security Council (NSC) meeting that was called to address developments in a rapidly deteriorating Israeli-Palestinian relationship and other emerging Middle East problems. The group considered U.S. objectives and sought consensus on possible courses of action on a predefined set of issues critical to the situations presented.

In the final step in the exercise, the groups returned to the present and addressed a draft paper presenting alternative strategies that could be adopted by the new administration to facilitate the forging of a permanent solution to the overall Arab-Israeli conflict in general, and to the Israeli-Palestinian problem in particular. The objective in this step was not to reach a consensus on a particular strategy, but rather to ensure that the alternatives presented represent the range of alternatives that might credibly be considered by the new administration and have the prospect of averting further conflict in this critical region.

Background

As of fall 2008, the effort of the George W. Bush administration to forge an Israeli-Palestinian peace agreement by the end of its term faced formidable problems and looked unlikely to succeed. Recognizing this, and absent an agreement at the time that the exercise was conducted, the future scenario portion of this exercise assumed that such an agreement would not be reached prior to the new administration taking office.

The exercise, consistent with conditions at the time, also assumed that the Turkish-mediated effort to help Israel and Syria resolve their differences would continue, albeit on a timeline essentially independent of the U.S. election cycle. The current status of other dimensions of the strategic situation in the Middle East (the Israel-Gaza cease-fire that obtained at the time, the negotiations on the Iranian nuclear program, etc.) was assumed to be well known to the participants.

The Bush administration’s final effort to secure an Israeli-Palestinian peace agreement—as the flagship of a broader Middle East Arab-Israeli peace process—was preceded in the last three decades by a number of other well-known but ultimately unsuccessful efforts:

- **1978 Camp David Accords.** In addition to the agreement that led to the 1979 Israel-Egypt Peace treaty, a second agreement, A Framework for Peace in the Middle East, provided a framework for negotiations to establish self-government in the West Bank and the Gaza strip and fully implement United Nations Security Council Resolution 242.
• **1991 Madrid Conference.** This conference established a framework for bilateral, multifactoral negotiations and for five multilateral working groups involving Israel and non-neighbor Arab states, which were frozen by the late 1990s.

• **1993 Oslo Accords (Oslo I).** Officially known as the Declaration of Principles on Interim Self-Government Arrangements, this agreement was the result of the first face-to-face negotiations between Israel and the Palestine Liberation Organization (PLO) (including mutual recognition) and was signed in August 1993. Oslo I created the Palestinian Authority (PA) and gave it authority for administering territory it controlled. Oslo I also called for removing Israeli troops from parts of Gaza and the West Bank. It was envisioned as a five-year interim agreement to allow negotiation of a permanent agreement. That five-year timeline ended in May 1999, but the Oslo framework continues to be a reality-shaping factor.

• **1995 Oslo Interim Agreement (Oslo II).** This agreement divided the West Bank and Gaza into three zones of authority that would apply in different, noncontiguous areas, each with distinctive borders and rules for administration and security controls. The agreement called for Israeli troop redeployments beyond the Gaza and Jericho areas (to include the major Palestinian population centers in the West Bank) and later from all rural areas, with the exception of Israeli settlements and the Israeli-designated military areas. However, Israeli security forces carry out operations throughout the West Bank to this day, and the area designated to be under exclusive Palestinian security responsibility (Area A) is less than 10 percent of the area of the West Bank.

• **2000 Clinton Administration Efforts.** These efforts to reach an Israeli-Palestinian peace agreement, concentrated in the July–December 2000 time frame, culminated in the so-called Clinton bridging proposals as a basis for further negotiations. The terms proposed included Israeli annexation of 4–6 percent of the West Bank in a land swap (whereby 1–3 percent of equivalent land from Israel would be annexed to a new Palestinian state); Jerusalem to serve as the capital of the two states, with Palestinian neighborhoods part of Palestine and Jewish neighborhoods part of Israel; special arrangements for the holy sites; security arrangements (including an additional 3-year Israeli Defense Force (IDF) presence in the Jordan River Valley); and compensation and recognition for Palestinian refugees but not their actual return to Israel.

• **2003 Road Map for Peace.** A framework for discussion was presented by the Quartet (the United States, Russia, the European Union, and the UN) in April 2003. The Road Map did not address specifics of any significant issues, leaving that to later negotiations. The first phase called, inter alia, for an end to violence and an end to the construction of settlements, neither of which happened. The Road Map process, planned to last two years, was reconvened in Annapolis in 2007.

Although none of these efforts has to date produced the much-sought Israeli-Palestinian peace agreement, a basic framework for such an agreement has emerged, along with some concept of the relatively modest negotiating space that separates the two sides along the main dimensions of that agreement. The major dimensions of an agreement are thus likely to be

• borders
• settlements
• Jerusalem
• right of return/refugees
• security arrangements.

A summary of the status of the negotiations on these five issues was prepared by RAND regional analysts and provided to the exercise participants (see Appendix A).

Other material provided as background for participants in advance of the exercise included

• a fictional “optimistic narrative” for achieving an Israeli-Palestinian peace agreement that was presented as a partial response to frequently heard profound scepticism as to the prospects for achieving such an agreement (see Appendix B)
• a series of relevant maps of the Middle East
• key documents relating to Israeli-Palestinian negotiations (see Appendix C)
• a RAND Corporation study that developed comprehensive recommendations for enhancing the success of an independent Palestinian state.2

Breadth of Representation in this Project

The breadth of perspectives that were brought to this effort, in particular in terms of the number, type, and range of organizations—and viewpoints—represented, is worthy of special note. Virtually all of the major Middle East policy-oriented nongovernmental organizations (NGOs) were represented by senior members at the exercises, as were the Middle East academic and journalism communities. Participants included several former U.S. ambassadors to Israel and other countries in the region, as well as more than a dozen former officials from the Departments of Defense and State and the NSC who offered broader strategic expertise and who were recruited to help put the Arab-Israeli conflict in a broader international security context.

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CHAPTER TWO

The Exercise: “The Day After . . . in Jerusalem

Initial Design and Testing

The initial discussion within the exercise design team focused on

- the broad temporal setting for the crisis portion of the exercise (e.g., mid to late 2009, mid 2010, etc.)
- the events that would lead up to the crisis and the temporal pace of those events
- the severity of the Step One and Step Two crisis/situation reports that would be presented to participants
- the nature of the “back-to-the-present” Step Three tasking.

Weighing the trends in the region and past crises and conflicts, the design team concluded that it was plausible that the situation between the Israelis and the Palestinians could turn dire rather quickly (and almost at any time) and grow rapidly from crisis to conflict—especially if the international community was ineffective in halting the initial escalation. On that basis, the design team chose the fall of 2009 for Step One (the initiation of the crisis and the initial NSC meeting) and three months of crisis escalation to Step Two (full-scale conflict between the Israelis and the Palestinians).

It is the nature of the “Day After . . .” methodology that the situations presented to the participants in the two steps in the future scenario component of the exercise are very challenging. Over the course of the exercise design and testing process, an effort is made to develop a scenario that presents events and circumstances that are both plausible and representative of those that might obtain in the future—in this case in the Middle East. At the same time, a particular effort is made to forge circumstances (at the ends of the Step One and Step Two situation reports) that would almost assuredly catalyze an NSC meeting and demand presidential-level decision-making. In that sense, the issues that are on the table at such a point in time (presented as a draft memo prepared by staff, as would be the usual case in reality) are, by their very nature, of a character that cannot easily be resolved at the cabinet-level (or even the sub-cabinet level) in the government. Yet the participants are tasked to “attempt to find a consensus within the group on an action plan on the issues presented and other issues or problems that may emerge in the deliberations. As is often the case in the real world, at this level of government, representatives at such a meeting would be prepared to attempt to reach such a consensus (it streamlines Presidential decision-making at the NSC meeting), but on the most important issues there will usually be disagreement on a

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3 In light of this objective, it was noteworthy that the participants in the fall 2008 exercises did not in any significant way “fight the scenario.” While there were a few challenges of realism and probability in some of the individual incidents described, the most frequent comment was that the region was rich with potential crisis and conflict scenarios and incidents from which to choose in this kind of effort.
course of action. By design (well-honed in the testing process), this was also the case in the Step One and Step Two deliberations in this project.

In light of the circumstances cited above, the following discussion of the outcome of the Step One and Step Two group deliberations focuses on those issues for decision that were particularly controversial (and would be likely to be so at an NSC meeting) but makes no attempt to provide details of the diverse discussions in the individual groups. Not surprisingly, considering the dynamics of small groups (there were 9–10 people in each of the six groups that deliberated in the fall 2008 exercises), there was a wide variety of outcomes across the groups. This is typically the case in “The Day After . . .” exercises.

As noted above, “The Day After . . .” exercise methodology demands that, after immersion in a challenging international security crisis, participants “return to the present” and face a set of issues for which they are now presumably better prepared.4 Here, it was assumed at the outset that it would be impossible for any broadly diverse group of Middle East and international security experts to reach consensus on a recommended strategy for the region and the Israeli-Palestinian problem. Nor would it be possible for such a group to fashion a consensus Israeli-Palestinian accord. However, the design team concluded that it was well within the realm of possibility that the participants would work constructively to fashion an alternative strategies options paper for the new administration, anticipating minimal or no progress in the then ongoing Annapolis negotiations. To the credit of the participants, this assumption was borne out in the final exercises.

The exercise was subjected to two tests prior to the two final exercises. Over the course of the testing process, the date for the notional Step One NSC meeting was slipped from September to November of 2009, with Step Two taking place roughly three months later. A number of events were also modified, inserted, and deleted over the testing period as a result of the testing experience and the recommendations of the test participants.

As will be seen below, the scenario eventually employed bore remarkable similarity to the crisis and conflict of the final months of 2008 and January 2009, although the exercise scenario for “The Day After . . . in Jerusalem” took place a year later (and did include violence expanding to the West Bank in addition to full-scale conflict in Gaza—see below).

**Future Events and Step One**

With the decisions on design described above, a description of possible future events in the Middle East and elsewhere that could be plausibly extrapolated from current circumstances took participants to the early fall of 2009 (see below). At that point, the crisis emerges and escalates (as presented in the Step One situation report), and in mid-November catalyzes the Step One NSC meeting, for which the different groups are preparing a decision-making document (as described above).

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4 The originators of “The Day After . . .” exercise methodology refer to this as akin to the famous Samuel Johnson quote, “When a man knows he is to be hanged in a fortnight, it concentrates his mind wonderfully.”
Future Events
The major events presented in the two-page future history covered the period through the fall of 2009 (provided to participants in advance) and are summarized below for each state actor:

- **United States.** The United States is working to draw down troops in Iraq while continuing to struggle under the weight of economic problems. It is encouraging Israeli-Palestinian and Israeli-Syrian negotiations and has launched a secret initiative to improve relations with Iran.

- **Iraq and Afghanistan.** A weak central government in Iraq is grappling with the equitable distribution of oil revenues and the strengthening of civil institutions as the U.S. drawdown proceeds. However, in Afghanistan there are continuing problems, including maintaining NATO support.

- **Iran.** President Mahmoud Ahmadinejad is replaced; Iran continues to make progress on its nuclear infrastructure as the new government deliberates over relations with the United States.

- **Israel and the Palestine.** Kadima wins the February 2009 Israeli election, but the new government is paralyzed on Palestinian issues, and the Syrian negotiations stall. PA elections are scheduled for January 2010 as Hamas continues to increase its West Bank influence.

- **Other Countries in the Middle East.** Hezbollah is increasing its political power in Lebanon. Saudi Arabia is focusing on military modernization and debating the need for a nuclear deterrent against Iran. President Hosni Mubarak steps down in Egypt and appoints his son as his successor amidst growing unrest in the country.

Step One Situation Report
The major events presented in the four-page Step One situation report (also provided to participants in advance) are as follows:

- **September:** The United States announces a new “regional conference” to stabilize Iraq and also conducts a secret meeting with Iran in Bern.

- **Mid-October:** The U.S.-led “regional conference” ends in an impasse. In Hebron, three PA leaders are killed with Hamas blamed. Jordan conveys concern that Hamas may win the West Bank elections.

- **Late October:** Egypt announces a big Russian arms deal. Egypt warns Washington that Hamas is poised to take control of the West Bank after elections. Israeli settlers go on a revenge campaign in a Palestinian West Bank village, assaulting residents.

- **Early November:** Iran secretly offers Iraq heavy armor and other weapons to reduce Iraqi dependence on the United States. Israel intercepts Iranian weapons intended for Hamas; Palestinian elections are canceled.

- **Mid-November:** Hamas sends a barrage of rockets into southern Israel, killing several Israelis. Israel arrests a Palestinian from the West Bank who was attempting to enter Israel with material for a “dirty bomb.” The Israeli Foreign Minister asserts that a third intifada is feared, citing a Palestinian demonstration at the Temple Mount.
Another rocket barrage into southern Israel hits north of Ashkelon but south of Tel Aviv.

- **19 November:** The President requests that the NSC convene to discuss possible U.S. actions in the escalating situation.

**Draft Memorandum for the National Security Council Used in Step One**

The issues presented to the participants (in the form of a draft memorandum for the NSC) for consideration in light of the events depicted in the Step One situation report were as follows:

**Overall U.S. Strategy**

Should the United States

A. Focus on the Israeli-Palestinian problem?
B. Also focus on an Israeli-Syrian agreement?
C. Delay effort until after rescheduled Palestinian elections?

**Diplomatic and Economic Issues**

- If Option A, should the U.S. propose a blueprint for an agreement?
- If Option A, what kinds of economic aid should be offered to the Palestinians?
- If Option A or C, should the U.S. begin indirect talks with Hamas?

**Military Issues**

- Should the U.S. offer security guarantees to Israel and the PA?
- Can military means improve prospects for an Israeli-Syrian agreement?
- Should the U.S. brandish more military capability in the region?

**Domestic Political Issues**

- If Option A, should the President make a speech announcing the launch of a major Israeli-Palestinian diplomatic initiative?
- Should key U.S. supporters of Israel be briefed on the U.S. strategy?

**Step One Deliberations**

**Overall Strategy**

- Participants differed as to whether the situation as presented was ripe for an aggressive U.S.-led Israeli-Palestinian peace effort (with all being well-attuned, at times vociferously, to the failure of past well-intentioned, ostensibly well-timed efforts). At the same time, participants were broadly supportive of holding to the goal of an eventual two-state solution, albeit concerned—as the deteriorating situation emphasized—that time could be running out on achieving such an outcome.

- An Israeli-Syrian agreement had broad appeal, but there was no consensus as to whether the (at this point) stalled Turkish-led negotiations should be incorporated into an aggressive U.S.-led peace effort. A U.S. effort, because of the deteriorating situation, would have to focus on Israeli-Palestinian issues, and seeking a companion Israeli-Syrian agreement could in the end prove to be a disabling distraction. However, the apparent
Syrian desire to have a more constructive relationship with the United States might make U.S. involvement in the negotiations the key catalyst to an agreement.

- Some groups dwelt at length on the vexing contemporaneous problem of a steadily improving Iranian nuclear infrastructure and the degree to which that problem should be given comparable attention or priority. In this context (and in other discussions), the various linkages between the full set of regional problems (including Iraq) was considered at length, and debates arose over the proper framework for confronting a near-term plan of action for dealing with Iran.

- The importance of an eventual Israeli-Palestinian peace agreement was emphasized not only in its own right, but also because this problem lies “at the heart of the extremist narrative,” which was seen by most as an important link to U.S. regional strategy.

Diplomatic and Economic Issues

- The idea of a U.S.-proffered blueprint for a settlement found many advocates (consistent with the view that only the United States could lead a major peace effort), but there was little agreement on the timing and scope of such an effort or the level of detail that might be involved. An overtone in this discussion (and others) was the uncertainty of the future Israeli leadership (characterized at that time as Netanyahu vs. Livni) and the impact of that unanswerable question on a U.S. plan of action.

- Aid to the Palestinians was seen as an important component of any aggressive U.S. peace effort, but when discussed at a more-detailed level, it was clear that there were political issues related to how (through whom?) and where (to Gaza as well as the West Bank?) to deliver such aid.

- All groups emphasized the importance of coming to grips with the Hamas problem, with most participants arguing for finding a way, directly or indirectly, through the PA or through willing Arab governments, to engage Hamas in any aggressive peace effort (albeit with some disagreement of the issue of preconditions). There are also serious questions as to whether the PA (or its current leadership) has been discredited to the point where it can no longer speak for the majority of the Palestinians in the West Bank. This emphasizes that some means eventually needs to be found to establish a unified and functional Palestinian negotiating partner that is capable of negotiating a permanent agreement between Israel and “the Palestinians.”

Military Issues

- Most saw outside security arrangements—presumably multinational, led by the United States, and with Arab States very much involved—as an essential component of a peace agreement. However, when details were considered, there was no consensus as to just what U.S. leadership might entail, the location and character of U.S. and other nations’ forces, and the kind of mission statement that would guide such forces.

- The idea of U.S. peacekeeping forces on the Golan Heights as part of an Israeli-Syrian peace agreement was met with considerable skepticism, albeit with some grudging recognition that some type of multinational peacekeeping force would likely be a requirement in any such agreement.
Domestic Political Issues

- It is clear that the American public would expect some statement from the U.S. administration as to how it was approaching the escalating situation in the region. However, there was a wide variety of views on the character or robustness of the message and whether key Middle East interest groups should be addressed independently.

Summary

- As can be inferred from the above (and by design, as described at the start of this chapter), there was relatively little consensus within (much less across) groups on what course of action the United States should take on the major issues in the circumstances presented. The major contribution of Step One was to expose participants to (1) plausible elements of strategic warning (of a potential major Israeli-Palestinian conflict) and (2) the challenge that the President would likely face in such a context, especially given there would not likely be a Cabinet-level consensus on how to proceed (specifically, did the circumstances call for—and were they ripe for—an immediate and aggressive U.S. effort at Israeli-Palestinian peacekeeping?).

- Because of the (expected) lack of consensus among the groups as to the decisions that the President should take, there is some choice in exercise design as to the actual decisions made by the President at (or in light of) the NSC meeting. In “The Day After . . .” exercise methodology, the tests of the exercises enable the selection of a set of presidential decisions (see below) that fall within the general decision/plan-of-action space that individuals or individual groups have been shown (in the testing period) to favor.

Step Two

Step Two Situation Report

The major events in the four-page Step Two situation report (presented to exercise participants after the Step One plenary) are as follows:

- **21 November**: In Washington at the NSC meeting, the President supports aggressively pursuing both an Israeli-Palestinian agreement and supporting Israeli-Syrian negotiations while also continuing the talks with Iran.

- **Early December**: MANPADS rockets are fired at two IDF helicopters in Gaza. Israel postpones Palestinian elections scheduled for early 2010; the IDF mobilizes near Gaza. PA security and Israeli settlers in the West Bank clash after settlers burn Palestinian farms. Iran tests new missiles that could reach much of Europe.

- **Mid-December**: The IDF enters Gaza with 15,000 troops. Oil prices jump to $180 per barrel. Egyptian President Gamal Mubarak reorganizes his cabinet and appoints several Muslim Brotherhood members.

- **Late December**: The IDF advances into West Bank cities. In violation of a treaty with Israel, Egypt deploys troops along its border with Gaza to stop refugees from entering Egypt and weapons from entering Gaza; Israel is only mildly critical. Jordan places troops along the Jordan River, citing concerns about refugees.
• **Early January**: An International Atomic Energy Agency report indicates Iran has made upgrades to centrifuges used to enrich uranium. In the West Bank, fighting between the IDF and Palestinians continues.

• **Mid/late-January**: Rumors circulating among Palestinians in the West Bank claim that the IDF is facilitating the movement of Palestinian refugees into Jordan. Iran breaks off secret negotiations with the United States. Saudis purchase intermediate range ballistic missiles from Pakistan, introducing the suspicion of a possible future nuclear warhead sale by Pakistan.

• **Early February**: The secret U.S. negotiations with Iran are revealed. The United States threatens to block a UN Security Council resolution demanding Israeli withdrawal from Palestinian territories. Oil prices jump to $260 per barrel.

• **14 February**: The President tells the NSC to convene to discuss possible U.S. actions in the escalating situation.

**Draft Memorandum for the National Security Council Used in Step Two**

The issues presented to the participants (in the form of another draft memorandum for the NSC) for consideration in light of the events depicted in the Step Two situation report were as follows:

**Diplomatic Issues**

- Should the United States seek an immediate end to the fighting? And an Israeli commitment to withdraw from both Gaza and the West Bank?
- Should the United States renew its efforts to resolve the Israeli-Palestinian conflict?
- Should the United States warn Iran against meddling in the conflict?
- Should the United States engage Hamas?

**Military Issues**

- Should the United States brandish its military (naval and air) capability in the region to counter any military escalation by either Syria or Iran?
- If asked, should the United States send peacekeeping troops to Jordan?
- Should the United States inform the Israelis that failure to stop the fighting would jeopardize support for U.S. military assistance?

**Domestic Political Issues**

- Should the President address the nation on the situation?

**Step Two Deliberations**

**Diplomatic Issues**

- An immediate or early ceasefire was seen as in the U.S. interest, especially in light of long-term U.S. goals in the region—even if it means putting strong high-level pressure on Israel.

- There were, however, arguments for letting the Israelis make some further military gains in Gaza prior to a ceasefire if desirable and possible (e.g., more effective disarming of
Hamas, especially in terms of rocket launching capability). An early Israeli troop withdrawal was also seen as desirable, but with caution from the West Bank in light of the diminished authority of the PA and the potential security problems such a withdrawal might cause for Jordan.

- Participants felt the United States needs to provide strong support to Jordan in these circumstances. There was also consensus that the United States needs to foster greater across-the-board engagement with Egypt to address Egyptian nuclear interests and to ensure that the compromise with the Muslim Brotherhood does not contribute further to the deteriorating trends in the region.

- A coordinated and aggressive trilateral (United States/Egypt/Jordan) effort was seen as a potentially critical diplomatic move toward finding an effective process to achieve greater regional stability and advance the goal of a two-state solution to the Israeli-Palestinian problem.

- The reality of Hamas’s growing political power—sure to be enhanced by the crisis depicted in the exercises—would appear to demand that some means be found of engaging Hamas (and its less radical elements) in an effective and constructive fashion in any Israeli-Palestinian peace effort. The imperative of engaging Hamas in the ceasefire effort was seen as a step in this direction.

- The further development of nuclear technology and intermediate range ballistic missile capability by Iran warrants immediate attention and will be seen as critically important in Israel. In fact, the issues surrounding this situation are sufficiently important that participants agreed that a separate NSC meeting is warranted to address alternative courses of action vis-à-vis the continually improving Iranian missile and nuclear infrastructure.

Military Issues

- There was no significant support for the United States brandishing its military capability in these circumstances. However, as part of providing support to Jordan, some embraced the idea of deploying U.S. forces to the Jordanian side of the Israel/Jordan border if the Jordanians made that request.

- This was not necessarily seen as a good time to pressure Israel with threats of the withdrawal of major military support items, although there could be some leverage exerted through the withholding of support elements of lesser significance.

Domestic Political Issues

- The situation was viewed as sufficiently serious that a clear public statement as to the U.S. posture on the developments taking place in the region would need to be made by a senior official, possibly the President.
Step Three

Draft Memorandum for the Transition Team Used in Step Three

In Step Three, participants were given a draft set of alternative strategies for dealing with the Israeli-Palestinian conflict and other key regional issues in the context—presented as the substantive content of a notional draft memorandum for the Presidential transition team—with the tasking to discuss and refine the draft memorandum as they saw fit.

Virtually from the outset (and confirmed by the initial tests), the design team concluded that there were, to first approximation, three canonical strategies that warranted presentation in this context, defined principally in terms of how the strategy explicitly addressed:

- the Israeli-Palestinian conflict
- the Arab-Israeli conflict in general
- other ongoing efforts to promote stability in the Middle East (Iran, Iraq, etc.).

With this perspective, the groups were instructed to refine the alternative strategies paper as presented with a particular eye to:

- major substantive components of the individual strategies
- timing and character of the proposed U.S. approach to successful implementation of the strategy
- appropriateness of the pros and cons provided for each of the strategies
- completeness of the set of alternatives.

With respect to the latter issue, the individual groups could, if judged appropriate, fashion a fundamentally new strategy, extrapolating and interpolating from those presented, or conceptualized in some other fashion. (The testing process provided an opportunity to clarify the three basic strategies presented and a preferred order for their presentation.)

The draft memorandum used during the September and October 2008 exercises is reproduced on the following pages. It presents the strategies (along with underlying assumptions underlying and implementation approaches) and includes an attachment presenting pros and cons of each strategy.
Draft Memo for the National Security Advisor-Select

15 December 2006

MEMORANDUM FOR: National Security Advisor-Select

FROM: Sub-Group on Arab-Israeli Issues of the President-Elect's
      International Security Working Group

SUBJECT: Strategic Options for Addressing Arab-Israeli Issues in the
         Broader Middle East Context

OVERVIEW

As part of the preparations for the new administration, this memo presents alternative strategies
for addressing the Israeli-Palestinian conflict in particular, and the Arab-Israeli conflict in general – in a regional context where the Iraq and Iran problems are clear competing priorities.

The three strategies presented differ primarily in the emphasis and sequencing in addressing the Israeli-Palestinian conflict vis-à-vis other regional challenges. All strategies assume the United States will continue working toward a two-state Israeli-Palestinian peace agreement.

1: LAY THE GROUNDWORK FOR LATER ISRAELI-PALESTINIAN PEACE NEGOTIATIONS

SUMMARY: Make Iraq, Iran, and Persian Gulf security initial top priorities. At the same time, begin working to create political and economic conditions that are more favorable for a future Israeli-Palestinian peace agreement (as well as a possible Israeli-Syrian peace agreement).

Assumptions:

- The key players in the Israeli-Palestinian relationship are not yet ready for serious negotiations, especially with the current leadership problems on both sides.
- The United States cannot enable real progress on Israeli-Palestinian peace until Iraq is stabilized and Iran is made less threatening to Israel.
- In the near/mid-term, Israel, the PLA, and Hamas can be cajoled into actions and restraints that keep the lid on violence against Israel and in the Palestinian territories.

Approach:

- Throughout most of 2009, demonstrate continued serious interest in Israeli-Palestinian (and Israeli-Syrian) peace but temporarily accept that there is likely to be little progress in the relevant negotiations pending progress on other Middle East issues.
- Within a few months of taking office, begin working through third parties (Egypt and others) to communicate with Hamas and encourage Fatah-Hamas reconciliation in anticipation of enabling the emergence of a unitary Palestinian negotiator.

STRATEGY 2: AGGRESSIVE ISRAELI-PALESTINIAN NEGOTIATION EFFORT

SUMMARY: Aggressively seek an Israeli-Palestinian peace agreement (and possibly also simultaneously seek resolution of the Israeli-Syrian conflict). The U.S. role would be proactive – putting forward proposals and expending its influence to get acceptance by both sides – and include soliciting funding from other countries for economic development in Palestine.
Assumptions:
- Time is running out and future events (e.g., a recrudescence of violence, Palestinian elections, Israeli elections) could prevent efforts to achieve a two-state solution.
- Successful conclusion of an Israeli-Palestinian peace agreement will require U.S. support and involvement in security and disarmament aspects of the agreement.
- Progress toward resolving the Israeli-Palestinian conflict may provide a crucial step in promoting stability and U.S. objectives in the Middle East — and vice versa.
- The Palestinian Authority (PA) can speak for a large fraction of the Palestinians, however, at some point, Hamas must somehow be included in the negotiations.

Approach:
- From January to early March 2009, prepare for presidential decision-making on Israeli-Palestinian issues. Lay the groundwork with the primary regional stakeholders (possibly including Hamas, but contingent on their actions).
- By late February, decide whether to include an Israeli-Syrian agreement in the effort.
- In early March, allocate resources and publicly signal U.S. intention to help resolve the Israeli-Palestinian conflict as a strong participant, to include providing resources for: (1) Security guarantees and (2) Economic development of the new state of Palestine.

STRATEGY 3: INCLUSIVE COMPREHENSIVE REGIONAL EFFORT

Summary: Begin a comprehensive regional diplomatic effort addressing stability in Iraq, the threat posed by Iran, and an Israeli-Palestinian peace agreement. Involve key players and allies, and dedicate resources for security guarantees, stabilization, and economic development. Negotiate directly with Iran on a selected set of outstanding issues.

Assumptions:
- Arab-Israeli conflict, Iraq, the Iranian threat, energy security, and terrorism are all inextricably linked.
- Time is running out on a two-state solution to the Israeli-Palestinian problem and Iran is positioned to derail both Israeli-Palestinian peace efforts and U.S. withdrawal from Iraq.
- A comprehensive approach will enhance U.S. influence, improve regional conditions, and improve prospects for obtaining support from allies and regional states.
- The U.S. has enduring interests in the Middle East that must be secured for the long-term by leading the effort to create a new regional security structure.

Approach:
- From January to early March 2009, analyze approaching the Middle East in a comprehensive manner, seeking concepts for a new regional security structure.
- In February and March, begin building support with Israel and domestic constituents and begin engaging key PA, Hamas, and regional leaders.
- In mid-April, have the President announce a renewed U.S. commitment to peace and security in the Middle East and a new comprehensive approach to the region.
- By mid-summer, begin negotiating the basic outlines of an agreement with Iran.
- In December, convene (along with the Quartet) a summit with an agreed upon statement of principles and an outline of the steps toward an initial set of agreements.
Attachment: Pros and Cons of Strategy Alternatives

STRATEGY 1 PROS AND CONS

Pros:
- Allows the Administration to focus on the urgent issues of Iraq and Iran and avoid divisive Palestine-Israel issue that elicits strong responses from Congress.
- Longer term approach allows new President to forge needed domestic and international alliances and put the pieces in place for future progress on Israeli-Palestinian conflict.
- Affords the opportunity to address the problem of Hamas and who can speak for the Palestinians, while also allowing time for a new political leadership to emerge in Israel.
- Success with Iran would ease Israeli security concerns and facilitate negotiations with the Palestinians.

Cons:
- Lack of an early high priority effort on Arab-Israeli issues means we cannot offer hope to Israelis and Palestinians that peace will prevail. Without such hope, conflict between Israel and the Palestinians is more likely.
- The “Palestinian cause” remains a rallying point for Iranian and Arab anti-American groups, preventing progress in other areas.
- Lack of real action on Arab-Israeli issues further alienates Arab allies and could impede efforts to contain Iran and fight terrorism.
- Economic aid for Palestinians may continue to be ineffective because it may be viewed as “funding an occupation” as long as Israel maintains blockades and internal closure, and previous “economics first” efforts have a history of failing to produce results.

STRATEGY 2 PROS AND CONS

Pros:
- Resolving the Israeli-Palestinian conflict will facilitate progress toward broader Middle East stability, while increasing Israel’s security.
- A major U.S. effort on Israeli-Palestinian conflict, almost regardless of the progress it makes, takes public pressure off of Arab allies that cooperate with the U.S. and strengthens the Iran containment coalition and the broad consensus to stop Iran from developing nuclear weapons.
- Lends credibility to U.S. security guarantees and non-proliferation efforts with Arab states.
- Focusing on Israel and Palestine will maximize U.S. influence on the process and preventing Iraq and Iran issues from blocking the process.

Cons:

D - 4
Attachment: Pros and Cons of Strategy Alternatives

- Prospects for early success are modest. The Israeli government is weak and Palestinians are divided in their support of the Palestinian Authority.
- Strategy could be derailed by Hamas, Hezbollah, Iran, Syria, or domestic interests, for various reasons (especially if they are not involved in the process).
- Israel’s supporters could see an aggressive U.S. approach as potentially “imposing” a settlement on Israel.
- Early failure or conflict with Congress could damage the President politically, adversely affecting domestic agenda. Also, sets up potentially protracted battles with Congress over other security initiatives.

STRATEGY 3 PROS AND CONS

Pros:
- Acknowledges that important issues are inextricably linked – and possibly only resolved in tandem – and uses a comprehensive strategy that will:
  - Give confidence to other states about U.S. political staying power in the region;
  - Possibly allow the U.S. over time to be less engaged militarily in the region; and
  - Help the U.S. engage other Western allies in shared responsibilities;
- Demonstrates a shift in emphasis in U.S. strategy from using military force to diplomacy.
- If U.S. forces need to stay longer in Iraq, negotiations provide political justification for keeping them there.
- Wraps Israel-Palestine or Iran issues into package with publicly popular Iraq withdrawal, forcing opponents of specific U.S. positions to argue against the whole package.

Cons:
- Many elements in play, difficult to coordinate and to bring into coherence without unanticipated adverse consequences.
- Failure of a major international security effort would do serious political damage to the President.
- Considerable time and effort required to develop the strategy and needed tools and mechanisms (one-on-one negotiations, multi-party talks, etc.).
- Potentially greater congressional resistance than with a bilateral Israeli-Palestinian strategy, especially because of concessions to Iran.
- Linkages may seriously complicate progress on the separate issues, with few trade-offs between issues.
Step Three Results
In both of the September and October exercises, the Step Three deliberations on the proposed strategy options (and the pros and cons of the individual options as presented) emphasized:

- **Prioritization**: On this issue there was virtual unanimity that the next administration should make an Israeli-Palestinian settlement a very high priority and establish a strategy and a timetable early in the administration for this set of problems, albeit with no consensus in the groups on the timing and tactics of such an effort.

- **Linkages**: There was broad acceptance of the linkages between settlement of the Israeli-Palestinian problem and the other major Middle East Issues (Iraq and Iran), albeit with some disagreement as to the relative strength of the various linkages.

- **Opportunities and Limitations**: Participants recognized the opportunities presented by the correlation of a new U.S. administration, recent events in the region, and the fall in oil prices, while at the same time they saw the difficulty of the spectrum of problems presented and the need for the United States to recognize the limits of its ability to influence the situation.

- **Hamas**: There was broad (albeit grudging) acceptance of the need to somehow incorporate Hamas into the Israeli-Palestinian negotiating process, with great uncertainty as to the most promising way to achieve such integration.

Additional perspectives voiced by at least a plurality of participants during the deliberations on the individual strategy options are provided below.

**Strategy 1: Lay the Groundwork for Later Israeli-Palestinian Peace Negotiations**

- This strategy assumes policymakers can budget time and make progress on other issues at a tempo that will still leave them with enough time to effectively address the Arab-Israeli conflict.

- Policymakers would need to address just what kind of low-key (but visible and crucially important) initiatives will prepare the ground for an eventual major push on Israeli-Palestinian negotiations, for example, how to effect reconciliation between Hamas and the PA.

- They also may need to address the Israeli-Syrian issue in some fashion in order to make progress with Iran.

**Strategy 2: Aggressive Israeli-Palestinian Negotiation Effort**

- This strategy is not likely to be comprehensive enough to address the numerous related regional issues.

- It would possibly be made more propitious if the initial effort was focused on reaching a settlement with the PA with respect to the West Bank—which could help to undermine support for Hamas.
• It is difficult to know whether an aggressive effort to also conclude an Israeli-Syrian peace agreement is a political imperative, but a parallel initiative in this direction should be considered.

Strategy 3: Inclusive Comprehensive Regional Effort

• This strategy is inherently risky because it raises the danger that inaction in one area could undermine the whole process—emphasizing the importance of carefully managing the tempo of a comprehensive effort.

• It is not at all clear that there are enough shared interests to get everyone together in an endeavor with the implicit or explicit shared goal of a comprehensive settlement of regional differences.

• Movement on individual (contentious) issues will not be possible without a clear understanding on tradeoffs and incentives across conflicts.

The exercise deliberations also identified a possible fourth strategy alternative:

Strategy 4: (New) Phased Comprehensive Regional Effort

• Concerned that a simultaneous and inclusive regional effort akin to Strategy 3 would overload the system, this strategy would include a carefully staged phased approach that lays out a framework and a vision connecting all of the major issues, creates mechanisms for key multiple tracks, and lets all of the major actors know that there’s “a place at the negotiating table” for them.

• It begins with an aggressive effort to achieve an Israeli-Palestinian agreement as the flagship undertaking, but also launch initial effort on all other issues.

• The United States would proceed slowly in engaging Iran, with an eye to using successes in other areas to “undermine the Iranian narrative.”

• This strategy would use linkages (such as Israeli existential concern about Iran) to facilitate cooperation on more difficult pieces of a comprehensive regional settlement down the road in the negotiations.
A Bottom Line

Drawing on the insights of leading experts and former government officials, this exercise-based study conducted in the fall of 2008 produced a consensus that the new U.S. administration simply could not afford to delay engaging in serious Arab-Israeli peacemaking. This conclusion stood—and stands—in sharp contrast to then prevailing conventional wisdom, which said that the Arab-Israeli conflict should not be an urgent priority for the new administration because it is too hard to tackle, not ripe for success, or sufficiently stable to be dealt with at a later time. While both exercise designers and participants recognized that the new administration would undoubtedly face other immediate and serious challenges in the Middle East (notably Iraq, Iran, and Afghanistan), this study produced a consensus that trying to move the Arab-Israeli conflict decisively toward resolution must also be a top administration priority in order to deal effectively with all of these regional issues.

Alternative Strategies

Although this effort did not seek to have participants reach agreement on the “best” strategy for the new President to pursue in these circumstances, in the fall of 2008 almost all participants agreed on the following points:

- The Arab-Israeli conflict should be addressed as one of the highest U.S. national security priorities.
- A new strategy must be developed and executed rapidly.
- Real progress is indeed possible.

However, within this general understanding of the urgent need for U.S. re-engagement in Arab-Israeli peacemaking, discussion of different alternatives for a new strategy did not produce a commonly-shared view. Most participants did agree (with relatively-minor differences) on the basic elements that would constitute a new strategy that could be recommended as a promising starting point for the new administration. Specifically, it should

- develop a truly comprehensive and integrated approach to the Middle East, including Iran, Iraq, the Arab-Israeli conflict, and regional security
- address the Arab-Israeli conflict and Iran in parallel, both to reduce Iranian interference in that conflict and in the peace process and to reassure Israel.
A substantial number of the participants also favored making Israeli-Syrian negotiations an early priority for the administration, but others were skeptical that including this element in a new strategy would help achieve progress in the region.

Participants saw a clear window of opportunity for progress on the Arab-Israeli conflict at the time of the fall 2008 exercises because of the confluence of

- a new U.S. administration
- the prospect that a new Israeli administration would have to develop a new approach to the issue, whatever the makeup of that new government
- a probable sustained period of lower oil prices, which might increase pressures on oil producers—Arab states and Iran—to be more flexible on Arab-Israeli issues.

Some new and reinvigorated tracks for negotiations were also identified as opportunities for progress:

- Fostering an Israel-Syria negotiating track might offer an opportunity for genuine early achievements.
- Building on the 2002 Arab League Peace Initiative. This could become the basis for more-sustained negotiations on the Israeli-Palestinian problem in which the Arab League would play a more important role (e.g., helping to convene a “new Madrid conference” that includes a Palestinian delegation that represented all factions5).
- A possible opening to U.S.-Iran negotiations could lead to a more constructive Iranian approach regarding the future of Iran’s nuclear program, its role in Iraq, and its support for Middle East terrorism through groups like Hamas and Hezbollah.

It was clear from both the September and October 2008 deliberations that the strategy options paper that emerged did in fact provide a robust “first draft” for any U.S. administration effort devoted to this set of issues. To that end, the strategy alternatives offered the new administration a “start the deliberations here” message built on the strong foundation of the exercise experience.

**Palestinian Economic Development**

It was noteworthy that many exercise participants emphasized the importance of finding new ways to foster economic development in the Palestinian territories, especially the West Bank, on the grounds that development and security must go hand-in-hand in any new strategy if it is to succeed. At the same time, it was also broadly acknowledged that several previous efforts to secure this objective have produced only mixed results. However, a new model for

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5 In 1991, President George H.W. Bush convened a conference in Madrid that brought together the Israelis, Arab and European states, and a Palestinian delegation that represented but did not include members of the PLO, which at the time was as much of an anathema to Israel as Hamas is today.
both negotiations and development may be able to make an important impact. One example of such a new development approach was posed by an earlier RAND study.⁶

**The Obama Administration’s Challenge**

The outbreak of war in Gaza in December 2008 forced the issue to the top of the newly-elected President Barack Obama’s foreign policy agenda, and he has continued to emphasize that Israel/Palestinian peacemaking is a high priority of his administration. (The administration’s commitment was further emphasized in President Obama’s efforts to reenergize negotiations at the time of the September 2009 UN General Assembly meeting.) Nevertheless, the emergence of a strong temptation to delay efforts required to pursue vigorous peacemaking (as within all administrations in recent decades) would not be surprising. Representing all points on the policy spectrum, the experts, strategists, academics, and former officials that assembled for the exercises described in this document reached a view that is still applicable, even with the problems that have inevitably arisen. The exercise participants believed that the new administration should not choose to “kick the can down the road” on the Israeli-Palestinian conflict, as most new U.S. Presidents have.

The Israeli-Palestinian issue clearly does not stand alone, to be dealt with when the situation is ripe, because it is intimately related to all U.S. goals in the region. A failure by the United States to pursue Arab-Israeli peace would undermine the willingness or the ability of other countries to cooperate with the United States on other essential tasks, such as ensuring stability in Iraq, keeping Iran from acquiring nuclear weapons, or persuading NATO allies to provide more assistance in Afghanistan. Launching a new peace process would not ensure success. But events in the region have continually demonstrated that the Obama administration cannot put off a serious effort to deal with all of these issues. The stakes are simply too high.

Chapter Four

Conclusions Revisited and a Possible Approach

On May 14, 2009, RAND convened a number of the original exercise participants, along with a group of journalists, to revisit and discuss the outcome of the initial exercises in the light of developments in the region since the fall 2008 exercises. A particular focus was on how participants’ views about the Arab-Israeli conflict had changed in light of

- the election of Barack Obama in November 2008
- the Israeli battle with Hamas in Gaza in December 2008 and January 2009
- the installation of a new Israeli government in February 2009.

The participants also discussed the implications for the meetings planned for late spring 2009 between President Obama and Israeli Prime Minister Benjamin Netanyahu, Palestinian President Mahmoud Abbas, and Egyptian President Hosni Mubarak.

Still a Priority

Participants in this roundtable agreed that the conclusions from the 2008 exercises still held, i.e., the Israeli-Palestinian conflict and broader Arab-Israeli conflict must remain a top priority for the U.S. administration. However, the prevailing state of affairs—which has not fundamentally changed in subsequent months—prompted spirited discussion among the participants about the kind of strategy the U.S. administration should adopt and whether there were still prospects for substantial progress in the relative near future. A basic dichotomy about the Israeli-Palestinian conflict still framed any discussion: Should the Israeli-Palestinian conflict be viewed in isolation or considered as inextricably linked to other issues in the region? In other words, should the United States launch a major diplomatic effort aimed strictly at resolving the Israeli-Palestinian conflict, or must such a strategic initiative include other regional components—namely, relating to Iran, Iraq, Israel’s Arab neighbors, and possibly Afghanistan and Pakistan?

The Makings of a New Strategy

At present (October 2009), the Obama administration appears to be gravitating toward a strategy akin to Strategy 4 from the fall 2008 exercises (see details above): a phased, regional approach that accepts broad linkages. This strategy takes into account that a significant amount of work must be done to make conditions more favorable for any major new Israeli-Palestinian negotiations, and all regional stakeholders must be involved in some capacity. Special Envoy George Mitchell appears to be tasked with laying the groundwork that would be a part of this strategy.
However, the roundtable participants seemed to agree that the Israelis and Palestinians are still not ready for negotiations on a final status agreement, regardless of whether those negotiations are conducted in parallel or in concert with other diplomatic efforts. Multiple participants expressed the belief that the Israeli government was not strong, which was seen as likely to lead Prime Minister Netanyahu to work hard to reaffirm the strength of the relationship between the United States and Israel.

At the May 2009 roundtable, these realities were seen as pointing to a possible need for the U.S. administration to make an effort at “transformational” diplomacy, i.e., to bring about major shifts in how the parties involved perceive their respective positions. Such an effort would not attempt to establish the basis for an Israeli-Palestinian agreement but instead would incorporate strengthened elements of Strategy 1 (see above) into its broader Middle East strategy. A perspective voiced by some participants emphasized that the Palestinians would need time and political space to build their public institutions—a bottom-up approach. Another emphasized that President Obama might be well served to take advantage of some Arab leaders willingness to revive the 2002 Arab Initiative. This would encourage a top-down approach that involves more of the regional stakeholders, a strategy seen as requiring significant and dedicated involvement by the United States.

In terms of future negotiations, Hamas was seen as a major problem: Its intransigence could inhibit any new efforts at resolving the Israeli-Palestinian conflict. However, Hamas might accept some limited involvement in a negotiation process without formally giving up its principle of not recognizing Israel, perhaps through the inclusion of selected Hamas members in a PA delegation as technocrats, which would make the delegation more broadly credible and legitimate as a negotiating partner.

Iran also featured in the May 2009 deliberations as a continuing major factor in the Arab-Israeli conflict and U.S. strategies in the Middle East. The Iranian government’s growing regional confidence was seen as further complicating U.S. efforts in the region. Israel’s perception of Iran as an existential threat, exacerbated by Iranian leadership statements, was seen as a major potential source of conflict, particularly if Iran’s nuclear ambitions cannot be contained short of a weapons potential. Iran’s substantial impact on Israeli perceptions and its ability to interfere with Arab-Israeli negotiations through proxies such as Hamas and Hezbollah were seen as strong arguments for the United States to adopt a regional strategy that accepts the linkages among all the important issues.

A Possible Approach

An approach to a U.S.-led peace initiative suggested by one roundtable participant did gain wide support within the group over the course of the discussions. This approach focuses on three major avenues along which to seek progress, anticipating a notional administration timeline of four years to reach an Israeli-Palestinian agreement:

1. **Boost Palestinian Economic Conditions.** Lead a major effort to foster fundamental changes in the quality of life of ordinary Palestinians, enabled in part by greater Israeli cooperation in Palestinian development. Build on the work of regional experts and depart from prior attempts hamstrung by corruption and other obstacles.
Recognize that significant progress in Palestinian economic development will require Israel to relax internal closure and trade restrictions.

2. **Support the Palestinian State.** Assist in the development of Palestinian public institutions and all aspects of building a viable Palestinian state. Recognize the need to take on this challenge in parallel with the economic development effort. (As one participant observed, “There is no economic development without security.”) Recognize that Palestinians have little confidence that the PA can maintain internal security and provide basic services, a legacy of weak Palestinian leadership and widespread corruption.

3. **Involve the Arab States.** Involve the Arab states in both financial and political support in any strategy dealing with the Palestinians and Palestinian statehood. Capitalize on Arab leaders’ apparent openness to re-engage on the Palestinian issue. Buttress the Arab Initiative with confidence building measures, such as encouraging the normalization of Israeli-Arab trade relationships.

It was clear to the participants that any U.S. strategy seeking an Israeli-Palestinian settlement will require assistance not only from Arab countries but also from U.S. allies in Europe.

### A Reaffirmed Bottom Line

The May 14 roundtable discussion unequivocally reaffirmed the broad consensus from the fall 2008 exercises: The Arab-Israeli conflict should be a top U.S. national security priority, and substantial progress toward the resolution of the conflict is still possible. That consensus pointed to the importance of the U.S. administration seeking to implement a strategy that: (1) works to change conditions on the ground; (2) accepts the linkages among the major points of tension; and (3) in time eliminates the Palestinian cause as a rallying point for anti-American sentiment and regional troublemakers.
APPENDIX A

Status of the Israeli-Palestinian Negotiations: Five Basic Issues

The document presented on the following pages was prepared by RAND regional analysts and provided to the participants in the September and October 2008 exercises.

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**Tab H**

Status of Israeli-Palestinian Negotiations: Five Basic Issues

**Overview**

The five most important issues facing Israel and Palestine in reaching a peace agreement are:

- Borders
- Settlements
- Jerusalem
- Right of return, and
- Security arrangements.

For these five issues, the material that follows presents the general range of alternatives as discussed in various negotiations between Israel and the Palestinians in recent years. They should be compared with the so-called "Clinton Parameters," as proposed by President Bill Clinton near the end of his presidency and which, in the summary form he presented publicly, are at Appendix II.

**Borders**

Notionally, the borders between Israel and a Palestinian state (henceforth "Palestine") are to be those that were extant at the conclusion of the Israeli War of Independence in 1949, as governed by United Nations Security Council Resolution 242 (the "Bible" for Arab-Israeli peacemaking) of November 1967 (see Tab J). This resolution provided (inter alia) for "Withdrawal of Israel armed forces from territories occupied in the recent conflict"—i.e., the Six-Day War. That phrase, however, lacked a definite article and could be interpreted as meaning some but not necessarily all of the territories. However, the French text of the same resolution has the definite article, as is necessary in that language: "les territoires." There has been debate ever since as to whether the French text also has standing; indeed, some diplomats engaged in the process said that the ambiguity as between the two texts was deliberate.

Nevertheless, especially in recent years, it has come to be understood by most parties (i.e., including Israel and the Palestinian National Authority) that in any Israeli-Palestinian agreement the 1967 line will serve as the basis for the future border, but there would be modifications to that line. Thus, Israel would not withdraw entirely to the pre-1967 borders—the so-called Green Line—but would retain some land to the east. In some places, this would help provide for security; in most, it would be to incorporate Israeli settlements in Palestine (the West Bank) into Israel proper. Where this would take place, there would be land swaps (most likely exchanges of equal size), with Palestine gaining territory from Israel proper.

There has been no agreement on the exact amounts of land to be swapped. Further debate continues on what Israeli lands would be swapped, in terms of both location and "quality." Palestinians have consistently been reluctant to consider swapping anything beyond 2% of the West Bank, while the Israeli position has fluctuated significantly, hovering around 5% to 8% when negotiations get serious. The Israeli barrier under construction includes about 8% of the West Bank. Most sensitive would likely be border issues that impinge directly on Jerusalem, including access issues in regard to the holy places.
Five Basic Issues (cont.)

From Israel’s perspective, there is a further concern: the strategic importance of the Jordan Valley. One solution could be for an outside military force (see below) to be deployed there, perhaps along with a mixed force of Israeli and Palestinian security personnel.

Allied to the border issue is also the Palestinian requirement for contiguity; that is, coherence of territories to be returned (without Israeli-held lands preventing direct communication between Palestinian territories). A further issue is the manner in which the West Bank and Gaza will be “connected,” whether through a separate, self-contained corridor (like those between West Germany and West Berlin during the Cold War) or through more informal arrangements. Another issue, only partly related to borders and partly related to settlements, is the question of water rights. Israel and Jewish settlements have made disproportionately heavy use of aquifers that service both Palestine and Israel proper, in particular beneath the West Bank, and there is unlikely to be a peace agreement unless this issue can be resolved to mutual satisfaction.

Settlements

The issue of settlements can be divided roughly into two parts: its impact on the process of negotiations, and the continuing location and status of Israeli settlements in the event of a peace agreement. Regarding the process of negotiations, Jewish settlements in the West Bank (formerly in Gaza, as well, but withdrawn in August 2005) and in areas that are either legally, geographically, or notionally part of “Arab” Jerusalem have been a point of contention for many years. In international law (e.g., Geneva conventions), they are generally considered to be “illegal.” While the US government initially agreed with this and defined the settlements as illegal, the formulation was changed during the Reagan Administration when settlements came to be described as an “impediment to peace.” In January 2008, President Bush used a modified formulation, relating to settlement expansion: “…Israeli settlement expansion…that can be, you know, an impediment to success… [and the] unauthorized outposts for example need to be dismantled, like the Israelis said they would do.”

President Carter believed he had an agreement at Camp David in 1979 with Israeli Prime Minister Menachem Begin that settlement activity would be suspended during the negotiation of autonomy for the West Bank and Gaza; but there has been no such suspension, either then or since, despite the requirement that this be done as part of the so-called “Road Map” adopted by the Quartet negotiators in July 2003 – see Appendix III. (At the time, the Israelis have not taken some of the steps they had pledged to take as part of the Road Map). Indeed, settlement activity has continued to the point that it has materially affected the question of the final status of borders between Israel and Palestine (see above).

As part of a peace agreement, many of the Israeli settlers will be included within territories ceded to Israel (see above). Whether any other settlements will remain in the West Bank (Palestine) has not been negotiated or decided unilaterally by Israel, but it is unlikely. To date, Israel has not argued in negotiations for any settlements to be left in future sovereign Palestinian territory. Israel would have to relocate and compensate over 60,000 settlers for a realistic two-state agreement. Settlements affected by an agreement would likely be a byproduct of border negotiations.

Of particular sensitivity will be settlements within the general area of “Jerusalem,” including issues of access and impact on the “character” of the city overall, especially in so-called “East Jerusalem that prior to intense Israeli settlement activities was largely Arab. The devices employed by Israel to expand settlements in this area have also been a matter of contention.

Jerusalem

Many commentators believe that Jerusalem will be the most difficult issue to resolve. But it could prove to be not that difficult, provided that other elements of a peace settlement
Five Basic Issues (cont.)

were agreed, including borders that direct impinge on the shape and character of Jerusalem. (That could change, however, as the Jewish population of Jerusalem becomes increasingly religious – especially among some of the Orthodox – thus potentially diminishing the influence in Jerusalem of secular Jews.) There have been a multitude of different formulas for the future of Jerusalem. Jerusalem presents two largely distinct issues: 1) what will be the border delineation and practical arrangements outside the Old City/Holy Sites; 2) what would be the status and practical arrangements for the Old City and Holy Sites.

A formula for delineating a future border of sovereignty in Jerusalem was suggested in the Clinton parameters: "(b) [What is the base for] Arab should be Palestinian and (c) what is Jewish should be Israeli's." Negotiations have moved on to discussing how this could be implemented. Essentially, the 13 Israeli neighborhoods over the Green Line in East Jerusalem are treated in a similar way to West Bank settlements, i.e., the border is modified to incorporate them within Israel's permanent borders and land is swapped as part of the overall territorial exchange. Territorial contiguity from a transportation perspective is difficult but not impossible to achieve. Although Jerusalem is of course sensitive, the approximately 200,000 Palestinians who reside in East Jerusalem neighborhoods are not a group that most Israelis would fight to keep in their state.

Regarding the role of Jerusalem as a capital or capitals, there is no reason that this could not be resolved, with Jerusalem having that status for both states; while a contentious point only a few years ago, this position is now generally accepted.

The holy places entail a special set of problems, in which Jews, Christians, and Moslems all have a stake – although Christian religious sites in general are not contiguous with those in dispute between Jews and Moslems. A basic principle, commonly understood if not formally agreed, is that everyone should have free access to respective religious sites. Most at issue is the "sovereignty" and "control" of the area of the Western Wall and Temple Mount compound, which has the distinction of being the holiest site of Judaism and the third holiest of Islam (after Mecca and Medina). Most proposals center on Israeli control of the Western Wall and Palestinian control of the Temple Mount, which is the de facto situation today. Specific proposals have included pulling this area under joint (secular) sovereignty, with religious leaders attending to religious questions; Israel's retaining sovereignty with Moslem control of the Temple Mount itself (i.e., without the Western Wall, and with the continued understanding that, according to Jewish Orthodox tradition, no Jew is permitted on the Temple Mount); and bringing in some third party. Saudi Arabia has been suggested for this role, an idea unlikely to garner serious support either in Israel or Palestine. Some kind of international role and oversight with guarantees regarding digging, artifacts, and excavations will likely be necessary. Finally, both sides seem to envision joint municipal arrangements to coordinate essential issues in such a small urban space, including economic development, tourism, and emergency services.

Right of Return/Refugees

For Palestinians, the key issue has related to 1948 refugees – though, it could in time also apply to some 1967 refugees – and this is potent in Palestinian politics, both substantively and symbolically. For Israel, the issue is also deeply important, since, by its reasoning, to accept that there is a "right of return" would imply that the departure of Palestinians in the 1947-1949 periods in some way entailed "illegal" Israeli action and that, by extension, Israel itself is not legitimate, certainly not as a Jewish state. For most Israelis, including most secular Israelis, this is an existential and not a political issue. Another issue for Israel is that actual return of refugees would totally change Israel's demographic balance. In earlier negotiations, a notional figure has been considered for a "return" to Israel proper of about 50,000 1948 refugees, although this has never been agreed, nor has it been agreed whether this would be considered as being "by right" (Palestinian position) or ex gratia (Israel). To Palestinians, obtaining the return of refugees as a right is a key existential issue as it validates their larger claim that the taking of their land was not "legal." Israel objects to this formulation. Israel will never accept unbounded return of refugees for demographic
Five Basic Issues (cont.)

reasons but is likely to allow some limited number to return along with compensation for those who do not. However, the language surrounding that compromise would still be of paramount importance for existential reasons to both parties. In this calculation, another issue is whether those would need to be actual refugees or whether descendents would qualify.

For many years there have been proposals for compensation of 1948 refugees (or their families), with the funds being raised outside of Israel — e.g., as the Clinton Parameters proposed that the US take the lead in creating an international fund. So far, however, compensation alone has not been acceptable to the Palestinians and no major Palestinian political figure has been willing to endorse it. A further complication would be whether there should be compensation for land and properly taken in the process of Israeli settlement construction or in sequestering land in Jerusalem and, if so, how this would be adjudicated.

Security Arrangements

Most debate about security centers on the requirement, following a peace agreement, for Israel to feel secure against any form of attack emanating from Palestine, either the West Bank or Gaza (including an attack that originated from without Palestine). This would include not just attack by organized units but also terrorism. For Israel, this is a “deal breaker.” At the same time, many Palestinians have concerns about the exercise of sovereignty, even after a phased withdrawal of Israeli military forces from the West Bank (those in Gaza have already been withdrawn); and, in addition, a requirement for “security” in Palestine, both against third parties (e.g., terrorists or unrequited Arab governments or non-state entities) and against unwarranted Israeli intrusion. Of course, if any Israeli settlements remained in the West Bank, arrangements would have to be made for their security — an argument against their remaining. There would also be requirements for protection/access regarding sites — e.g., in Hebron — holy to Jews as well as Moslems.

Proposals for resolving this thicket of concerns generally center on limits to be imposed on Palestinian military units (with Israel — and the Clinton Parameters — calling for demilitarization); limits on paramilitary forces; and restriction of Palestinian security forces to police and anti-terrorist functions. There would be close cooperation between Palestinian and Israeli security personnel and institutions, a major use of confidence-building measures, and provisions for Israel to have early warning of any possible departure from agreed security arrangements or procedures. As noted above, Israel has also wanted the right to have forces deployed in the Jordan Valley to police the Palestine-Jordan frontier as well as a right to intervene in Palestine more or less at will or at least “for cause.” One example of a specific issue would be Israeli use of Palestinian airspace.

It is worth mentioning, however, that obstructive limitations on Palestinian sovereignty — e.g., Israeli control of the international border crossings — have become a deal breaker for the Palestinians. Of course, security in Gaza could pose special problems; and these would have to be worked out, recognizing that, without the inclusion of Gaza in a peace settlement, no Palestinian leadership could make peace with Israel.

Provided other issues are resolved, security issues should not be insuperable, especially given that security personnel, both in Israel and Palestine, should be able to coordinate their activities to a common objective. There are also proposals for deploying an external force — e.g., a NATO-led force, and this has already been positively considered by NATO. Such a force would have to include the United States, not be subject to unilateral withdrawal (e.g., as with UNIFIL in the Sinai Desert in 1967), and be acceptable to both sides. For a comprehensive discussion of these issues, see Robert E. Hunter and Seth G. Jones, Building a Palestinian State: Security, RAND Corporation, 2006.
APPENDIX B

An Optimistic Narrative

This fictional “optimistic narrative” for achieving an Israeli-Palestinian peace agreement was presented to exercise participants as a partial response to frequently heard profound skepticism as to the prospects for achieving such an agreement.

Tab G
Optimistic Narrative

PURPOSE

The material below provides a narrative that portrays, albeit with a strong measure of optimism, a possible path to Israeli-Palestinian peace. This material is presented as a partial response to the frequently heard characterization of an Israeli-Palestinian peace agreement as “inconceivable,” or “not in my lifetime” or “only after some profound discontinuity in the region” or “when the sun burns up the earth.” This deliberately optimistic narrative addresses what are perceived to be the major political and other impediments to completion of such an agreement in the mode of seeking to prove “an existence theorem” with respect to finding a credible path to achieving such a settlement.

Optimistic Narrative: Movement Toward Two States

Four years after the 2006 Lebanon war.

Hezbollah, former darling of the Arab world, is bogged down in Lebanese politics. Sunni v. Shia rivalry in the Levant, temporarily suppressed in the wake of Hezbollah’s victory has reemerged. With Iraq settling down as a quasi-satrapy of Tehran, Assad is growing weary of depending too much on Iran, and staking his regime on the bizarre dynamics of his Shiite “clients.”

In the United States, the inauguration of a new President has led to a reexamination of Bush-era tenets of the GWOT, notably the refusal to talk to Hamas, Hezbollah, Iran, and Syria. Everything is on the table; pragmatism rules.

In Israel, new elections have resulted in a government that has moved to the right and with a solid majority. But the Israeli polity remains schizophrenic. On the one hand, opinion leaders worry that Israel has lost its deference and its foes may think it too weak to survive in the long term. The shift in the threat from tanks to missiles has decreased the value of high ground or, in some cases, deep ground, as a security blanket. Yet, healthy majorities support the peace process. There is a deep yearning to be considered a normal quasi-European country, even an EU member (Israel, after all, is not very far from Cyprus which is an EU member). Economic growth in Israel continues to be robust but there is a growing sense that the country has taken the current part to affluence as far as it will go; being in constant crisis is holding back the kind of investments and institutional reforms necessary to catapult the country into the big leagues, and there is real concern of a brain drain if Israel continues to “live by the sword.”

The settlers meanwhile have found themselves again out of favor with the citizenry following an incident in which one of them went on a rampage, killing several Palestinians, and then sought and found refuge in a settlement. The settlement was put under siege by the IDF when it refused to surrender the killer. Settlers throughout the West Bank opposed IDF efforts, which eventually succeeded but not without casualties on both sides.

Hamas and the PA, for their part, remain bogged in stalemate. Hamas continues to loft occasional rockets into Sderot (not Askelon, though). A combination of an efficient warning system coupled with elevated concrete blocks (doubling as solar panels) immediately southwest of all buildings and most houses have eliminated most Israeli casualties. With so few casualties, the Israeli government has come to take a more relaxed view of the Gaza; assassinations have ceased and raids are rare. Gaza slowly loses the world’s attention as Israel relents a bit on restrictions. Life around the barriers in the West Bank is still a hassle but somewhat less so, in part because of the slowly growing role of the PA authorities in keeping growing swaths of the West Bank in line.
Optimistic Narrative (cont.)

A year into the new regime, the right-wing government concludes that making an accommodation with Syria would be as dramatic a step towards security and prosperity as the Begin-Sadat overtures were in 1977. The budding rapprochement was initiated by a joint Israeli-Syrian gift of the Shebaa farms to Lebanon. This unexpected event which was initially touted by Hezbollah as a victory over Israel – but not once they realized that the farms would be turned over, not to them, but to a Syrian-backed Lebanese government ministry. Negotiations over Golan proceeded afoot thereafter. The entire Golan region reverted to Syria but with the area adjacent to the Sea of Galilee being recognized as a U.N. wilderness area, albeit the world’s only wilderness area guarded by EU forces and peppered with sensors, radars and other devices acting as early-warning systems for both.

With Golan back under Syria sovereignty, albeit in a restricted way, the regime in Damascus at least attained popular legitimacy. Syrian rhetoric on Israel, while hardly friendly, was at least somewhat less vitriolic, and its officials began to fan the globe looking for investors will to take a chance on a country with ample and inexpensive labor resources and simultaneously close to Europe and the Persian Gulf.

The shocks to Hezbollah convinced the organization to withdraw more deeply into Lebanese politics. No longer confident that they had Syria’s backing, they realized that getting the firepower necessary to threaten Israel was going to be that much more difficult. Furthermore, while Syria had not abandoned its relationship with Hezbollah it was beginning to broaden its ties with other potentially pro-Syrian power centers in Lebanon forcing Hezbollah’s attention away from Israel and securing its home base. None of this, of course, affected Hezbollah’s rhetoric, but at least Israeli intelligence understood that far fewer long-range rockets were arriving in Lebanon.

Syria’s next move was to try to turn Hamas, no easy trick. Hamas was not at all reconciled to Israel’s existence and threatened to leverage its relationship with Iran as a counterpoint to Syria’s new differences. Syria, however, countered by strengthening its relationship with Saudi Arabia. and through Saudi Arabia, the various Gulf States. With these countries more or less in tow, it managed to cells Hamas’s bluff by subtle reminders of how far away Tehran was compared to Damascus (where severall Hamas leaders still resided) and how cooperation with Syria and the Gulf States was a sine qua non for having the latter accept a larger tranche of guest-workers. Furthermore, while Hamas could tolerate having a Shia Iran as one supporter, relying on them exclusively made too many Hamas leaders uncomfortable.

As if in concert with Syria’s strategy (it really was a coincidence), Israel made a surprise offer to Saudi Arabia: if and when it recognized Israel, Saudi Arabia would be given the Temple Mount as part of its embassy compound (plus a little extra land to put an actual embassy in). As embassy property, it fell, in some key respects, under the sovereignty of Saudi Arabia. In that way, Saudi Arabia, the guardian of Islam’s two holiest sites, would become the official guardian of its third, as well.

As this was proceeding, Israel pulled another surprise out of its hat by agreeing to release Marwan Barghouti from jail in exchange for captured Israeli soldier Gilad Shalit. Hamas, which engineered the exchange, initially chortled over success, but soon realized that its joy was premature. The party Barghouti founded was perfectly positioned between the Palestinian Authority and Hamas – credible for its opposition to the occupation, militant enough to attract the burgeoning ranks of the Palestinian youth, but not Islamist and thus capable of attracting the small but vocal minority of Christian Arabs. The PA was likewise, nonplussed, by his release, but its leadership had little to show for its efforts over the last five years, was physically tired, and under constant threat from Hamas. With its support rapidly slipping away, it reluctantly, but unambiguously embraced Barghouti, his intervention, in turn, permitted the PA and Hamas to form a new governing authority, the New Palestinian Authority, one willing to talk to Israel, albeit just barely.

In a way, negotiations were almost an anticlimax, since Israel’s most important requirement – an
Optimistic Narrative (cont.)

authority that could foresew terrorism itself and could take action against freelance terrorism—already existed. Whether they would do so, however, remained to be seen. A good deal depended not only on what the negotiations brought to the Palestinians but how ready the NPA was to abandon the technique of terrorism as an extra-legal negotiation ploy. But the switch from implicit negotiation via terrorism (and reprisal on Israel’s side) to explicit negotiation could not help but be encouraging.

The negotiations, themselves, went relatively quickly, once it became apparent that the West was willing to grease the proceedings through the adroit application of funds. For instance, one erstwhile stumbling block had been what to do about settlements. Once the borders were finalized, the EU put up several billion dollars to buy the apartments and other buildings in the non-contiguous settlements at prices that more than adequately covered the costs of construction—provided such buildings were left intact and in condition to be transferred to the Palestinians. Other monies paid for redeploying the Wall, and in bringing water to lands (within the 1967 borders) exchanged by the Israelis to the Palestinians for West Bank land near the 1967 borders upon which settlements stood. The resulting map was tortuous but contiguous— but Israel’s acreage was exactly what it was prior to the 1967 war. EU money also went towards a road and rail system in the West Bank that reflected the needs of the Palestinians cities rather than the settlements. Jerusalem was a tough issue, until the Government of Israel discovered that divesting itself of 200,000 Palestinians on the city’s east side was an easier sell than anticipated.

The last issue to be settled was the Right of Return. Israel was willing to permit limited entry of a few thousand refugees a year but according to Israeli criteria and sovereign decisions, with an emphasis on those who actually lived within what became the state of Israel on New Year’s Day 1948—in other words, those too old to have children. Most of the rest of the Palestinian nation inherited a right of return in the sense that they had negotiable quasclaims on a right they could not exercise. U.S. money paid for the bulk of these quasclaims. Saudi Arabia surprised many (who should really not have been surprised) by jumping the queue to endorse the deal; the vast majority of states in the region established diplomatic relations with Israel in short order.

Within two years, a peace agreement was signed. To be sure, not everything was sweetness and light. Israeli Arabs, long a nearly invisible but growing minority within the 1967-ish borders grew increasingly more restive. Disenfranchised former settlers took their profits and still complained noisily. Terrorism was not completely eliminated, with al Qaeda becoming the spokesmen of irredentist Palestinians. Yet, between the seriousness (if not efficiency) with which the NPA went after terrorists and the discovery by Israel that some of the terrorists were its own citizens Israelis came to believe that it had, not a Palestinian problem, but a terrorism problem. Peace brought some investment to the West Bank, but less to Gaza. The latter became a source of guest workers to the Gulf, an event greatly facilitated by the construction of a decent airport just outside the Gazan enclave.
APPENDIX C

List of Key Documents Relating to the Israeli-Palestinian Conflict


President Clinton’s "Parameters" for a Comprehensive Agreement Between Israelis and Palestinians, available from the Jewish Peace Lobby as of October 2009:
http://www.peacelobby.org/clinton_parameters.htm

A Performance-Based Road Map to a Permanent Two-State Solution to The Israeli-Palestinian Conflict, available from the United Nations as of October 2009:

Letter from President George W. Bush to Prime Minister Ariel Sharon, White House press release. As of October 2009:

The Arab Peace Initiative. This initiative was proposed in 2002 and unanimously endorsed again in 2007 by the members of the Arab League. Available from the U.S. Embassy of the Hashemite Kingdom of Jordan. As of October 2009:
http://www.jordanembassyus.org/arab_initiative.htm

“A New Way Forward,” from The Iraq Study Group Report, December 6, 2006, pp. 32–38. As of October 2009:
http://www.usip.org/isg/index.html