

# September Crisis or Compromise: The Palestinians, the UN, and the Peace Process

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HALEH ESFANDIARI: Good morning. I'm Haleh Esfandiari, the director of the Middle East Program. Let me welcome you to the Center and to today's meeting on September Crisis or Compromise: The Palestinians, the U.N., and the Peace Process. The much anticipated U.N. Palestinian initiative this month has sparked enormous controversy and concern. Some fear it, others welcome it, and many just don't think it matters much. We are very fortunate to have with us Nahum Barnea, Hussein Ibish, Robert Malley, and Aaron David Miller, four veteran analysts and observers of the Arab-Israeli politics, to offer their insights about Palestinian, Israeli, and American strategies and reactions to this month's development.

This meeting is the 22nd meeting in the Joseph and Alma Gildenhorn Middle East Forum of the Middle East Program. We are delighted to have with us the president and the CEO of the Wilson Center, Jane Harman. She will be walking in and out during the meeting because of her other obligation. And Ambassador Gildenhorn, the Chairman of the Board of Trustees of the Wilson Center, is also with us today. And I must say that I don't think Ambassador Gildenhorn has missed a single of these 22 meetings I refer to.

My colleague Aaron David Miller will moderate the meeting and introduce our speakers. We will be taking questions from the audience and also people who are watching the meeting on live Webcast. And we are taking some questions today from a group of people who are watching the program in Jerusalem, they have notified us.

Aaron David Miller is currently a public policy scholar at the Wilson Center. For two decades he served as an advisor to Republican and Democratic secretaries of state, helping formulate U.S. policy on the Middle East and the Arab-Israeli peace process. He held the position of senior advisor for Arab-Israeli negotiations, and he also served as the Deputy Special Middle East Coordinator for Arab-Israeli negotiations. Aaron has received the Department of State's Distinguished Superior and Meritorious Honor Awards. He has written four books on the Middle East, the most recent one "The Much Too Promised Land: America's Elusive Search for Arab-Israeli Peace." And his new book is not on the Middle East, and it's called "Can America Have Another Great President?" The book will be published by Bantam Books in 2012.

Let me end by just saying that how delighted we should all be because the Iranian government announced that they're going to free the two hikers. So this is a very special moment for, I think, all of us, especially the family.

Finally, could I ask you to close your cell phones, because I'm told it will interfere with the live Webcast. Thank you. Aaron, you have to --

DAVID MILLER: Oh, thank you very much. Thank you for that overly generous and unnecessarily long introduction -- [Laughter] for the panelist that actually has the least to say this morning. And I want to extend the very, very warm welcome to Jane Harman and Joe Gildenhorn. Terrific, I'm really happy to see both of you.

Just a -- I'm going to make an observation at the beginning and then at the end. We're really in a curious period now. Rarely has this kind of energy expectation or anticipation surrounded any event in the Arab-Israeli peace process in my memory, which is a pretty long memory. September is no longer even a month, a mere month in the calendar. It represents a looming, in some people's eyes, catastrophe or alternatively potential -- potentially significant event, at least for Palestinians. And I was thinking this morning, how you respond to this curious situation is kind of like a Rorschach test on what your own views are on the Arab-Israeli peace process, on Israel, the Palestinians, and the like. I mean, is it a campaign to delegitimize Israel? Is it -- Does it set the stages for a million-man, mass mobilization of Palestinians in the territories? Is it a natural and appropriate response to Palestinians under occupation? Is it a unilateral act to repudiate the prospects of a serious negotiation between Israelis and Palestinians? What is it? And why -- why are we spending so much energy on a *symptom* of the dysfunction, rather on the dysfunction itself? I'll have an additional comment to make on that dysfunction at the end.

To help us sort through all of this -- and I mean this seriously -- I can say this consistently because the quality of the panels that are put together at the Wilson Center are remarkable, in my judgment -- there are no three individuals that I think have a better sense of helping us to sort through this than these three. They have long experience, they are incredibly astute analysts of the conflict, they have remarkable integrity, and they're capable of a degree of detachment and balance that I find unique. They're also dear friends and colleagues of mine.

And the format this morning is going to be very simple. We're going to start with no more than 10 minutes from each of them. I'll offer an observation and ask a question, and then we'll go to yours, to your questions. Questions, not station identification or speeches, but questions, so that

we can get as many in as possible and have the kind of rich dialogue on this issue that I think we will have.

So I've chosen the order. There is a certain logic and rhyme and reason to this, but I'm going to ask Hussein to begin, followed by Nahum, then Rob, and then I'll offer an observation or two. I think that does it, so Hussein?

HUSSEIN IBISH: Sure. Well, just building off of your introduction, maybe September has been transformed from a noun to a verb. Maybe we're talking about "to September" something, meaning to throw into utter complete confusion and chaos.

But let me talk about what's clear and what's not clear at this stage. I think what's clear is that the Palestinians are going to go to the United Nations at the General Assembly meeting that begins later this month and do something, and that nothing at this point can dissuade them from some kind of action at the U.N., and that that action is opposed -- categorically, any version of that action is opposed, to some extent at least, categorically, by the Obama administration at this stage and certainly, categorically, by Israel. So that much is clear.

And what's also clear is why they're doing it. They're doing it for both reasons of state and political reasons. The reason of state, the national interest question, is that the Palestinian national leadership has concluded that the process that they've been engaged in at the diplomatic level, the bilateral negotiating process brokered by the United States, is dysfunctional. It's simply isn't working. It's not going to work. It can't, under the present circumstances, be restarted, and that the status quo may be frustrating for Americans and Israelis and Europeans and the Arabs, but it is uniquely intolerable to Palestinians because they live under occupation, and they are enduring expanding settlement activity, including very provocative settlement plans that change the strategic landscape within which negotiations, were they to restart, would be contextualized. For example, the recent plan announced to build in Har Homa C, which would begin to complete the ring of settlements around the southern part of municipal Jerusalem -- It's right next to Bethlehem, actually -- that would, if it's completed, cut off occupied east Jerusalem from the rest of the West Bank. And, you know, it's very hard to interpret the Har Homa C project in its broader context of other nearby settlements in this ring around southern Jerusalem as anything other than an effort to make a *fait accompli* that is intended by its proponents to ensure that East Jerusalem cannot serve as a capital of a Palestinian state. This is, at least, the way the Palestinians look at it.

And I think they feel very strongly, as a matter of state and a matter of national interest, that they

simply lack sufficient agency in this bilateral U.S.-brokered process. That it depends too much on Israeli forthcomingness, which they don't see at all from the present coalition, at least as a group, and American determination and ability to move all kinds of parties, especially Israel. So they feel very strongly they simply lack agency if they rely exclusively on this process, and they are looking for an alternative means to show that they have agency, to show that they have alternatives, to show that they're not entirely dependent on Israeli forthcomingness and American determination. And the multilateral forum of the U.N. is an avenue for that.

Now, the political reason, of course, is that PLO and the P.A., the mainstream secular nationalist Palestinian leadership, has doubled and tripled and quadrupled down on achieving an independent Palestinian state alongside Israel through a combination of negotiations, international diplomacy, and institution-building on the ground. And again, this seems to have ground to a halt in the sense that the negotiations have stopped. The limits of state building seem to be reached, at the moment at least, both by the restrictions placed on it by the occupation -- it's restricted to area A, there are many things that Palestinians have not really been allowed to do that they need to do to build the basis for their state; and especially by lack of funding, and particularly a bewildering lack of meeting pledges from Arab states. So the combination here of state building seeming to have run its course for the meanwhile -- not over the long run by any measure of means, but right now. For example, the inability of the P.A. to meet full payroll in July and now again in September, due to a shortfall in pledges, places the whole project into question because if you can't pay your public employees, then you're really not performing governance very well.

So the Palestinian leadership has a strong political motive in showing that they have alternative paths, because there will come a time if they do not succeed in securing independence through diplomacy, through negotiations, and through institution-building, that the Palestinian public ultimately concludes that this strategy has failed, and they will look for an alternative leadership. And while we could posit the emergence of a third force, right now, there is only one alternative leadership, and it's sitting in Gaza. And so there is a powerful political incentive as well.

Now I think the Palestinian leaders when they first conceived this idea of going to the U.N. and doing something, were hoping that it would be a catalyst to restart negotiations, or at least they were hoping they would get something substantial from the international community, from Israel, from the United States, a reason not to go forward. And they've gotten nothing, from their point of view. They've received no reason not to go forward. Certainly, nothing they could present to the Palestinian public as an argument. So these -- those two things are clear. That they are going to do something, that it is too late to persuade them to do nothing, I believe, is certain. And why they

are doing it is also not at all mysterious. So those two things we know.

Now, what don't we know? We don't know what exactly they're going to do. And we don't know what they're going to do because I think *they* still don't quite know what they are doing to do. I think it's pretty, it's become increasingly clear that they have come to the correct conclusion that a confrontation -- excuse me, a losing confrontation with the United States over the question of statehood in the Security Council is a mistake. That the costs of that greatly outweigh the benefits, and I think they're unlikely to do that. So whatever they *do* do is going to be through the General Assembly.

Now, there they have a range of options, and here, we are -- here, specific language is not yet certain, right? We don't know exactly what they're going to ask from the General Assembly. Will they ask for nonmember observer state status or something less ambitious than that? They could get nonmember observer state status, and they would like it for various reasons, even though international lawyers like Guy Goodwin-Gill and Camille Mansour and Francis Boyle, who've been having this raging theoretical abstract legal debate about what it might mean for the status of the PLO and the enfranchisement of refugees and whatnot -- nonetheless, I think the Palestinian leadership and probably the majority of the Palestinian people would appreciate this move from a PLO observer status to a nonmember observer state, primarily because historically, other than the Vatican, there have been 16 nonmember observer states, and if you account for the unified Vietnam and the unified Germany, all of those 16 are now full member states in the United Nations. That's a historical legacy with a tremendous appeal to any group that aspires to U.N. member statehood. It seems to be the next logical step, one step away from full U.N. membership.

But the question is, what would the costs of such a request be? The Congress has threatened a cutoff of U.S. aid, and in spite of what Prince Turki Al Faisal said in *The New York Times*, yesterday, as far as I can tell, it's not correct that Saudi Arabia is the largest single donor. In fact, whatever has been earmarked -- he used the word earmarked -- whatever has been earmarked by Saudi Arabia, my understanding is, it is still the United States that is still the biggest donor, between \$400 million and \$500 million a year, to the P.A. budget, and that -- most of that is treasury-to-treasury cash transfers, and therefore it is that money and other money that comes in between \$1.2 billion and \$1.5 billion a year that meets payroll. And I talked already about the crisis of the P.A. not being able to meet payroll and the damage that that does to the legitimacy, the political legitimacy, of the mainstream leadership in Palestine. So they're going to have weigh very carefully what the consequences will be, vis-a-vis American congressional retaliation, other American retaliation, and Israeli retaliation -- all kinds of threats issued by various Israeli officials,

from -- everything from canceling the the Oslo Accords to annexing the West Bank to withholding Palestinian tax revenue. It's not clear at all.

Obviously, the reaction is going to depend greatly on how ambitious the language is and the extent to which the Palestinians could possibly arrange or negotiate a more acceptable language with the EU, which is currently divided on this issue and wishes not to be divided. So the Palestinians wish to have, I think, an agreement with a united EU for language that would protect them from the worst kind of backlash. But it's not clear ultimately whether they could succeed in doing that, and it's not clear whether they would be willing to risk the potential consequences of a more ambitious resolution, such as nonmember observer state status in the General Assembly, and they might go for it.

So, because it is uncertain what language they will use, it is uncertain what the consequences will be exactly. However, I think we can -- my perspective is that at this point, since there is unlikely, very unlikely be a confrontation in the Security Council and this is likely to be a General Assembly process, which means that procedurally it probably won't happen in September, it will probably go into October and possibly be dragged out even longer and that might even suit all the parties not to, you know, have it voted on for awhile, to avoid the potential consequences, what we should be thinking about, what we should be focusing on, is less exactly what the Palestinians ask for in the General Assembly and will probably get, but more what the reaction will be from the United States and Israel and others. And the reaction that is being proposed by, say, for example, the chairwoman of the House Foreign Affairs Committee, Ileana Ros-Lehtinen, who today is having both a full committee hearing -- upgraded from a subcommittee hearing -- on this issue, with a not particularly balanced panel, if I may say so, and a press conference with a group of her colleagues who are supportive of her position, which is that anything that the Palestinians do and are granted in the U.N. should result in a full cutoff of the U.S. aid to the Palestinian Authority and to any U.N. or other international agencies that are engaged with the Palestinians. It's a sort of a nuclear reaction. I mean, it's an absolute shunning reaction. And the various Israeli retaliations that have been -- that have been mentioned.

Now, my point here is that we can -- whatever happens at the U.N. in September, October, we can have a hard landing or we can have a soft landing. And that's going to depend on what life looks like on the ground in the West Bank for the Palestinians, because whatever is secured by the Palestinians, whether it's perceived as a success or a failure, is going to be symbolic. Ultimately, this will not result in a Palestinian state, and therefore the question is, what will life look like on the ground in the West Bank the day after, the month after, the week after, et cetera? So the key is not to cut funding to the Palestinian Authority, not to undo the gains of the

institution-building program, and especially not to undo the security cooperation that's been built up by the Palestinian security forces and Israel, which has curbed terrorism, which has created law and order, which has increased access and mobility. All of that must be preserved.

If it isn't and there is American and Israeli and other retaliation, designed to "punish" the Palestinians for being obnoxious by asking for recognition in the U.N. or upgrade in the U.N., it will harm American interests and Israeli interests and take a difficult situation and make it potentially an unmanageable one, create the conditions for anger, possibly violence -- Israel would face this potentially a security crisis and growing international isolation. The P.A. itself would face a security crisis and a political crisis and a crisis of legitimacy.

And one final note, the United States might find itself in a very awkward position of having the great gains that it has made in the Arab political narrative over the past few months -- this isn't reflected so much in opinion polls because it's happened recently -- the United States had sided with the people against dictators, some friends and some enemies of the United States, against -- with the people against Mubarak ultimately, certainly with the NTC against Gaddafi, and increasingly with the Syrian people against Bashar. Now, this has undermined the notion that the United States only cares about oil and Israel and therefore is the status quo power and is against any change in the Middle East and against Arab democracy and Arab human rights and whatnot. That is a great gain for the United States in Arab political discourse -- potentially reversed and even less than zero by standing against the Palestinians at the U.N..

So all parties have a great deal to lose here, and the best insulation from all of this is to maintain and even increase aid to the Palestinians, the gains on the ground from institution-building, and, of course, the security cooperation that exists.

MILLER: Hussein, thank you.

IBISH: No, thank you.

MILLER: No.

NAHUM BARNEA: Thank you. Let me start with the good news. We had a wonderful summer in Israel. There was a massive protest by young, middle-class Israelis, who protested the social and economic policies of the government and wanted more solidarity. Palestine was not mentioned, which was probably the only -- the only public upheaval which I can remember in my memory, 40, 50, 60 years ago, which had no linkage to the Arab-Israeli conflict or the Israel-Palestinian

negotiations, process, whatever.

The inspiration came partly from Tahrir Square, but the event itself, the style, the mood, the outcome, was completely different and separate from the Tahrir Square. And the -- it's not -- it's too early to tell -- maybe we'll talk about it later, what it will bring about, but I can tell you that the atmosphere in Israel was completely apolitical, in the sense that we are talking today, and in a way, we will miss it in the next few weeks and months. As Hussein said, we will have many reasons to miss it.

Now, it is also true and it's quite interesting in a way for the Palestinians. While Hussein said that the situation is unbearable and I believe that he's right in the long term, but in the short term, what we see is a kind of escapism in the West Bank. And a -- and a complete, I would say, denial of the -- of all this political brouhaha around.

The fact is that the West Bank was one of the few places in the Arab world which was completely insulated from the Arab Spring. There was no Arab Spring. No demonstrations at all in the West Bank, and not because the police really repressed people or put people in jail, but because, I don't know, there was no popular support for this kind of protest. The Palestinian leadership should take it into account when they go in the next few weeks to ride a certain tiger, and we'll of all the tiger a little bit later.

Now, today, we -- here, we celebrate the anniversary of the Oslo Process. You know, the Oslo -- I won't be mentioning, but the Oslo Agreement was celebrated here in the White House long -- what -- how many years?

MILLER: '93.

BARNEA: '93.

MILLER: Do the math.

BARNEA: September '93.

MILLER: To the day, you're quite right.

IBISH: Eighteen years.



BARNEA: And this is the reason, I guess, we are all gathered here. And, you know, for you, maybe it is an anniversary. For most people in the region, it looks like a roadside in the sense that there is no -- there is no nostalgia toward Oslo, not among Israeli Jews, not among Israeli Arabs, not among Palestinians. I'm not sure about the beautiful American peace team which was involved in it and the --

MILLER: Careful, now.

BARNEA: Yeah. [Laughter] I'll be careful. You can always, you know, raise the time.

MILLER: That's true. I have power.

BARNEA: And the -- let's say the consensus is -- and I'm not sure it is right -- the consensus now among so many people in the region is that Oslo was a historic mistake. And if not a mistake, a disappointment. In a way, it seems that the two people are now more remote than they've ever been, at least since 1967. It's true that Ramallah is only 5 minutes' drive or 10 minutes' drive from the Jerusalem checkpoint, but most Israelis don't go to Ramallah, most people in the West Bank don't go to Israel. The process since Oslo separated them by walls, by fence. They simply ignore each other.

You know, I -- again, in a quite ironic sense, you can say that the Two-State Solution is implemented day by day in the West Bank. At the same time, it is destroyed day by day by the settlement activity. It's a paradox. But again, we always have between the long term and the short term.

I can tell, you know, a short story. I have a colleague who -- a very young reporter, he's working for a paper and he's 22 years old and he was born in Ofra, in a settlement not far from Ramallah, and one day we had to visit a bereaved family in a settlement and I said to him, "You know what? Let's go to Ramallah on our way back." So he took off his yarmulke -- asked him to do it. And for about 20 minutes, we drove from north of Ramallah, Birzeit, down to Jerusalem, crossing most of the -- most of the populated part of the West Bank.

And the guy was in shock. He said, "I was once in Ramallah when I was 4 years old, and my parents took me to the market." Probably even this -- this incident never occurred, but this is the story he remembered from his childhood. And you know, he was looking like this, all the new buildings, the new industries, how the -- how people behaved. It became a very, very thriving town, Ramallah. I saw in his eyes how separate you can be while you are there. It's the

upstairs/downstairs phenomenon.

Okay, now you people, I mean, Rob, and Aaron, talk a lot about the question of trust, and I believe they are right. Again, I don't remember that in peaceful times, we ever had this kind of mistrust between the Palestinian elite and the Israeli elite. For many years, there was a kind of group -- they were criticized many times -- kind of group of Israelis who had a tremendous influence over the policies of Israel and the Fatah group heading or leading the Palestinian Authority, who had more in common than with their own people or their own voters or constituencies. And this phenomenon has vanished.

What you have here in Israel, you have a group of people who probably never met a Palestinian unless they were soldiers in the Army. And you have in the Palestinian side, you have people who for many years were disconnected from Israel. They're still coming to Israel, but it's that -- they are still looking for the old friends, for the Yossi Beilins, if you want, of the old regime.

This is dangerous, and it's also an explanation why, for a part, especially why for Abu Mazen, the solution or the path he chose to walk in was the path of non-negotiation and trying to bypass the process by going to the U.N.. There is no -- all the buffers vanished.

A fourth point. The feeling now in Israel after the beautiful summer we had is -- let me call the name of a -- of one of the volumes of Churchill's, "The History of World War II." I believe that is called in English, "The Gathering Storm," right? "The Gathering Storm."

IBISH: That's right.

BARNEA: So this is what many Israelis and Palestinians alike feel now, that we are in the phase, in the era of a gathering storm. From an Israeli point of view, it's not only Palestine, it's Turkey, it's Egypt, it's the relations between the Israeli Government and the American administration, and it's Palestine. And September, again, is not a date, it's not a month, it's a cloud. Not the website, Cloud [speaks Hebrew].

And -- and here, we have a very interesting internal debate in the Israeli political system. While people like Barak link the dots -- they say, look, there is something in common between our relations with Turkey -- Erdogan -- our problems in Egypt, Palestine, United States. And the common denominator is that this government lost the -- any diplomatic process which can somehow comfort the world or give assurance to the world that the situation is not so dangerous.

Netanyahu treats all these crises as a local problem. Turkey -- "It's Erdogan. He hates Israeli, he hates the Jews, he hates whatever. It's Erdogan." United States -- "It's Obama." Palestine -- "It's Abu Mazen." Egypt -- "It's the revolution and the weakness of the government." And he has a point on all these things in my opinion. He's not completely wrong. But he -- you can understand why for him, why he's so reluctant to link the dots, to -- because if he links the dots, he shares part of the responsibility. And one thing that our beloved prime minister hates to do is to bear any responsibility. [Laughter]

Now, so we have a story, or we have stories, and the narrative is very important; it will be more important, I believe in the next few weeks or months. Now, a few words about the crisis or the confrontations between the American administration and the government of Netanyahu. I believe that Netanyahu gambles on a Republican victory in November. And this is why we gamble. I don't know if it will work on that. I can understand why he wishes -- I don't know, maybe Cantor to become the next president of United States, or Glenn Beck, I don't know.

IBISH: [Laughs]

BARNEA: He has another assumption, which, in my opinion, makes sense to an extent. He believes that in an election year, and special elections that look quite tight now, quite -- there's no clear gap between Obama and whoever is elected in Republican Party, in such a tight election, he is in good shape. The White House will be very, very cautious to confront him.

The last comment, if I may.

MILLER: Yeah, you can have one more comment.

BARNEA: Hussein analyzed several scenarios for the September process, and all of them are valid, in my opinion. First of all -- and, again, I don't want to sound too ironic, but the Palestinians could formulate their request to the U.N. in -- by quoting, by quoting the violent speech of Netanyahu. I suggested it to him in one -- in one of my columns, and I said don't be -- "Curb Your Enthusiasm," Israel will vote against it. But it will put the Palestinian request in a more positive context, I believe, because there is no doubt that Israel is also committed to this, theoretically, two-state solution. So why not using this in the U.N.?

These threats are real and not real. These threats are used in order to soften the formulation of the Palestinian request. So these threats are made now. I'm not sure they will be implemented afterward. So the facts that the pistol is put on table now doesn't mean that it will shoot on the

third act, you know, as people say.

At the same time, the tiger is a tiger. I mean, you know, when you start such a process, you never know who will pick it up. It can be demonstrations in a Amman. It can really threaten the stability of the Hashemite Kingdom. It can produce some kind of violence in the Arab sector of Israel, the Palestinian territories notwithstanding. It can produce more cooperation between Hamas and the P.A., and it can finish the very effective and very hefty security arrangement Israel has with the P.A. so far. You can't cut the salaries of the soldiers who have to stop the demonstrators from breaking the fence or the wall between Israel and the territories and expect these soldiers to risk their lives in order to stop the people. So here, we are walking on a very tight wire, I believe.

Now, one thing, I want to add to the scenarios. It is that I believe that it will -- the resolution of the U.N. will affect more the situation on the ground and the legal situation of the Israeli occupation of the West Bank than it will affect the Palestinians. So we start here a process which would -- can lead to a lot of unpleasant hearings in various international courts and in U.N. institutions. The United States -- poor United States will have to go from one session to another to protect something which -- the United States hate, which is the insistence of Israel to go on occupying the West Bank.

MILLER: Nahum, thank you. Mr. Malley?

ROB MALLEY: Thank you. Thanks for having me. Just a first comment about September, which is that -- I think at the root of the problem is that everyone has overdramatized and exaggerated the significance of what was going to happen. Now, the Palestinians oversold both to their own public and to the world at large what would happen in September, which has created somewhat of a problem for them because now, they're going to have to live with a less than anticipated outcome, and it's so much harder for them, obviously, to walk back something that they promised would change so much of their reality.

It's also heightened fears on the Israeli side. Now, the Israeli themselves have overdramatized what would be the outcome of September, and that has led to two other negative results.

Number one, it's made them -- it's made it more difficult for them not to react when the Palestinians achieve what they achieve at the U.N.. But also it makes it much harder for the Palestinians to give it up. Once you've told your opponent that they hold a nuclear weapon, they're not about to give it up, unilaterally.

And the U.S. has overdramatized and exaggerated the negative impact of anything at the U.N., which basically has meant that they have -- the administration has excluded itself from real diplomacy in trying to work on an alternative resolution or try to work with the parties, because it took the position that anything at the U.N. was negative.

So on all sides has been this tendency to make too much out of it and the obsession with September is probably its biggest danger. Now, we are where we are because of parties have elevated the stakes to the point that they have. And now I think the challenge -- and I think Hussein and Nahum have outlined it already -- is, how do we not manage so much what's going to happen in September, what's going to happen afterwards and that's in part what we titled our report that the ICG just released yesterday, "Curb Your Enthusiasm," meaning everyone need to sort of take a step back and try to make sure that what happens after the resolution does not become a self-fulfilling prophecy.

Now, several points flow from that. The first is that the Palestinians are going to have to come out with something and something significant. If you'd asked me several months ago, do I think that the statehood bid is the smartest one the Palestinians could make, I would have been dubious. I mean, I think in some ways, the best Israeli response would have been to say, we welcome the Palestinian state, of course, it has undefined borders, of course we have to negotiate everything, if you want to go to the U.N. and get a state, fine with you, but it raises a lot of questions about the nature of the conflict between two states, it becomes a territorial conflict rather than the sort of the existential conflict that many Palestinians believe it is.

But that is not where we are. The Palestinians have now made this a centerpiece of their -- President Abbas, of the strategy, and to either pressure him or to force him or to hope that he will walk back would be doing obviously disfavor to him. I believe it would be doing a disfavor to the Palestinians as a whole. I think it would doing a disfavor to those want to still continue with the peace process, because a Palestinian leadership that would be undermined because it would once again have walked back a commitment it had made with echoes of what happened with the Goldstone Report, I think it would be a far worse outcome than having them come out with something significant and significant which President Abbas will be able to sell to his people as having met at least in extent the promises that he made.

And that's why there is going to be some support for statehood. I believe the minimum the Palestinians are going to need to get out of this is the upgrade of their status, as Hussein described, to nonmember observer state status. I believe that's the minimum for the Palestinians to be able to say that they've got something and not to leave the people with the sense of the

leadership which already is -- has questionable legitimacy in the eyes of many, that the leadership has betrayed them once again. So that's, I think, step number one.

I think the other point is that the resolution needs to have something that enshrines basic principles of a two-state solution which could reassure, to some extent, both sides. I mean, obviously '67 with equal swaps, Jerusalem as a capital of two states, but also the need for a negotiated solution, the need to end the conflict, the need to end all claims, and perhaps assurances on security. Some of the things that to the Israeli government has been insisting upon for some time and talking about two states for two people. Again, you could have in the resolution steps that are not going to lead to a breakthrough anytime soon, but at least would create the sense that there is a common basis on which people could work in the future. So that's the second point.

The third point goes really to what I would -- called earlier, the risk of overreaction the day after. What's the worst -- why do Israeli said that they afraid, mainly -- I mean, I don't want to speak for them. Nahum could do that better. But one of the major fears they have is that the Palestinians are going to take this resolution, once they have this upgraded status, and drag Israelis to the Hague before the International Criminal Court. They're afraid of sort of the legal -- the political/legal consequences of a recognition of statehood.

Now, those are not idle fears. It is true, as we document in the report, that there are -- there's at least a good possibility that the Palestinians will have the ability to use international judicial institutions. So if -- so that the point is not to tell the Palestinians they can't do it, because legally, they don't have the right to do it, but to try to create the conditions under which they will have less of an incentive to do it and in fact a disincentive for doing it by making clear that if they *don't* do it, certain other things won't happen, and of they *do* do it, unfortunately, perhaps, the Israelis will react. So you need -- so the point is to get all parties to avoid taking the steps that will lead to this self-destructive cycle. The Palestinians sort of overplaying their hand after their victory at the U.N. and the Israelis overreacting to what they see as a Palestinian threat by either annexing settlements or by announcing a major expansion of settlements or by cutting off the transfer of tax revenues, which is much more serious than the American assistance, 'cause it covers about 2/3 of the P.A.'s budget. So, on the one hand, the Israelis should refrain from those steps. On the other, at least, for a while, the Palestinians need to sort of take their victory, celebrate their victory, and again, in some ways, the more visible the victory, the more they can celebrate, the less they need to take that and prove that they've achieved something in international, judicial institutions.

So those are sort of the three immediate points that I would make -- that the Palestinians need an achievement, that there needs to be some form of parameters enshrined that will provide some reassurance for both sides, and that there needs to be an absence of overreaction, not only by the two parties, but by the U.S., as well, incidentally, which -- and then again, both speakers have spoken about it earlier, avoiding a cutoff of funds -- or I suspect that some cutoff of funds is inevitable at this point, but at least a dramatic cutoff of funds. And here is where Israel itself could play a critical role, by telling members of Congress that cutting of aid to the Palestinians in fact will be hurting Israel's interests at least as much as it would be hurting the Palestinians, because the P.A., I think, it's now become quite self-evident, serves an Israeli interest as well, at least as well by maintaining occupation at lower cost and by having Palestinian security officials policing Palestinians.

All of that leaves us -- and I think Aaron sort of hinted at it earlier -- it leaves us with several questions unanswered. The first I would say is that everything I've said now has to be covered with a caveat. I mean, this might work in the abstract to calm people after, have the Palestinians achieve what they want to achieve, but not create a sort of diplomatic tsunami that Defense Minister Barak spoke about. But I say that with not absolute certainty today, given what's happening in the Arab world, given the great uncertainty -- and Hussein Agha and I have just written about our view of the Arab Spring in *The New York Review of Books*. But the point we try to make is, everything now is very unpredictable, and the predictions that people have made are most likely to turn out to be false. And so when you throw in what's going to happen in the Palestine -- to -- with -- in September with how Israel might to react even if everyone tries to play it in the more moderate way, given what's happening in Egypt, given what's happening with Turkey, given what's happening elsewhere, who knows where that combustible mix may lead? So again, even if everyone place this wisely, it's unclear where it will go, because I think we're living in a very different Arab world today from the one that we knew even six months ago. That's the first sort of question that is unanswered.

The second question that's unanswered is the one that Aaron is referring to, which is that September is a symptom. It's not the cause of what we're talking about. It's a symptom of the collapse of the peace process and of the fact that there is actually at this point, no sense that any one I've heard has offered of how to move forward. And so, by trying to cure -- take care of September and saying we're going to take care of September and launch negotiations -- that's sort of the conventional wisdom among Americans and Europeans, that the way to deal with September is either by convincing the Palestinians not to go to the U.N. but to resume negotiations, or to very quickly after the U.N. resume negotiations. But on what basis does anyone think that negotiations will succeed? And a collapse of negotiations under these

circumstances is far more likely to lead to the disaster that people are predicting than a U.N. bid would. And so my fear is that the cure in this case is going to be more fatal than the ailment. You're going to run to negotiations, hoping that it will solve something. In fact, it will just make something worse. But that just leaves open the question of where we go after the U.N., and I don't think, U.N. or no U.N., anyone has a good answer about how the two parties have to deal with it.

Third point goes with -- to Hussein said, and I want to disagree slightly, I mean, you know, the other outcome or solution people want to preserve is the institution-building in the West Bank. It's achieved some progress, but the notion that the Palestinians have achieved a degree of self-reliance is belied by the very point that Hussein made, which is that if the funding ends, the whole project collapses. So it's not at all clear to me that we have anything solid, particularly if, as more and more Palestinians are going to question the rationale for security cooperation in a circumstance when, as I just said, the peace process is not really moving. So that's another big question that nothing that people are discussing right now is intended to resolve. I mean, the best that people are trying to do is to avert what they think is going to be a train wreck when in fact the train wreck has been staring us in the face now over a year, perhaps more, perhaps 17 years, as Nahum said, since Oslo, 18 years today, which is that we have yet to find a way to move forward between Israelis and Palestinians, and our obsession with September is at best a way for us to ignore for a month what is the biggest problem facing us.

MILLER: Thanks, Rob. Just a few observations, then we'll do questions, 'cause I really do want to allow you a chance to participate.

You know, in a parallel universe, in an enlightened universe, maybe in a galaxy far, far away --

IBISH: Ha!

MILLER: -- what's happening now might be used to the advantage of everyone. But we don't live in a parallel universe, and we certainly don't leave in an enlightened one when it comes to motives and capacities of the three core players in this process. Washington -- In order of priority, by the way. Washington, the P.A., and Israel. The problem that has been staring us in the face, I would argue for a decade, the ones that -- one that we need to deal with but cannot is the basic reality. And I'll phrase it as a question. I've answered the question satisfactorily for me, and that is this, is there a conflict-ending agreement available to Israelis and Palestinians that resolves conclusively the four, now five, I might add, core issues that drive the Israeli-Palestinian conflict, Jerusalem Border Security refugees and the one that has been recently introduced, although it has been



symptomatic all along, the issue of Israel's Jewish character, which is important to this prime minister to put his own mark on the process and to deny the obverse. If Israel is a Jewish state, it cannot be under any circumstances a Palestinian one. It's not just propaganda. It is a functional need to categorically ensure that everyone understands this fact. Now, again, I'm reporting here. I'm not endorsing this or criticizing it, but there are now five issues on the table. And the answer to the question is, no, there is no agreement right now that will satisfy the needs of this Israeli government and this Palestinian Authority, period.

So the real question is, yes, Nahum is right. September could set into motion certain processes that will make the situation different, but even if we come out of this with a soft landing, which we all hope is the case, the day after the problem remains the grinding dreary, potentially violent status quo that has not yet in a decade or longer been resolved. And I don't have an answer. I don't think anyone has an honest answer to this question. There are factors that are now not in place -- Hussein and I have talked about them -- that would make a successful negotiation real. It's no mystery. It's no metaphysical explanations to why Israelis and Palestinians don't have peace. They don't have peace because they can't find a balance of interests that drive and satisfy their needs. It's not magic. It's -- the factors that are required just aren't there. So the question is, what happens the day after? I would argue to you that we need to protect, preserve, and preempt. Three Ps, protect, preserve, and preempt the possibility -- and I'll humor myself here -- that at some point down the road, a conflict-ending agreement might be possible.

And there are several issues. Number one, Egypt-Israel. If Egypt-Israel goes south, then you can hang a "closed for the season" sign on any possibility that an Israeli government is going to make further concessions, accommodation, to a problem much closer to home with the Palestinians. It's critically important that that relationship be maintained. It's critically important that Israel and Hamas avoid a repeat of what happened in '08. It's critically important that funding to the Palestinian Authority and institution-building, as limited as it is, continue. And it's critically important -- and it may just be a game -- that the administration continue to not give up on the desirability and feasibility of the prospects at some point for a two-state solution.

I'm going to pause here, and I think it's time now to go to questions. We have 30 minutes. Again, no station identification. Questions. Hussein, did you want to add something?

IBISH: Yeah, I -- very, very briefly, I want to push back a little bit against Rob on the question of state-building. Nobody said, or no reasonable person says, the Palestinians have achieved self-reliance. That's silly. And I think it would be ridiculous to overestimate what's been achieved in area A, both because of the limitations, the timeframe, it's been only two years, the limitations

and what they've been able to do because of the occupation, because of their own limitations, and because of the limited amount of support they have had. The question is, what -- what preserves the viability of two things? The viability of a stable situation that ultimately can morph into a political situation that is conducive to negotiations. We all agree there isn't one now. I think -- the kinds of things that are done under the rubric of institution-building are essential. There is no alternative to those. Whether or not they actually are succeeding in creating a state is a little bit beside the point. The point is, they are allowing Palestinians a better and ever-improving quality of life until recently, until this financial crisis. And that's something that is absolutely essential, not only for a soft landing, but to preserve the possibility of a political reality emerging some time in the future in which negotiations again become possible. I think it's a *sine qua non*. I think if you gave up on that and stopped funding it, you would basically stop funding the quality of life for Palestinians in the West Bank, and I think what you'd get out of that very quickly is not only the total discreditation of the nationalist leadership in Ramallah, you'd get, very quickly, popular anger because there would be no reason for hope and nothing holding back despair.

MALLEY: Just 30 seconds.

IBISH: Yeah, please.

MALLEY: I don't want to get into a debate --

IBISH: I won't respond to this --

MALLEY: I'm just -- I'm always nervous about overselling things. I'm not saying that people have said that they already have a state. I think there has been the tendency to view this at the alternative, sort of the panacea. "We're going to help build a Palestinian state." And I think that that creates illusions about what actually could be done, when it's been such a fragile enterprise.

And second, I think -- and this is a longer discussion we could have at some point -- to some extent, what's been happening with the P.A. has helped perpetuate the status quo, and I think that is something that people have to -- well, reflect upon. I think -- I don't know that this is the place for that discussion but the whole institution of the peace process and the institution-building has helped -- I don't know what the alternative is, but it has maintained --

IBISH: But to make people more miserable and more angry is not a healthy solution.

MALLEY: That's not what I'm talking about. We could -- we could have a separate conversation.

IBISH: It sounds like it.

MILLER: All right.

AUDIENCE MEMBER: [Inaudible]

MILLER: Nahum? No? Did you have -- [Laughter] Are you sure? Okay, so let's go to your question and be very patient, and wait for the microphone. Identify yourself, as well, station identification in that sense.

JEREMY KADDEN: Jeremy Kadden with Congresswoman Shelley Berkley's office. You've all laid out the strategic errors that have been made very well. My question is, why? Why did the U.S. and Israel choose not to engage in negotiations over this to find something that would be good for Israel and not lead to all kinds of repercussions at the ICJ or ICC, and what made the Palestinians think that they were going to get so much out of this process and not face vehement U.S. opposition?

MILLER: Did the two of you want to offer a brief response?

IBISH: First -- Nahum, please.

BARNEA: Should I?

IBISH: Oh, please.

BARNEA: "Why" is a very philosophical question, you know. We deal here with people who have interests -- self-interest, national interest. When I look at Abu Mazen, who now promises that after the U.N. resolution, he will quit, I can't understand why -- I'm not sure he will quit.

IBISH: No.

BARNEA: But -- Hussein said it. [Laughter] But I can understand why a man his age, in his career, can have this -- the urge to imprint, to leave his imprint on the history of Palestine --

IBISH: The legacy word.

BARNEA: -- By doing something which has become a milestone. What can he say for, you know, he -- since the death of Arafat, he ran the business of the P.A. and -- you can say, you know, his bureaucrats would say that he built institutions, but there is no milestone. There is no nothing. So this is one thing which should be added.

And I can say something, the same, maybe, about Israeli settlers and the Israeli right. The Israeli right -- there is a big -- a very strong feeling among the Israeli right that this is the last opportunity to destroy the idea of two-state solution. Because if they build a certain volume of more buildings in the settlements, if they have a certain more Jews that will move from Israel to the West Bank, then it will be too late to go back. And maybe they are right, but this feeling, I'm not talking now about the future, but about the general feelings they have now. And this is a -- this adds to the frustration, because you can't move ahead.

Now, one can -- you know, a lot of people still remember that Palestine was declared a state several times so far. Hussein, I'm sure, knows the list better than me, but it starts from 1988?

IBISH: '88 is the first.

BARNEA: '88. And again, I know, I knew an old Jewish singer who made a living out of taking her son to a Bar Mitzvah ceremony in every American Jewish community, you know? She moved from one community to another, until he was 21, you know? [Laughter] So, you know, you can declare and declare and declare. So this is the over-dramatization Rob talked about. In a way, both Israel and United States could portray the movement from Ramallah to New York as another marginal diplomatic effort to make noise. They can do so because there is no process. So it goes back to the -- to what I said.

IBISH: I explained a bit why I thought they decided to do this. The legacy issue was an early impetus coming from Abu Mazen personally, but it took on a life of its own. I agree completely with Rob that they oversold this to the public, creating a political problem for themselves. And they did that partly because I think they miscalculated what they could achieve a few months ago. I think they thought they could get a lot more support from major European states than they are likely to get, or so far they've been able to secure. I think they really believed Britain and France and Spain were gettable, and that this would, at very least, demonstrate a shift in the West, in the OECD countries, towards them and it wouldn't be just marginal small EU states like Belgium and Portugal and Ireland that would vote with them, but serious ones. Right now, the only one that they have any confidence in is Spain of the major European states, and it just hasn't played out at all. I also think they underestimated the Israeli and the American congressional reaction to this,

because they thought what they were doing, while it was perhaps outside the process, was neither unilateral -- which it technically isn't, although it's outside the negotiating framework, certainly. But they -- from their point of view, they really believe this is normal diplomacy. You know, entities go to the U.N. and they ask for this and that, and I think they really were sort of surprised at the vehemence of the response.

And at the same time, there is this feeling of utter desperation, such that that, you know, what they were hoping for, as I said, they were hoping and I think expecting that someone would give them a reason, a political reason, a diplomatic reason, a financial reason, some kind of reason not to do it. And I think they're amazed that all that they got from -- apparently from Ross and Hale, for example last week, was a reiteration of the May principles, which were -- neither party particularly pleased with at the time.

So, there is a bunch of overs. There's overestimation, overconfidence, overselling, and underestimation of the response. And so -- and at this point I think there is a sense of being politically trapped into this on the one hand and also feeling that again, there isn't any other way of asserting agency, and they want to assert their agency. So that's why, I think.

BARNEA: May I? One sentence, one sentence. The P.A. is the only entity, political entity in the world, which threatened to commit suicide as part of its negotiations with the world. "If you don't say yes, I will jump from the 40th floor."

IBISH: Well, because they'd rather -- they don't want -- I'm sorry.

MILLER: Hussein, Hussein, let's -- we need another hour, for sure. Yes, here, down here.

NICK BERRY: Thank you. Nick Berry from Foreign Policy Forum. I'd like the panel's reaction to a theory that's somewhat abroad, especially in Jordan. And that is that the Israeli government wants to limit the options of the Palestinians and the P.A. to the Third Intifada. And the Third Intifada would be very, very different, because now the Palestinians are well-armed, and it would take the form of a civil war. And in a civil war, you can do the transfer. This is why it's very, very popular in Jordan and very concerned about it. That is, the Palestinians would be pushed across to Jordan. And that would be the territorial solution. They see this is a battle about land, and there are tough people on both sides, and Netanyahu is about as tough as they get.

MILLER: I'll spare Nahum from answering this question. I think that we live in a world where reality is complex enough not to overload the circuits with theories, and in this case I would argue

conspiracy theories that just don't relate to reality. The Jordanian assumption assumes the government of Israel has a strategy and that this is in fact the strategy, when the reality is the government of Israel has no coherent strategy either to create the basis for meaningful Palestinian statehood, or to find a way to put the problem in the box, so that whatever outcome this current government desires would be easier to attain. So, your question presumes there is a logic and a coherence to Israeli government policy, and frankly I don't think there is.

NICK BERRY: But wouldn't it normally happen just by itself, whether you have a theory or not?

MILLER: No, I don't. I mean, I think everybody, including the current government of Israel, does not want to create a situation where there are too many unknowns on the ground, and those unknowns translate into the situation literally getting out of control in the way you suggest.

In the -- way in the back, the young lady in the back?

PATRICIA SMITH MELTON: Thank you. Patricia Smith Melton, founder of Peace X Peace, [www.peacexpeace](http://www.peacexpeace). And I've been in the territories and in Israel a lot the last years, done a book with Palestinian women and Israeli women. And what I'm seeing is that -- there was a mention about accommodations by the Israeli government. I'm not seeing those accommodations. And I am seeing -- I think we're all seeing -- we pay attention -- great, great expansion of the settlements. I've been there; I've seen them. I think one thing I've also often heard is that there is perhaps a need for looking at a moral right. Is there not some value in showing to the world, getting the world's attention focused in a different way, perhaps by a bit of a showdown? Because what's happening now isn't working. You can talk about keeping the status quo that slightly gets better all the time, but it's not getting better. The land is disappearing.

MILLER: Do you have a question for --

PATRICIA SMITH MELTON: My question is, what is the effect of a moral -- highlighting a moral view of all of this, of what is right?

IBISH: Can I just -- very quickly?

MILLER: Quickly, yes.

IBISH: Very quickly. I mean, I think that's part of the policy in calculation, is that this is an exercise in highlighting morality in international law. The question is, at what cost? And that depends on

the language.

MILLER: Yes, yeah, down here.

GEORGE JOHNSON: I'm George Johnson. I'm a lawyer and policy analyst. There's an elephant in the room that people haven't been talking about -- that's the Hamas -- and I'd like to hear your views on what their position is, what their role is, and what the consequences of the September event is for Hamas, if somebody would address that.

MILLER: And I would just say at the outset that -- as I see it, there's a strategic problem. You have a national movement that neither has a monopoly and the forces of violence within and so in society, total control of the diplomatic and political strategy, control of all of its people, let alone control of its resources. And the reality is, until that problem is rectified, until you have one authority, one gun, one political strategy, and I can't imagine a set of circumstances under which that would pertain, it's going to be extremely difficult, not only to make a bid for statehood, but to actually negotiate on the kinds of issues that need to be joined and resolved. So, I mean, I think that is a -- it *is* the elephant in the room. And it is -- on the Palestinian side -- Israelis present their own obstacles, to be sure -- on the Palestinian side, it is the gravest and greatest challenge to the realization of Palestinian national aspirations. And I do not understand right now how it can be resolved.

IBISH: On the September bid, they won't take a position, and that's because they think they can win either way. If it's perceived as a failure, they will claim the other side has failed. If it's perceived as a success, they will claim that they are a key component of the success because of the National Reconciliation Kabuki show.

MALLEY: They also have, I think at this point, bigger fish to fry. I think they're looking at regional evolutions, some quite positive, others less so. And I think for them what's happening at the U.N. is a side show which they might try -- they will try to use one way or another. But just to underscore what Aaron said, among the list of challenges that I've mentioned is this one, which is also has to do with the U.S. policy towards Palestinian reconciliation, which is not the only obstacle by any means, but I think we have to think in a very tough, hard way, what purpose it serves to oppose efforts to rebuild the Palestinian national movement, without which -- and again I agree with Aaron, it is very hard to see how we're going to move in any credible way towards a solution.

IBISH: I mean, for sure, if Congress cut funding to the P.A., it would -- the immediate, proximate

beneficiary would be Hamas, instantaneously, immediately, and totally.

BARNEA: Because Iran will not cut funding to Hamas, ah? [Laughter]

IBISH: No. Well, they cut their allowance a little bit because of Assad, but they would -- that would probably restore their full allowance, yeah.

MILLER: Okay, we have a question from Jerusalem, actually. Let me read it here to make sure --

BARNEA: What part of Jerusalem? [Laughter]

MILLER: This is complicated enough. "Mr. Barnea mentioned that there's an Arab Spring -- I love these meteorological references, an Arab Spring, I make them myself, an Arab Spring, an Israeli massive summer, and describing September as a cloud. The question we'd like to know, what kind of cloud you foresee and what kinds of storms could develop from that cloud."

BARNEA: Perfect, always perfect.

MILLER: Is that okay? [Laughter]

IBISH: You can do a poem.

BARNEA: I don't know. I'm not a weatherman. But maybe I went too far on all these expressions, but I believe that in Israel, or in the Middle East, when you move from domestic issues to the Arab-Israeli conflict, usually it's not good news. And this is a -- this one sort of applies to this timing. At the same time, I mean, everybody knew that we will have to reach this point, that we cannot drag on without process, with a continuation of the settlement-building, with all the moral problems that the lady from the back mentioned. We cannot go on forever. So, it's time to wake up and maybe, maybe the -- what we call the September is a wake-up call which can serve all parties.

MILLER: Yes, in the middle here, gentleman.

MITCHELL PLITNICK: Hi, I'm Mitchell Plitnick with Inter Press Service, and well, Nahum mentioned the idea that President Obama is likely to just sort of sit this out until after the election, he won't want to stir up the pot, and I think that's right. Aaron, you mentioned that if the Egypt-Israel relationship goes south, then that's kind of a, you know, red alert. It seems to me, though,



that both Egypt and Turkey, that whole -- there's now a regional tinderbox sort of forming. And so I'm wondering if any of you think that it's a good idea really for Obama to try and stay back and play conservative until the election and if -- or does he risk both a regional explosion and a political one domestically? And if you don't think that's a good idea, what are his options?

MALLEY: If I could just -- a few words on that. I mean, of course I think what you're seeing from the White House is just fatigue, basic fatigue. They think, I mean, and we could go on for a long time criticizing how they got to where they are. But their perception is they tried everything, neither side is playing ball, they're not going to try anymore. Added to that is definitely the political, perhaps just as important, the political concern of not having yet another fight with Israel and with the prime minister in the runup to a very tough election.

But -- and I think your question implies it, they're not going to be able to stay out. They may not want to launch a robust initiative, which for many reasons in any event may not be the wisest thing to do, but they're going to be dragged in as they were a few days ago on Friday when the Israeli embassy in Cairo was stormed. They're going to be drawn in because of Turkey. They're going to be drawn in if something happens in Gaza. So there's no, "we're out of it," but there is, I think, a sense of being fed up and not wanting to take any political risk, short of either the emergency of trying to deal with a crisis or the prospect, which I think we all here agree is extremely remote, of a breakthrough.

MILLER: Yeah, I'd only add that American presidents, and I think the historical record -- with one exception, perhaps Jimmy Carter -- get involved into this issue in a serious and meaningful way *only* when there is sufficient pain -- that is to say you have a sustained crisis, or alternatively, an opportunity presents itself, as it did to Jimmy Carter ultimately, in the person of Anwar Sadat. Without crisis or opportunity, American presidents have been, always been reluctant to engage in this issue. President Obama, to some degree, is an exception to that -- he came out louder, harder and faster than all of his predecessors -- but he had no coherent strategy. And it was very bad analysis. This is a much diminished president at a critically important time in the political cycle. There is no reason or driving force for a confrontation with Israel, or a failure, a high-level failure which will make the administration look weak or incompetent. Give the administration a reason to be involved that actually promises to make them look better rather than worse, and you might see involvement. But under any other circumstance, seems to me it's going to be very hard, nor would any rational person counsel the president under these circumstances to make the Arab-Israeli peace process the top priority in his foreign policy. It doesn't make any sense for him now.

We still have a few minutes.

IBISH: The gentleman way in the back.

BARNEA: May I add something? For some time, I tell Rob and Aaron, I remind them --

MAN IN AUDIENCE: At my age --

IBISH: Hold on.

BARNEA: I remind them of a famous saying by Senator Bill Moynihan, whose plaza is just downstairs here, and when he was, I believe, a Deputy Assistant at the White House in the Nixon era, he was asked to prepare some kind of research on minorities in the United States, and he came out with a conclusion called Benign Neglect. And the Middle East sometimes for American presidents, the right policy is benign neglect. They -- sometimes they cannot afford it. Sometimes they got into it because of overambition or some kind of naïveté, when it came to Obama in his first year, when he begun his term, and this eagerness to be different than his predecessor and so on. But yes, not that the Israeli-Arab conflict is not solvable, but there are times when you cannot solve it. And the American president cannot afford to be a maintenance man. This is what became of Clinton in his -- in the last months of his second term. He became -- he indulged, he dedicated too many hours and days and nights to maintenance, not to achieve an ultimate goal, but in order to avoid deterioration. This is not the role you expect from your president. And I believe that, at least until the next presidential election, Obama is caught in the same situation.

MILLER: One last question. Yes?

??YOUSEF FARSAKH: My name is Yousef Farsakh, I'm a Palestenian --

IBISH: A little louder.

YOUSEF FARSAKH: I'm a Palestinian citizen and also an American citizen. And I would like to bring out a couple of points, is all. That business of going to the United Nations, is it possible for it to emphasize the occupation and perhaps to preserve that little piece of land that's the West Bank, that is with all that settlement things? And it seems to me that the economic improvement of the Palestinians did not really cover the Palestinians. It's covered certain individuals. Things are not that good, so in other words, the average Palestinians would not see anything different if the finances that the United States sent to the West Bank were cut off. Is it possible for the United

Nation move to emphasize the occupation, and also preserve the border of the Palestinian things, from your point of view?

MILLER: Hussein, do you want to?

IBISH: Yeah. I mean -- I think the answer to the first question is definitely yes. Whatever the U.N. resolution, and there's going to be one, is going to focus on the occupation. It's certainly going to do what Rob suggested and reiterate the 1967 boundaries and the need for a negotiation. That is on -- whether or not it involves the creation of a Palestinian non-member observer state or something less ambitious, which I think is also possible if they get a very good deal with the Europeans to have a whole group of states that never voted with them before suddenly vote with them, that would be another kind of achievement. And I am not sure I agree with you that non-member observer state status is the minimum they can present as a victory. I think if they got something just short of that with massive support from almost all the European states minus, say, maybe Germany and Italy, but everybody else, that that could be. But whatever it is, is definitely, definitely going to focus on the question of the occupation in 1967, et cetera. It's guaranteed that it will pass.

I don't agree with you at all about the question of international funding the ordinary Palestinians. One million Palestinians in the West Bank and in Gaza, because the P.A. pays most of the public employees in Gaza, are dependent directly on salaries, public salaries, public employee salaries. And as I said, because of the shortfall in international aid, they had to cut salaries in half in July. During August, they got a gift from the EU for Ramadan, basically, so they paid full salaries during Ramadan. But now there's going to be half salaries again in September. The P.A. had to mandate a cut in the price of bread so that people could eat. And I'm not saying that the economic uptick in the West Bank that occurred as a result of some of the institution-building has benefited the great mass of the Palestinians. I'm not making that claim, but what I am saying is that a massive cutoff of aid to the P.A. would result in a problem with payroll, especially, as Rob pointed out, withholding of the Palestinian tax revenues, but even the 400 or 500, so between 400 and 500 million dollars that the U.S. has provided, which is the -- whatever Prince Turki may have said, is still the single biggest donation to the P.A., and a lot of it goes to payroll. And many Palestinians are directly dependent on that payroll, and of course that money circulates within the Palestinian economy. So I do think there's kind of a very direct impact on the relationship between this money, that Palestinians who are an occupied people and are dependent on outside help, have, with ordinary Palestinians. It's not just the old bourgeoisie, the entrepreneurs, the people who are doing very, very well. It's public employees, which covers all kinds of people, and a million directly, both in Gaza and in the West Bank. So I do want to caution you on that. It will

have a very severe impact on public employees.

MILLER: Thanks, Hussein. I think Rob -- Rob.

MALLEY: Nahum, do you want to say something?

BARNEA: I can only add that, you know, money alone cannot solve the problem or make the Palestinians happy. The fact is that both intifadas started when the situation -- the economic situation was relatively good, not bad. But -- so it's not a kind of sleeping pill, the money they get from abroad. But I cannot imagine, let's say, normal life in the West Bank and partially in Gaza, you said, but first and foremost, West Bank, if the money is -- stopped pouring into the West Bank. It's going to break the P.A. in some way. The P.A. cannot survive.

IBISH: I completely agree.

MALLEY: Just -- just one sort of broader comment, sir. I think the question you're asking really brings to the surface the real anomaly of the situation. When I was the age of a number of people in this room, many years ago, I was a student of national liberation movements and colonial situations, and this is really a unique situation from the Israeli point of view because they feel like the -- the people who they're occupying represent a threat to their own homeland, and that some of the Palestinians actually have designs that go beyond '67. From the Palestinian point of view, there are many anomalies, but one of the ones which you point to and which our discussion has earlier, is the notion that they're creating a quasi-state, the Palestinian Authority, under occupation, while the occupation continues, which is dependent on the occupier and on international assistance to survive. I don't know of any precedents. And it does create -- I mean, you know, maybe it has -- it has provided opportunities for Palestinians. I think it also creates some obstacles and some constraints, which again, you just pointed to. And I think it's just one of the reasons among many why this conflict has been going on for so long, which is its uniqueness. I mean, on both sides we've created a situation that has no precedent, and in which there is this codependency which, as I said, I think perpetuates the status quo and has prevented the honest accounting of how to resolve this for both sides. And it's, again, one of the things that has probably not been given enough attention to.

IBISH: Yeah, I mean, they are not happy to be the P.A. That's not what they want.

MILLER: Please join me in thanking our wonderful panelists. [Applause] Nahum, terrific. Hussein.

IBISH: Delighted to meet you. Honored to meet you, really, I'm honored. No, no, seriously. No, no, I'm a great admirer of your work, I really am. Thank you, Aaron.