S. HRG. 108–459

THE MIDDLE EAST: RETHINKING THE ROAD MAP

HEARING

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

FEBRUARY 24, 2004

Printed for the use of the Committee on Foreign Relations

Available via the World Wide Web: http://www.access.gpo.gov/congress/senate

U.S. GOVERNMENT PRINTING OFFICE

93–762 PDF WASHINGTON : 2004

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

COMMITTEE ON FOREIGN RELATIONS

RICHARD G. LUGAR, Indiana, *Chairman*

CHUCK HAGEL, Nebraska	JOSEPH R. BIDEN, JR., Delaware
LINCOLN CHAFEE, Rhode Island	PAUL S. SARBANES, Maryland
GEORGE ALLEN, Virginia	CHRISTOPHER J. DODD, Connecticut
SAM BROWNBACK, Kansas	JOHN F. KERRY, Massachusetts
MICHAEL B. ENZI, Wyoming	RUSSELL D. FEINGOLD, Wisconsin
GEORGE V. VOINOVICH, Ohio	BARBARA BOXER, California
LAMAR ALEXANDER, Tennessee	BILL NELSON, Florida
NORM COLEMAN, Minnesota	JOHN D. ROCKEFELLER IV, West Virginia
JOHN E. SUNUNU, New Hampshire	JON S. CORZINE, New Jersey

KENNETH A. MYERS, JR., *Staff Director*
ANTONY J. BLINKEN, *Democratic Staff Director*

CONTENTS

THE MIDDLE EAST: RETHINKING THE ROAD MAP

TUESDAY, FEBRUARY 24, 2004

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met at 2:35 p.m., in room SR–325, Russell Senate Office Building, Hon. Richard G. Lugar (chairman of the committee), presiding.

Present: Senators Lugar, Hagel, Chafee, Sununu, Biden, Feingold, and Bill Nelson.

OPENING STATEMENT OF HON. RICHARD G. LUGAR, CHAIRMAN

The CHAIRMAN. The Senate Foreign Relations Committee is called to order.

Conflict in the Middle East is one of our most intractable foreign policy problems. It has brought not only bloodshed and suffering to the people of Israel and Palestine, it has contributed to the poisoned ideology of radical Islamic extremists who have perpetuated terrorist acts on people in countries all over the world. American national security would be dramatically improved by the achievement of an Arab-Israeli peace agreement.

Today the Senate Foreign Relations Committee welcomes former Secretary of State, Dr. Henry Kissinger, to help us rethink prospects for the Middle East Road Map and to consider new ideas to stop the cycle of violence. We look forward to having the benefit of his extraordinary expertise as we analyze United States options.

We are also pleased to welcome our second panel of experts: Ambassador Dennis Ross, director and Ziegler Distinguished Fellow of the Washington Institute for Near East Policy; Mr. Rob Malley, Middle East program director of the International Crisis Group; and Ambassador Martin Indyk, director of the Saban Center for Middle East Policy at the Brookings Institution.

We have asked our distinguished experts to help us challenge the prevailing pessimism, that as we enter this election year, no progress can be made toward peace in the Middle East. Despite election year politics, the United States must remain engaged in the Middle East peace process. We must take advantage of any opportunities to promote new strategies that might lead to a viable settlement.

The United States should explore with our partners in the quartet—the United Nations, Russia, and the European Union—whether the momentum of the Road Map can be restored.

We also must encourage Arab nations to take on greater responsibility for moving the Palestinians toward decisive actions to stop terrorism.

In addition, as I mentioned in a speech at the Wehrkunde Conference in Munich a few weeks ago, NATO should consider how expanding alliance intervention in Middle East security could improve the climate for a Middle East peace settlement.

Accepted last summer by the Israelis and Palestinians as a route to a comprehensive and permanent two-state settlement, the Road Map appears to have reached a dead end. A 6-week cease-fire last fall bolstered optimism that the violence could be stopped through the steps in the Road Map. Over the past few months, however, these hopes have been shattered by suicide bombings, targeted killings, and charges of deceit and bad faith. Egypt's effort to reestablish the cease-fire have been stymied.

Palestinian Prime Minister Abu Qureia has yet to meet with Israeli Prime Minister Sharon to discuss the Road Map. The divided Palestinian leadership appears unable or unwilling to control the extremist and terrorist factions that continue to undermine the peace efforts.

Claiming that progress through negotiations is impossible under present circumstances, Israel has announced plans to unilaterally withdraw from 17 of 21 settlements in Gaza and disengage from further talks. These moves have been viewed by some as imposing a unilateral settlement. Others worry that Israel's move will harden Palestinian positions.

Terrorist groups such as Hamas and the Palestinian Islamic Jihad may attempt to portray the withdraw as a sign of Israel's weakness that vindicates their use of violence. Others consider Israel's move an opportunity to create a new opening for a stalled peace process.

Whether Israel's unilateral approach can reinvigorate the peace process depends on the details of the plan on how the Palestinians, other Arab nations, the United States, and the international community respond. As Secretary of State Colin Powell stated before our committee just 2 weeks ago—and I quote—"we want the settlements closed, but we want to know exactly how that is going to be done and where those settlers will go and how does it affect settlement activity in the West Bank. We have to understand the total picture." The end of quote from Secretary Powell.

At the same hearing, Secretary Powell underscored that the administration is closely following Prime Minister Sharon's proposals and pressing the Palestinians to come forward with a plan to control terrorism. He added—and I quote—"I would do anything to find a magic bullet to solve this one, but the problem is terrorism, terrorism that emanates from Hamas, from Palestinian Islamic Jihad, and other organizations that are not interested in peace, not interested in a state for the Palestinian people. They are interested in the destruction of Israel. Until the Palestinian leadership and authority goes after those organizations that feel that way, it will be difficult to get the kind of progress we need moving down the Road Map." The end of quote from Secretary Powell.

Now, despite these difficulties, I believe that the broader context of events in the Middle East can improve the chances for a peace

agreement. The United States and the coalition forces are working to bring new freedoms, economic growth, and political change to Iraq and Afghanistan. If we can succeed in stabilizing those countries, the political calculations of leaders and populations in the Middle East will change.

In a recent New York Times editorial, Thomas Friedman cites numerous examples of leading Arab opinion-makers arguing for political reform in the Middle East in the wake of Saddam Hussein's downfall. Already, Libya has opened its weapons of mass destruction program to international inspectors. Syria has sent messages to Israel it is ready to restart peace talks. Moderate Arab nations increasingly are focused on their own internal economic and security problems, many of which would be improved by an Arab-Israeli settlement. There are indications that both the Israelis and the Palestinians have had enough of violence.

The United States and our allies must be prepared to take advantage of these trends. Given the new dynamics in the region, what additional steps can the administration take now to move the peace process forward? Are there alternatives to the Road Map or detours that should be considered?

This committee looks forward to our experts' discussion of these questions this afternoon and their assessments of the way ahead in the Middle East.

I call now upon the distinguished ranking member of our committee, Senator Biden, for his opening statement.

OPENING STATEMENT OF HON. JOSEPH R. BIDEN, JR., RANKING MEMBER

Senator BIDEN. Thank you, Mr. Chairman.

Mr. Secretary, it is an honor to have you back. Thank you. It is great to see you. I have never been at a hearing—and they began as early as 1973—with you that I have not learned something, and I mean that sincerely. I am happy to have you here.

Mr. Chairman, I want to thank you for calling this meeting and join you in welcoming Dr. Kissinger. I am also eager to hear from our experts on the second panel as well, all of whom have devoted many years, collectively more than they probably want to have me add up, to the cause of peace.

We have assembled a wealth of experience to help us grapple with one of the most vexing enduring conflicts of our time. Secretary Kissinger, much has changed in the three decades since your well-known peacemaking efforts in the Middle East. Today Israel no longer faces the existential military threat from the Arab world that it once did. But it faces a more insidious enemy in my view, one that we share in common, that is, terrorism. It also is seized with a changing demography which threatens its very survival as a Jewish state. As the old phrase goes, Jonah has swallowed the whale. So while Israel has never been in a stronger position relative to the Arab world militarily, it still suffers from a very pervasive sense of insecurity.

Another paradox is that while we have never been closer to a consensus on the details of a solution, the solution on the ground seems increasingly distant. A solution is as obvious as it is elusive. We all know that any viable peace agreement will have to have a

few key components. Israel will have to abandon the vast majority of its settlements and trade territory for those they wish to retain. The Palestinians will have to exercise the right of return to Palestine, but not to Israel. It seems to me these two factors are the core of any bargain.

And interestingly enough, more than two-thirds of the people on both sides, Israelis and Palestinians, consistently say that they favor a two-state solution. The problem is that neither believes the other side means it, and that has permeated the people as well as the leadership.

One issue which I cannot dance around is the absence of responsibility on the part of the present Palestinian leadership, and here, Mr. Chairman, I think our country should accept its share of blame for not having lent more support to Prime Minister Abu Mazen, who we hosted here more than once, and who made it clear why he resigned. And I believe Israel could and should have done more as well. Giving Abu Mazen so little to deliver to his people played directly into Arafat's hands, and I am not sure when we will get another opportunity as significant as the one that presented.

But as the saying goes we are where we are. The world does not stop turning. In fact, it only seems to turn ever faster when we talk about the Middle East.

We are facing an unprecedented set of challenges in a region that has become our primary strategic focus of late. We are struggling to help Iraq move in the direction of stability, unity, and a representative government. We are facing an Arab world seething with discontent and badly in need of political and economic transformation, and we have not yet achieved a meeting of the minds with our traditional allies in Europe on an overreaching strategy for the Middle East beyond Israel and the Palestinians. The Arab-Israeli conflict must be viewed in the context of this volatile strategic climate and it explains why making progress, in my view, has never been more important than now.

But some problems do not lend themselves to immediate solutions. Secretary Kissinger, I am intrigued by your argument which essentially boils down to the view that the best we may be able to do now is to help create the circumstances that might allow for a solution later.

Israel's Prime Minister Ariel Sharon is considering a pull out of the settlements and military installations in Gaza. If the move is carefully coordinated with the United States to ensure a peaceful transition, it could—it could—create the conditions for a future "rapid breakthrough" that you mention in your written testimony. I am referring to the rapid breakthrough.

I deeply sympathize with the Israeli predicament, but I am concerned, as are many Israelis, including some of the leadership in the opposition party, with whom I have recently met here, that absent a buy-in from both sides, no lasting settlement is possible. Indeed, a unilaterally improvised solution runs the risk of boosting rejectionists in the Palestinian camp and giving them an excuse to perpetuate violence.

While the new Palestinian Prime Minister has shown no inclination to confront Yasser Arafat, there are signs of ferment among the next generation of Palestinian leaders, evidenced by the

writings of Tom Friedman and others. Those of us who have visited the region can feel it and see it and taste it in the young Palestinians with whom we have met. Strengthening these reformers is not going to be easy, but it is essential if we are to help the Palestinians achieve the responsible leadership they deserve and do not now have in my view.

We must also demand more from the Arab world at large. I agree with you that among the chief obstacles to peace is the Arab world's failure to demonstrably accept Israel's existence. I have suggested to Arab leaders who I have met with throughout the region and re3cent and not-so-recent visits—including one with my friends Senator Lugar, the chairman, and Senator Hagel, and one alone with Senator Hagel—that Arab leaders have to do something more demonstrable than they have done so far. They cannot just have a peace plan that they write in another country and let it be known and, at the same time, not do anything to normalize relations with Israel. Arab leaders proclaim support for the Geneva Accord. Yet, they will not entertain the idea of inviting Geneva's Israelis signatories to places like Riyadh.

Finally, Mr. Secretary, I want to underscore a point in your testimony when you say, "the American role is central." Quite frankly, Mr. Secretary—and I do not mean to draw you into this but to make it clear—I am not at all certain the White House understands that point. Promoting peace and securing Israel requires a whole lot of hard work, day in and day out, the willingness to risk serious amounts of political capital. And as our next panel can attest to, all of those things were required in the past, as you know, and are required in the future.

Benign neglect, punctuated by episodic engagement, imperils America's strategic interest in the region in my view. We have no choice but to be involved. Each of us has put forward thought-provoking ideas on how best to move forward. No one has any monopoly on the truth and no one suggests that if the Lord Almighty came down and sat in the middle of these tables and told us the path, that we would still have much more than a 60 percent chance of succeeding.

This is not to suggest this is not incredibly difficult. It is like that phrase attributed to G.K. Chesterson who said, "it is not that Christianity has been tried and found wanting, it has been found difficult and left untried." I think that is where we are right now in terms of the peace agreement. And to use a Christian metaphor is absolutely ironic.

But at any rate, I will cease and desist. Thank you for being here. I am anxious to hear your testimony, Mr. Secretary.

The CHAIRMAN. Well, thank you very much, Senator Biden.

Dr. Kissinger, you, as a person who covers a comprehensive diet of subjects every day, would appreciate the vigor of our committee today. We commenced with a classified briefing on Haiti, which was timely. We had a visit from the new President of Georgia and six members of his cabinet, a very engaging and terrific group. We broke a while for our party caucuses and this afternoon have the climax, an appearance by yourself before our committee and three distinguished friends who have meant so much to American history.

So we look forward to your testimony. I would encourage you to take the time that you require to give the full statement. It will be put in the record in full in any event, and I would allow you to proceed as you wish.

STATEMENT OF DR. HENRY A. KISSINGER, FORMER SECRETARY OF STATE

Dr. KISSINGER. Mr. Chairman, Senator Biden, it is always a great pleasure for me to appear here and especially under circumstances where I substantially agree with the two opening statements that have been made, with the one proviso that I believe the White House has done as much as can be done. But on the general philosophy of the two statements, I am in general agreement.

I have submitted a rather lengthy statement, and I will summarize my views so that we can get to the question period as efficiently as possible.

The major problem in bringing the conflict to a conclusion is that the two sides are talking about incommensurable issues, producing a psychological crisis between them.

The Israelis, living in a state that has never been recognized by its neighbors in its history and dealing with countries that consider recognition a concession, are, above all, concerned with questions of survival. They are militarily overwhelmingly strong, but their margin of safety is very narrow. In 1973, they came close to defeat in a surprise attack, and with the nature of their territory and the nature of modern technology, they consider their existence inherently precarious.

For some period, the Israeli peace movement believed in the possibility of trading land for peace. This belief has been destroyed by the intifada, and so much of the Israeli population want victory and the defeat of their Arab adversaries.

At the same time, they are a middle class society, and the open-endedness of a terrorist conflict produces a sense of resignation and a sort of undifferentiated desire for peace, which is difficult to express for them in concrete conditions.

On the Arab side, I believe there is one overwhelming obstacle which is the psychological reluctance of the Palestinians to accept the permanence of the state of Israel.

I had a personal experience of this on the day the Oslo agreement was signed, and I spoke to one of Arafat's deputies who said to me that he was returning to Palestine for the first time in 40 years, and that was a tremendous experience. And I asked him how would he feel once he got there if he saw the lights of some Israeli citizens. And he said, the lights I can see are not what bothers me. What bothers me is that if you ask me where my home is, I have to tell you it is in Jaffa. And if you ask my children where their home is—and they have never been there—they will tell you it is in Jaffa. It is this psychological undercurrent that, for many Palestinians, if not most Palestinians, these negotiations are stages in a process toward the gradual elimination of Israel. The Palestinians have not yet found it possible to generate a gesture like President Sadat when he visited Israel in 1977 and produced a psychological breakthrough that led to a settlement.

On the other hand, despite the stalemate, one has to note some significant progress. The Israeli Government under Prime Minister Sharon has agreed to the creation of a Palestinian state with contiguous territory. The Likud Party had never done that before. And contiguous territory is the code word for the elimination of some settlements that stand in the way of contiguity. Sharon has now announced the unilateral withdrawal of all the settlements in Gaza, and as I also point out, I think the fence implies the dispensability of some of the settlements on the other side of that.

On the Arab side too there have been movements toward negotiations. Crown Prince Abdullah made a formal proposal for normalization of relations with Israel after return to the 1967 border.

So some of the preconditions for a solution in my view exist. The question is, how does one define a solution? And can one achieve the solution in one step?

The solution that is generally put forward by our allies is a return by Israel to the 1967 border, the abandonment of its settlements, and partition of Jerusalem in return for normalization and some sort of international guarantees. I have two difficulties with this particular formula.

The first is I have never met an Israeli Prime Minister or chief of staff who considers the 1967 border defensible. This is going back over a period longer than I care to admit, but shall we say over 40 years. I probably could cite a longer period if I were less vain.

Second, I do not believe that international guarantees are very meaningful. I had, of course, a personal experience with the international guarantees that accompanied the Vietnam treaty in which the guaranteeing powers never even answered our requests calling attention to the invasion of South Vietnam by the entire North Vietnamese army. Obviously, this is a separate case, but I find it difficult to imagine that the European nations would go to war over the issues that are likely to threaten Israel's security. And above all, the most serious of those are terrorism, and to terrorism, the deployment of guaranteeing troops is not an adequate answer. If the Israeli army which has a maximum incentive to prevent the terrorist acts cannot stop them, I do not see how the deployment of an international force can be relevant to the terrorist problem.

Third, there are some aspects to the negotiations that seem to me to guarantee a protracted negotiation such as the return of refugees. I do not believe that any Arab leader can today sign an agreement that does not provide for the return of refugees, and I cannot imagine an Israeli leader who will sign an agreement that provides for anything less. Therefore, this guarantees in itself a protracted stalemate.

The Road Map is useful as a consensus statement of general principles. It has some similarities to Resolution 242, and these general principles usually have the quality that they have a lot of adjectives that each side defines in a different manner. For example, with respect to refugees, the Road Map calls for an agreed just, fair, and realistic settlement. To the Palestinians, fair and just means the return of most refugees. To the Israelis, realistic means, at most, a token return of refugees. So the Road Map is useful in calling attention to terrorism, in setting up a schedule by which

agreement could be reached, but I do not think that in itself it can provide us the guide for a breakthrough.

I am agnostic on the issue of whether one should negotiate an overall settlement immediately or a series of partial settlements, and I would be open-minded to either approach.

My instinct is that a negotiation for an overall settlement will have two problems. One, it will be extremely protracted, and second, at its end, it would still have to have some interim stages. I cannot believe that Israel would withdraw in one move to whatever final borders are negotiated before there is a demonstrated end to the terrorist apparatus on the Palestinian side and to a demonstrated interval without terrorist activities. And this cannot happen in a very brief period of time.

I believe that the security fence that Israel is building may be a means to accelerate negotiations, and therefore I have advocated that the United States take a positive attitude, provided that it is placed in a relationship that defines a strategic necessity and not simply another form of territorial expansion.

So what we need is a negotiation on final borders. These final borders should recognize strategic necessities and demographic realities. It cannot be in Israel's interest to acquire additional Arab populations. Indeed, if one were dealing with a really serious effort at a permanent solution, one would look for territory that is today an undisputed part of Israel that is heavily populated by Arab populations that could be traded for territory of strategic importance to Israel and perhaps including some of the settlements that are close to the Israeli border. That would take care of the strategic and political necessities.

In principle, I agree with the statements that have been made that the United States must play a major role at the right moment. Our European allies could make a significant contribution if they would suspend the flood of paper plans, by which they seek to improve their position in the Arab world, and help us in the major problem in which we use our influence with Israel and they help bring the Arab countries to a recognition of the importance of putting an end to terrorism and a genuine normalization of relations with Israel.

I also favor the Mideast Initiative that has been put forward recently by the German Foreign Minister that is trying to develop an Atlantic concept of Middle East development within which the evolution of a Palestinian state could be placed and within which a specific commitment could be made to the development of a Palestinian state.

In my view, the overwhelming problem we face now is not so much to define the word peace as to define a pattern of coexistence. If one could create a Palestinian state side by side with an Israeli state, if those borders reflected demographic and strategic realities, and if a normal life could develop in such a framework, then one could think that a fundamental breakthrough has been made. And I think with all the difficulties that we see, the opportunities for such a breakthrough objectively exist.

Thank you very much.

[The prepared statement of Dr. Kissinger follows:]

PREPARED STATEMENT OF DR. HENRY A. KISSINGER

Mr. Chairman: The Arab-Israeli conflict has proved so resistant to diplomacy because the obstacles to a solution are in some respects more psychological than diplomatic.

Israel is militarily stronger than any conceivable Arab adversary; it is clearly able to inflict heavy losses on Palestinian terrorist groups. But it has also evolved into a middle-class advanced society and, as such, the strain of guerrilla warfare is psychologically draining, generating an ambivalent rigidity in Israeli society. Prior to the Oslo agreement, the Israeli peace movement viewed reconciliation with the Arab world primarily in terms of psychological reassurance; land would be traded for peace and recognition even though Israeli concessions were permanent and the Arab quid pro quo would be revocable. But since the intifada, the vast majority of Israelis no longer believe in reconciliation; they want victory and the crushing of their Arab adversaries.

At the same time, there is growing uneasiness over the open-endedness of the enterprise. With the apparent endlessness of the intifada and the stalemate in the peace process, a sense of resignation is growing. The desire to turn on the tormentors is beginning to be offset by signs of a hunger for peace at almost any price.

Israel finds itself facing the classic dynamic of guerrilla warfare as it has played out for two generations now. The terrorists not only do not recoil from terrorism but practice an egregious form of it because a violent, emotional, (and to bystanders) excessive retaliation serves their purpose: it may trigger intervention by the international community, especially the United States, to end the conflict by imposing a peace. That process gradually reduces Israel's sense of security even while the world's media and diplomats bewail its alleged excesses. Torn between a recognition of strategic necessities and the pull of emotional imperatives, Israel runs the risk of sliding into institutionalized ambivalence.

On the Palestinian side, expulsion from a territory for centuries considered Arab is an open wound; accepting the perceived Israeli intrusion has thus far been beyond Palestinian emotional and psychological capacities. The internal Palestinian debate is essentially over how to overcome the Jewish state; one group is arguing for permanent confrontation, while moderates are willing to move toward the same objective in stages. Only a tiny minority considers permanent coexistence desirable.

In the half-century of Israel's existence, no Palestinian leader has fully recognized Israel or renounced the right of refugees to return. Even the Palestinian signatories of the Geneva Accord went no further than to relate the return of refugees to a proportion of refugees accepted by third-party countries. Government-sponsored public assaults on the very concept of a Jewish state are unremitting.

The breakthrough in Egyptian-Israeli negotiations took place in 1977, when President Anwar Sadat made his historic trip to Jerusalem and, among other gestures, laid a wreath on the Tomb of the Unknown Soldier. There has never occurred a similar act of grace on the part of Palestinian leaders.

When so little confidence exists, it is difficult to move in one step from impasse to a final solution. At the same time, there are some hopeful signs. The formal deadlock may be obscuring the possibility that, almost imperceptibly, a framework for an agreement is emerging. In Israel, Prime Minister Ariel Sharon's recent pronouncements suggest that the dominant Likud party is undergoing soul-searching based on the recognition that the biblical claim to all of Palestine involves a demographic time bomb as Arabs become a majority and demand control of the entire land. This change of attitude implies a willingness to give up much of what Israel gained in the 1967 war in return for Palestinian acceptance of the 1948 defeat and the division of the land of Palestine.

At the same time, the Palestinians may be in the process of learning that they have no military option and that, at least for tactical reasons, coexistence with Israel is unavoidable. An increasing number of Arab states would settle for any terms acceptable to Palestinians.

A forthcoming proposal has come from Crown Prince Abdullah of Saudi Arabia. According to its imprecise outline, Israel would return to the dividing lines of 1967 in exchange for the normalization of relations with the Arab states. Literally, this would imply Israeli abandonment of all settlements and Arab control of the Old City of Jerusalem, including the holy places. The Abdullah plan does not define what is meant by normalization, and is silent about such issues as the return of refugees which would surely be insisted on in an actual negotiation.

This first engagement in the peace process by an Arab state not having a direct national conflict with Israel nevertheless includes positions that have produced the existing deadlock. The 1967 "border" in Palestine—unlike the Egyptian, Syrian, or Jordanian frontiers with Israel—was never an international frontier but a ceasefire

line established at the end of the 1948 war. It was never recognized by any Arab state until after the 1967 war and has been grudgingly accepted recently by states that do not yet recognize the legitimacy of Israel. I have never encountered an Israeli prime minister or chief of staff who considered the '67 borders defensible.

Despite all these obstacles, both sides may be in the process of reconsidering previous attitudes. The Palestinians have suffered vast losses and the total disruption of their economy. Israel has learned that demography threatens its existence; a large and rapidly growing Arab population undermines the prospects for a state at once Jewish and democratic. Annexation of significant portions of the West Bank can no longer be considered a national Israeli interest.

This may be why all the parties have endorsed—with varying degrees of conviction—a document listing forty simultaneous steps to be carried out in three stages. Drafted by the United States, Russia, the European Union, and a representative of the Secretary-General of the United Nations, and labeled the "Road Map," its implementation is supposed to be supervised by the quartet that drafted it.

Nevertheless, we must be careful not to exaggerate what the Road Map stands for. It is not a recipe for resolving the Middle East deadlock. Rather, it represents a reasonable compromise on rather general objectives. These goals are stated as if they could be achieved simultaneously by each side acting more or less autonomously.

The Road Map does not establish criteria for verification, consequences of violation, or the sequence of acts within each stage. The language veers toward truisms. For example, with respect to refugees, the Road Map calls for an agreed "just, fair, and realistic settlement." To the Palestinian "fair and just" means a return of most refugees, and to the Israeli "realistic" means, at most, a token return of refugees.

The negotiators working their way through these generalities have some positive elements to sustain them. The new impetus to diplomacy reflects the revolutionary changes wrought by American policy in the Middle East. The elimination of Iraq as a significant military force has removed for a considerable period the possibility of an Arab-Israeli war fought by regular armies. The American insistence that the Palestinian Authority produce a more representative and responsible negotiating partner than Arafat has provided the framework to weaken the terrorist structure on the West Bank.

A combination of these factors has encouraged Prime Minister Sharon to offer the elimination of settlements established in violation of Israeli law, to proceed to dismantle the settlements in Gaza, and to acquiesce in the concept of the creation of a Palestinian state with "contiguous" territory—the code word for opening a discussion over the future of settlements that impede this objective.

If this were a negotiation unencumbered by historical and psychological legacies, one could note the respect in which the parties have approached each other: on the creation of a Palestinian state; on ending the occupation in the greatest part of the West Bank; on the principle of abandoning at least settlements beyond the dividing line; on the need to end terrorism. What is lacking is even the minimum of trust to negotiate the implementation of these principles.

The Palestinians believe that Israel seeks to reduce the Palestinian state to a series of enclaves surrounded by Israeli territory and pierced by an Israeli road network—in short, a state virtually indistinguishable from limited internal autonomy. Most Israelis are convinced that for the Palestinians any agreement represents only a stage in an ultimate war of extermination. Arab and Palestinian newspapers and schoolbooks and Arab and Palestinian television treat the state of Israel as an illegitimate interloper that must be removed from the Arab world.

Allied divisions have compounded the problem. Critics attack U.S. policy for what they consider one-sided support of Israeli policy. At the same time, almost all European leaders have advocated a solution which does not meet the realities of the moment or of historical experience: the return of Israel to the '67 borders with only the most minor modifications; the consequent abandonment by Israel of all (or nearly all) of the Israeli settlements established since; partition of Jerusalem; some accommodation to the Palestinian view on return of refugees, all this to be imposed by the U.S.

The quid pro quo is an undefined "normalization" and perhaps an international guaranteeing force. The quid pro quo of normalization is a special characteristic of the Arab-Israeli negotiations. In almost all other negotiations, mutual recognition of the parties is taken for granted, not treated as a concession. In fact, nonrecognition implies the legal nonexistence of the other state, which, in the context of the Middle East, is tantamount to an option to destroy it. Israel was established by a U.N. resolution in 1948. No other members of the United Nations have been asked to pay a premium for recognition.

Nor is an international guaranteeing force a solution. For what precisely does an international guarantee mean? Against what danger does it protect and by what means? The historical record of multilateral guarantees is dismal, especially in the Middle East.

International guarantees are likely to prove empty against terrorism. If Israel's armed forces with a vast stake in the outcome could not prevent infiltrations, how is an international or even an American force going to do it? It is much more likely to prove a barrier against Israeli retaliation than against Palestinian terrorism. The probable outcome is that an international force would become hostages who will either purchase their safety by turning their backs on violations or, if they risk their lives by serious efforts, they will incur casualties at which point the governments supplying the forces will be under pressure to withdraw them.

No progress is possible without a major diplomatic effort by America. But America should not be asked to break Israel's psychological back and jeopardize its existence as an independent state. Having lived unrecognized by its neighbors for most of its history, subjected to systematic terrorism, surrounded by states technically at war with it, and aware of an essentially unopposed publicity campaign against its existence throughout the Islamic world, Israel will not base its survival on assurances and guarantees without a clear assurance regarding its security requirements. It needs defensible frontiers and a strategy that gives it a plausible opportunity to withstand the most likely dangers.

The end of terrorism must go beyond a cease-fire, which keeps the threat alive, to the dismantling of the terrorist supporting structure. Even if dismantling the terror apparatus proves difficult to do quickly, ending the systematic rejection of Israeli legitimacy and incitement to terror in the media are within the scope of immediate Palestinian decision. Above all, Palestinian and Arab leaders must find a way to convey that they have accepted the permanence of Israel's existence.

At the same time, Israel needs to take American advocacy of a contiguous Palestinian state seriously. It implies not only an end of new settlements but a reduction of the existing ones that impede the promised contiguous Palestinian state, and the new strategic frontier must reflect genuine security needs.

The practical implication is that the Road Map's goal of a comprehensive settlement by 2005 is unachievable. It is unimaginable that a new Palestinian prime minister precariously extracted from Yasser Arafat will be in a position to renounce the right of Palestinians to return to their place of origin in the early stages of the Road Map process. It is inconceivable that Israel would make a final agreement that does not contain such a clause or that it would entertain transfers of populations without a tested period without terrorism—if then. Thus even if a comprehensive agreement is the ultimate goal, it must contain within it a prolonged interim period for testing the commitment to peaceful coexistence.

But if comprehensive peace is not achievable within the time frame established by the Road Map, the establishment of a provisional Palestinian state as envisaged in Stage II can be realized. The goal will not be comprehensive peace, which is a legal concept, but coexistence, which reflects the absolute precondition for peace.

A "coexistence agreement" could be helped rather than hindered by the fence Israel is in the process of creating, though not in the present location. A physical barrier is more effective than an international guaranteeing force. It would facilitate Israeli withdrawal from the Palestinian cities and the abandonment of checkpoints that deprive so much of Palestinian life of dignity. By the same token, Israel must be serious about leaving the territories and the settlements beyond the security fence to Arab jurisdiction. A security barrier would provide a line on the other side of which settlements would have to live under Palestinian rule or be abandoned. Is the Palestinian objection primarily to the fence, in principle, or to the ratification of the permanence of Israel that the fence represents?

The intrusion of the fence beyond the 1967 borders should be kept to a strategically necessary minimum. But the principle of it is important: It should not be discouraged by the United States; rather, the United States should try to shape it to contribute to what seems the best way to a rapid breakthrough. The alternative of some sort of imposition conceived by conventional wisdom might well bring peace at the price of encouraging continued irredentism and turning the agreement into a prelude for another round of confrontation.

An interim agreement may be the only way to keep the refugee issue from blocking a settlement. Any agreement deserving the appellation "final" must resolve the refugee question. No Israeli government can settle for less; no Palestinian leader has yet been found to renounce unambiguously the right of return.

If that problem should prove insoluble, the security fence could provide a provisional dividing line that makes possible a Palestinian state even before a final settlement. The territorial adjustments could be balanced by returning some portions

of Israeli territory to Palestinian rule. Particular attention should be paid to areas where a return of Arab population would ease the demographic problem. In that context, a provisional arrangement for Palestinian government in Arab sections of Jerusalem can be discussed.

Such an approach requires freeing Middle East diplomacy from some of its formalistic, almost doctrinaire, constraints. Our partners in the quartet need to view Middle East peace as something more complex than a device for using the United States to extract concessions from Israel for little more than the word "peace." The Palestinians must make a choice between the requirements of genuine acceptance of the Jewish state and an interim solution that creates a Palestinian state immediately and marks a major step toward dealing with the settlement issue, even if it falls short of the entire range of their aspirations. Israel must abandon a diplomacy designed to exhaust its negotiating partners and instead concentrate, in close coordination with the United States, on the essentials of its requirements.

A comprehensive diplomacy to achieve these objectives should have the following components:

- The United States would play a principal mediating role in the negotiation of an interim agreement, buttressed by a general statement of objectives for the overall goals, providing a link between an interim and a comprehensive settlement. Our European allies could contribute by suspending the flood of plans by which they seek to improve their position in the Arab world but in reality radicalize it by raising unfulfillable expectations:
- A major contribution could be the Mideast initiative put forward by German Foreign Minister Joschka Fischer and in the process of being discussed by European and American Leaders. A concept of a Middle East development and political reform project jointly undertaken by the Atlantic and Middle Eastern nations would create a context defined by positive goals rather than inherited hatreds. Any lasting settlement implies ultimate reconciliation, and a major international effort should be undertaken to help restore civilian life in the Palestinian state. Once confidence is restored and true coexistence evolves, the incentive to maintain the security fence may well disappear.
- The Palestinian Authority needs to reinstitute itself along more representative lines. The moderate Arab states should facilitate the negotiations by encouraging adjustments in the Palestinian position they would not dare on their own.
- Europe and the United Nations, backed by the United Sates, could generate an international commitment to assist in the creation of a viable Palestinian entity, at first under an interim agreement and later on when a permanent settlement is reached. That commitment would imply a level of assistance that could be effective only in the context of a new set of institutions.

For both sides, a resolution will be traumatic. For many in Israel, the abandonment of settlements and the partition of Jerusalem will be perceived as a repudiation of much of the history of the Jewish state. For the Palestinians, it will be an end to the myth by which their society has lived. America's role is central: It needs to overcome the illusion that America can impose some paper plan and, at the same time, to move the parties with determination toward a goal that seems, at last, conceptually within reach.

The CHAIRMAN. Thank you very much, Dr. Kissinger.

I will suggest that the committee have 8 minutes per Senator in the first round of questioning, and then we shall see if there are additional questions of Senators.

I will begin by asking this question, Dr. Kissinger. You have mentioned that the refugee issue is deep-seated, perhaps insoluble in the short run. There is a feeling of place and possession by many people, which may be perhaps coupled with a fairly general feeling. It is hard to tell, I suppose, how pervasive such feelings may be on the part of many Palestinians. Perhaps some Arab states might feel that Israel might not be permanent after all, that at some point it might go away.

And third, some persons in the situation express themselves through terrorist acts. The call of the United States and others who are friends of Israel has been for the terrorism to cease. Someone

must be responsible for bringing that to conclusion. But it is not at all clear how and when.

You are suggesting that perhaps the best we can hope for in the present issue, may be perhaps utilizing the fence. You have guided the direction of where the fence ought to go. This offers at least some basis for, as you say, coexistence of the parties. Maybe a generation has to pass before the denial of the permanence of Israel, or the refugee yearnings, or even the terrorism all pass.

Are you testifying essentially that there could be a degree of coexistence, and that the United States might be able to support meaningful talks and negotiations among parties who might find it possible to coexist? As you have expressed, perhaps in a greater Middle East strategy in which more commerce, more wealth, more political and economic prospects for people who have not had very much finally accrue, that some of the discontent might be ameliorated. Will you guide me through that?

Dr. KISSINGER. Well, start with the refugees, Mr. Chairman. I cannot conceive of a negotiation in the immediate future under which Israel will permit the return of any refugees or of any number except a number so token as not possibly meeting the problem. I can understand the Arab position that they cannot sign an agreement in which they renounce the return of refugees. If they were willing to do that, of course, the problem would go away. But that is probably the hardest of all the steps for the Palestinians to take, and this may have to wait an evolution as was the case in the German Polish refugee problem where this was not put at the very beginning of the process.

So on the other hand, what fuels the terrorism, it seems to me, is not so much the refugee problem as a general condition in which there is no normal life whatever on the Palestinian side. Therefore, the beginning of an effective way toward peace is to create conditions in which honorable people can coexist. So if one could come to some agreement about borders, the future of settlements, the demographic adjustments that I have suggested, and create a Palestinian state, this would be major progress.

Now, if in the course of such a negotiation, it suddenly appeared that the desire for peace had grown so great that the other issues can be settled too, I would surely not oppose this. But I would think the immediate objective of the negotiations should be to see how the Middle East can be moved from the present condition of inherent terrorism as part of the political expression on one side and reprisals on the other to a concept by which the two societies could begin coexisting with each other, and then let coexistence produce a process.

The CHAIRMAN. If a border agreement could be made, a Palestinian state defined, what are the prospects that the Palestinian state or the people living in that area might be able to improve economically? In other words, might their prospects improve materially enough that they might begin to like the idea? What is feared, on occasion, even with the fence idea, is that the commerce between Palestinians and Israelis might be thwarted, might be stopped, and that the difficulties therefore for income for the Palestinians might be rather dim under those prospects.

Dr. KISSINGER. I am not suggesting, Mr. Chairman, sort of buying off the Palestinians and making them happy with whatever exists today. I believe that a serious effort at defining a final border between Israel and a Palestinian state should accompany the creation of a Palestinian state, but that should take into account the special nature of the 1967 border between Israel and the Palestinians as compared to that between Israel and Egypt and Syria and Lebanon.

The other three were international borders that had been recognized internationally and established through some process of negotiation that had been given international sanction by practice. The 1967 border is a more or less accidental cease-fire line that reflected military conditions as they existed in 1948, and they were not drawn with any idea of being a permanent border.

So if these two states are to coexist effectively, I think it is important that the border is drawn in such a way that it takes care of reasonable Israeli security concerns and, at the same time, makes adjustments in favor of the Palestinians that such an approach would generate.

Now, I have advocated the movement, even out of existing Israel, of Arab populations that are contiguous to the territory. And when I say movement of the populations, I mean moving the border so that the populations would be part of a Palestinian state. This concept is resisted today because Palestinians do not want to accept yet the notion of the separation on that basis. But the realities that have produced terrorism, under which people live, makes it in my view desirable to make the demographic adjustments of that nature and to trade them for Israeli settlements that enhance the security of Israel strategically.

Now, I have also stressed repeatedly in my public statements that once such a border is drawn, either by recognizing the security fence or through negotiation, the Israeli settlements on the other side of that border become subject to Arab jurisdiction or to Palestinian jurisdiction so that that border has to be drawn with the consciousness that the Israeli populations in those settlements may prefer to return to Israel.

The CHAIRMAN. Thank you.

Senator BIDEN.

Senator BIDEN. Thank you very much.

Mr. Secretary, I am going to ask a couple of specific questions. Then I would like you to—in my lifetime I have known of no one who could do it better—talk to us about some strategic notions here about the whole region, if you will.

But, first, let me ask you. With regard to the notion of settling on borders now that would—nothing guaranteed—have reasonable Israeli security built in, since the days I watched you actively as National Security Advisor and then as Secretary of State as a young Senator the peace process has always been talked about in terms of land for peace. And peace, defined by most Israeli leaders, both Likud and Labor, over the years, has meant security as it relates to the right of return. In other words, they attach this notion of right of return, which you pointed out is the most difficult for Palestinians to deal with. And I agree with you intellectually that the only way that may get solved is if there are conditions of coex-

istence and a maturation of both societies over a period of time that allow that to be addressed and both peoples get their arms around it.

But in establishing borders, is that not a hard call for the Israelis? Because part of this rationale is their bargaining chip to get these other serious divisive issues addressed and settled and that bargaining chip is the land. Once they give the land, once the border is set, even though it may not be cast in stone and be an internationally recognized border—or maybe that is what you have in mind—they are not likely to get the kinds of concessions they believe they need from the Palestinians specifically, and Arabs generally. Could you speak to that for a moment? Maybe I am misunderstanding your initial proposal.

Dr. KISSINGER. Yes. Historically the Israelis have thought of this as bargaining chips, and the late Prime Minister Rabin used to say, "a little bit of land for a little of peace." One trouble with that is that peace is not so easily divisible and another problem is also that almost everything that the Arab side gives is revocable and almost everything the Israelis give is irrevocable. They give land and they get——

Senator BIDEN. A promise.

Dr. KISSINGER. But your fundamental question is if one pursues the course that I have suggested of settling the border and creating a Palestinian state and leave refugees, does that not create a situation in which that refugee issue will forever disturb the relationship.

Well, I think there is another issue that is also not fully settleable now. That is Jerusalem. There too one can make an interim arrangement, but the ultimate arrangement—and I think one would have to decide to what extent these two issues will be kept open—will balance each other.

Finally, I would not object if, in the course of a negotiation, they would prove to be resolvable.

Senator BIDEN. And I understand that.

Dr. KISSINGER. It is a very good point you make, that the dilemma of what I put forward is that if you leave something open, do you give a pretext for reopening hostilities. And one has to analyze that in terms of the people who want to reopen hostilities are really opposed to the existence of Israel and not to any specific condition.

Senator BIDEN. Precisely.

Dr. KISSINGER. And can one create a pattern of life in which those who want to destroy Israel itself are marginalized and therefore a general atmosphere develops? That's the open question.

Senator BIDEN. I understand now better what you are saying. I happen to agree with you. It is easy. You know that old joke they used to tell about the chicken and the pig in the barnyard saying they are going to give Farmer Brown a birthday gift, and the chicken says, let's give him a steak and egg breakfasts. The cow says, for you it is a contribution. For me it is a total commitment. Well, it is a little bit like what we ask of the Israelis.

The point I want to make sure I understood is that it would require a mind-set change on the part of the Israelis to go the route you are going, which, easy for me to say, were I an Israeli leader,

I would find worth taking the chance. It is not my job to tell them their business, but I just wanted to make sure I understood it.

Dr. KISSINGER. I think it requires a mind-set change on both sides.

Senator BIDEN. Yes. And by the way, I think that is the context in which it would happen.

Dr. KISSINGER. I think we are beginning to head in that direction.

Senator BIDEN. What I am worried about is that we are going to head in a direction in which Israel is going to be increasingly at a disadvantage. This is a case where I think time does not work on the side of the Israelis. What I am worried about is moving from a point of a two-stage solution to the acceptance of a notion on both sides that there is only a one-stage solution, that there is no possibility of a two-stage solution. And that is a path I would rather not go down at the moment.

I would like in the few minutes I have remaining—because I know of no one else who is able to speak to these kinds of issues better than you. I have been at a loss to understand the official position of the EU or individual nation states within Europe because there is no single European view—with respect to Israel and what solutions they find most appropriate. I realize they signed onto the Road Map, but I still am not convinced they share our view. And I would like you to try to explain to me what I thought in your statement you indicated is that some of our European allies are using—maybe I misheard you—Israel to better their position in the Arab world. That is what I think, but I do not know if that is what you said.

Dr. KISSINGER. I did not understand the sentence.

Senator BIDEN. That the Europeans use their attitude toward Israel, their position toward Israel to better their European position in the Arab world.

Dr. KISSINGER. Absolutely.

Senator BIDEN. That is my view. Is that what you said?

Dr. KISSINGER. No, I did not say that, but I agree with it.

Senator BIDEN. Well, I am smarter than I thought I was.

Dr. KISSINGER. I said it in a longer sentence.

Senator BIDEN. What I would like to do for a moment is kind of explore that because it seems to me that there are really five parties to any ultimate settlement in the Middle East. The two critical parties are the Palestinians and the Israelis. The indispensable party is the United States. But the other parties are, quote, the Europeans and the Arabs, the Arab leadership.

I have been at a loss to understand why there is not anyone in the Arab world since Sadat with the possible exception of the King of Jordan, who has a more strategic vision of Arab interests, and the interests of a particular Arab country, whether it be Saudi Arabia or Egypt today or anyone else.

The idea that if the Arab leadership in these countries were literally willing to recognize the peace process in a tangible way—that is, invite Israeli diplomats to their capitals, to visit Israel—that, coupled with a change in attitude of the Israelis and the Europeans, creates an environment that is fundamentally different than the one that exists now.

And I just wondered if you would talk with us for a few minutes. My time has been up about 2 minutes and 5 seconds. Maybe on the second round you could tell me what you think they are thinking. Tell me what the European perspective is, why they are not being more progressive, for lack of a better word, and why, beyond the obvious issue of fearing their own populations in a backlash, Arab leadership has shown so little imagination out of their own naked self-interest, unless I am miscalculating what I think they have not done. That is an awful broad question, but if you could speak to any of that.

Dr. KISSINGER. On Europe, what the Europeans mean when they put forward their proposal is that the United States should impose it. And if the United States would only impose it, they think that then the problem would go away, the parties would live happily together, Europe would furnish some sort of guarantees, which on the basis of history cannot be credible. So I think this is an abdication of statesmanship, and it appeals to anti-Americanism for one thing so that if there is no progress in the Middle East, it is by definition America's fault despite the fact that every progress that has been made in the Middle East historically has come through American participation in the process. Even the Oslo agreement grew out of the Madrid Conference.

So part of it is domestic politics. Part of it is the view that Europe can establish a special relationship in the Arab world by taking this position.

I do not believe that either of these approaches are in the long-term interests even of Europe. Europe would make a much greater contribution if it convinced the moderate Arabs that this is a problem not only for a small group of Palestinians, but for all those who want to prevent a fundamentalist or radical outcome in the Islamic world and, more than that, who want to give the Islamic world a modern direction in which the aspirations of the people can be met.

So if this were some seminar at a university, I would say an ideal outcome would be if the Europeans and we could develop a common approach that took into account the psychological and strategic necessities of both sides and presented it with some degree of understanding, even compassion to both sides.

As for the moderate Arabs, I had the honor of working closely with President Sadat. When I first met him, I had a very ambivalent attitude, but one of the very first things he said to me is this is, above all, a psychological problem and my contribution to it has to be to show that we genuinely want peace. He also added, the Israelis have to see to it that they do not humiliate our people that are dealing with them. That is a fair request.

So I believe that it may be impossible for Palestinian leaders by themselves to jump the psychological hurdle that has to be jumped. And it would be highly desirable, probably necessary, for the moderate Arab leaders to say this frontier is one we consider reasonable and you are not traitors if you accept it. This, of course, means there have to be reasonable compensations.

Therefore, I agree with the presentation you will hear by Dennis Ross that even in the process of unilateral withdrawal of the Israelis, they would be wise to engage the Egyptians and other moderate Arabs to create a sense of Arab participation in this as

a process. And one of the roles of American diplomacy should be, and I believe attempts to be, is to bring the moderate Arabs and the Europeans to a less tactical approach and to take a more farsighted look at it.

I did not answer the chairman's question. Is it possible, you asked me, to bring the Palestinians to a point where they are prepared to coexist? I think within such a framework and if we could come up with a Middle East initiative in which the Atlantic nations were to put before the peoples in the Middle East what peace can bring through collaboration of the Middle East nations with the Atlantic nations and under conditions of peace with Israel, I think one can at least imagine what a structure would look like.

Senator BIDEN. My time is up. I will just close with this comment.

I cannot imagine, Mr. Secretary, notwithstanding the existence of these young Palestinians we have talked to and know—I cannot fathom how a solution to the Arab-Israeli conflict, as it relates to the Palestinian question, could be accomplished at the hands of these new leaders alone, for them alone to do it. I do not see how it can happen absent the leadership in the Arab world, Egypt and Saudi Arabia, saying first it is OK because I do not know how—I think we approached this the wrong way.

We have to get the Arab world to say under conditions that are in this shape and form, you go ahead. We will bless you if you do it. You are not only not a traitor, you are helping us all. Right now, that psychological leap that was referenced by Sadat is so high on the part of any Palestinian leadership, I do not know how it gets accomplished.

Dr. KISSINGER. The most important aspect of Middle East policy is to understand that one has to deal with all these four or five issues simultaneously, with the moderate Arabs, the Europeans, the two parties, and other interested groups. But those are the key elements that one has to move toward this process.

Senator BIDEN. Thank you very much, Mr. Secretary.

I thank my colleagues for letting me go over.

The CHAIRMAN. Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you. And welcome, Dr. Kissinger.

Picking up on the theme of your conversation with Senator Biden, you mentioned in your opening statement the proposal put forward by Saudi Arabia and Crown Prince Abdullah. I take it from your comments that you thought there was some substance, some opening, some hope, and it seems to me it reflects a bit on what you and Senator Biden were talking about, the moderate Arab leadership of the Middle East becoming involved. And I happen to agree with the assessment that to place this on the Palestinian limited, fractured leadership, as it is, will not get us where we need to go. And in light of your statement here, as you note on page 5 of your testimony, no progress is possible without a major diplomatic effort by America.

So my first question is what do you believe happened to Crown Prince Abdullah's proposal? Why did it not ever get the attention that some thought it would?

Dr. KISSINGER. The importance of the proposal of the Crown Prince was that it was the first proposal by an Arab country that did not have a direct national conflict with Israel. So it was not one of the neighboring states, and therefore it was an approach in the name of moderation and peace by a country that did not have a direct issue with Israel. That was important.

Second, the fact that he spoke of normalization was an important contribution.

On the negative side of the proposal or on the incomplete side of the proposal, I do not believe that the 1967 border, for the reason I gave, can be the dividing line and I think there has to be a negotiation on that subject.

Second, the concept of normalization needs to be fleshed out because the way it is defined now, it is something like diplomatic recognition. Now, diplomatic recognition is the way most negotiations begin, not how they end. It is a peculiarity of the Middle East situation that wars break out between countries that are technically at war with each other and that the chief nations do not recognize each other's existence, which has the implication that if the recognition is withdrawn, the right to existence is questioned. So the normalization point is something that would have to be elaborated.

So I do not think it can be negotiated just as it is, but one can take the positive elements in it and from that point of view, I think it was a contribution. I believe that in a comprehensive approach it should be taken seriously with the qualifications I gave.

Senator HAGEL. How do you believe we should handle Arafat? We have obviously tried to marginalize him, not deal with him. That apparently has not been very effective. What is your suggestion as to how we deal with Arafat?

Dr. KISSINGER. The problem about Arafat is, does he create the Palestinian mood or does he reflect the Palestinian mood? Is he a cause or a symptom? Surely he has spent all of his life as a revolutionary leader, and therefore settling down to civil administration does not hold a great attraction for him. And probably he believes that his legitimacy derives from the fact that he has been an uncompromising opponent, in effect, of Israel's existence.

The challenge we have put to the Palestinians to come up with a responsible leadership is a valid request. It is not clear whether the Palestinians by themselves can generate this or whether, at a minimum, the other moderate Arab states should play a role in legitimizing a leadership that deals with the issue of terrorism and final borders.

Senator HAGEL. In your opinion—and you held two of the most significant, important responsible offices in the Government of the United States at one time actually—with all of the responsibilities, commitments that America has today that consume the time of the President, the Vice President, the Secretary of State, the National Security Advisor—and the agenda is long and we know the items, Afghanistan, Iraq, North Korea, Pakistan, India, Haiti now, others, in addition to the Israeli-Palestinian issue—are we stretched too thin in having enough focus of leadership, of resource base, of commitment to do the things that apparently are not being done in the Middle East in trying to forge some kind of a process, the Road Map you spoke of? You talked about a protracted stalemate. We

have not been able to break that stalemate. Is it in any way related to too many commitments, or does that not have anything to do with this elusive effort that we have been at since 1948?

Dr. KISSINGER. The question has two parts. One is are these issues so complex that they cannot possibly be dealt with in a comprehensive way, and the second is can the U.S. Government be organized to deal with them in a comprehensive way.

With respect to the first question, I would argue that if they are not dealt with in a comprehensive way, they will not be dealt with at all effectively because then one always takes a piece of it and there will be some part that is not—that disturbs whatever progress you have made.

I believe that it will be seen that what we did in Iraq—that American actions in Iraq are contributing to an atmosphere in which peace can be negotiated more effectively between the Israelis and the Palestinians if only because it removes the possibility of a conventional war for the foreseeable future between Arab-organized armies and the Israelis.

It is, however, a fact that in a world in turmoil, in which you not only have the Middle East but one has to think about North Korea, how to put China into an international system, what to do with a Russia that is redefining itself and reemerging, plus the European integration, that the management of a comprehensive foreign policy becomes a huge task.

It is inherent in the nature of the governmental process that the urgent may have priority over the important. If you ask yourself where do I want America to be 5 years from now, that is a question you can defer until tomorrow. How to deal with the latest crisis in Baghdad or a suicide bomber is something to which you have to respond immediately and that will absorb your energy. This is a question that any administration has to deal with, and I believe we are dealing with it, but it is something that one always has to look at carefully.

Senator HAGEL. Thank you. Mr. Chairman, thank you.

The CHAIRMAN. Thank you very much, Senator Hagel.

Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman.

Mr. Secretary, last year Deputy Prime Minister Olmert dropped the equivalent of a political earthquake when he said that major portions of the West Bank settlements should be disbanded, withdrawn from. This was a political earthquake because he had been one that had been articulating the whole Israel, followed by 2 or 3 months with the Prime Minister making a statement that he thought that some settlements should be withdrawn, and then when he went in front of the Likud Central Committee, he was booed for that position. And Prime Minister Sharon continues to talk about a one-party solution instead of a two-party solution.

Where do you think that is taking us?

Dr. KISSINGER. Prime Minister Sharon, to go back to the question of Senator Biden, is vilified in Europe as a hard-liner, as somebody similar to some of the totalitarian types. But it is not adequately recognized that he has made huge changes in the Israeli perception of the world. Whatever one thinks of the settlements, for an Israeli Prime Minister to announce the possibility of their being aban-

doned goes against the whole history of the Zionist movement for which settlement was a part of the Israeli identity. So I think it is not just a political move, it is a spiritual move, even though it is not put in those terms, and for this to become part of the Israeli internal discussion, however limited it is put forward in its initial stages.

Now, it is also important, it seems to me, for Sharon and also for the peace process, that this come about as expression of Israeli security policy and not as something extorted from them through American pressure. So it seems to me that the combination of the security fence and the unilateral withdrawal, provided the security fence is brought into a rational relationship with Israeli strategic necessities, it is a major step toward an ultimate negotiation.

Senator NELSON. If you overlaid in that if the Israeli policy was to pull out of the Gaza, does that create the circumstances where then, in your opinion, there would be such an atmosphere for a settlement?

Dr. KISSINGER. I think the objective conditions for a breakthrough in negotiations exists not necessarily in the next 6 months but, say, within the next 2 years or the next 18 months. Once all the parties recognize, which I think actually the Israelis have recognized, that there is no deus ex machina, there is nobody going to hand it all to them, the Americans will not be able to deliver everything, and the Europeans recognize that it does not do any good to keep stirring up unfulfillable hopes, and if we then keep heading toward the implications of what is almost inherent in some of the processes that have started, I could imagine a breakthrough, provided we can find one moderate Arab leader who is willing to take some responsibility for it. It cannot be done simply by outside countries.

Senator NELSON. I agree.

What if President Assad of Syria were to suddenly seize the moment and come forth and say we are going to stop all of the international terrorist activity that is harbored in Syria? Would that not be a cataclysmic change that could suddenly cause a shifting of the tables toward peace?

Dr. KISSINGER. Well, I have written in an article about 6 weeks ago commenting on President Assad's interview with the New York Times, that this is an initiative that should be explored. If he means that the negotiations can start where they left off—if he really means that—all that was left in these negotiations was a strip of land along the Sea of Galilee of a few hundred yards wide. That, of course, raises questions of riparian rights and it is not a simple question, but it is a definable question.

And also, if President Assad were prepared to make a genuine peace agreement with Israel, while the Palestinian question still is unsettled, that would create a major incentive for the Palestinians.

On the other hand, for Sharon to engage in a final status negotiation with Syria involving settlements on the Golan Heights at a moment that he is dealing with settlements in Gaza and the potential settlements beyond the security fence, that is a really tough domestic question in Israel. And for the United States to promote a negotiation with Syria and let Syria, with respect to terrorism, take the step, similar to Libya's with respect to nuclear weapons, is an

important challenge. If Assad were prepared to get rid of the Hizbollah in the Bekka Valley and the headquarters of terrorist groups in Damascus, I think it would be an important step toward peace if they explored the Syrian option.

Senator NELSON. He told me that he would not cause any preconditions, and I have asked that question nine ways to Sunday to make sure that I was hearing what he was saying.

r. KISSINGER. He would not cause any?

Senator NELSON. He was saying he would not impose any preconditions. Now, you hear a different opinion, whoever is speaking, but that is what he said to me eyeball to eyeball with our U.S. Ambassador sitting there and with his Foreign Minister sitting there. But, oh, it is a tortuous path.

Thank you.

Dr. KISSINGER. I think it is something that should be explored, always keeping in mind that we must insist on the end of the terrorist activities from Syrian soil.

The CHAIRMAN. Thank you very much, Senator Nelson.

Senator Chafee.

Senator CHAFEE. Thank you, Mr. Chairman. Welcome, Ambassador.

This arguably is the darkest period of Israel's existence, this 4-year intifada, and certainly the chaos and the violence we read about every morning in the papers we condemn. As Robert Malley said, who will testify in the second panel, the Road Map, embraced but all but believed by none, as the only route we have out of this except, as you said, a deus ex machina, is the Geneva Accords. This in detail addresses all the issues, the Palestinian right of return, the recognition of Israel as a state for the Jewish people, Jerusalem, the Temple Mount, the settlements, and of course, very importantly the disarmament of militias and their renunciation of terror. This is signed by Israelis and Palestinians.

And my question is why would members of our administration, such as Secretary Powell testify 2 weeks ago that he took heat for meeting with the signatories of the Geneva Accords? And Secretary Wolfowitz publicly announced some support for the Geneva Accords, and he took some heat for it from the administration. Why is that and out of this darkness is some light that this administration would condemn or renounce?

Dr. KISSINGER. The Geneva Accords are a negotiation between an Israeli who has made important contributions in the past but who is totally marginalized in Israeli politics and a PLO representative. If the Israeli Government and Arab governments came to such a conclusion, I do not think it would be vetoed by the United States.

There are aspects of it that, looking at, seem improbable to me. I find it hard to imagine that Israel can live with an outcome in which access to the Wailing Wall has to go through some Arab territory no matter what the international guarantee is. But this gets into fine points that would take us too far.

I am not saying it is not possible for private groups to get together and draw up paper plans. Governments have not been able to do that.

But the refugee part of the Geneva Accords I think is extremely dangerous. The refugee part of the Geneva Accord establishes a

right of return in some proportion to those returning to other countries, and second, they reopen the question that the decision will be left to Israel, subjecting Israel to constant pressure to adjust its attitudes. It is not definitive from that point of view. But I do not know whether it is useful to discuss details of an accord made between private people.

Senator CHAFEE. I guess that would be my point. As I said, Mr. Malley will say the Road Map, embraced by all but believed in by none——

Dr. KISSINGER. I do not quarrel with the Road Map.

Senator CHAFEE. We might quibble about the language on the right of return. My reading of it is that the Palestinians do concede the right of return, and it is very specific about——

Dr. KISSINGER. The trouble with the Road Map—it is not a trouble. It is——

Senator CHAFEE. If I could just finish.

Dr. KISSINGER. Oh, excuse me.

Senator CHAFEE. So my question is, why is this not more closely looked at as a vehicle of peace if that is our goal?

Dr. KISSINGER. There is no reason not to use the Road Map in a serious negotiation. The Road Map is a good, general statement of what should be settled in a negotiation. Once one had a serious negotiation, the Road Map would be one of the documents one would take very seriously.

Senator CHAFEE. More so than the outline of Geneva.

Dr. KISSINGER. More than?

Senator CHAFEE. You are saying the Road Map has more potential than the outlines from Geneva. Do I hear you right?

Dr. KISSINGER. The acoustics or my hearing is failing me. More serious than what?

Senator CHAFEE. More potential for a resolution of the various issues, that sticking to the Road Map has more potential—am I hearing you correctly—than the very, very specific agreements reached in Geneva?

Dr. KISSINGER. I think the Road Map has more potential than the Geneva Accords.

Senator CHAFEE. I do not have any other questions.

The CHAIRMAN. Thank you very much, Senator Chafee.

Senator Sununu.

Senator SUNUNU. Thank you, Mr. Chairman.

Dr. Kissinger, I think in answering a previous question, you talked about the potential for withdrawal from certain Israeli settlements, and you said that even as they withdraw, Israel should engage Egypt. In what way should they engage Egypt?

Dr. KISSINGER. Dennis Ross has submitted a paper to you on that subject. He thinks that as Israel withdraws, it is going to create potentials for all kinds of adjustments that need to be made and that it would be a wise Israeli course to discuss with Egypt a way by which territory that is begin abandoned or settlements that are being abandoned, on the one hand, do not begin a new terrorist wave and, second, can be used in a constructive way for the development of the Gaza. But I think you should ask Dennis Ross this question when he testifies here.

Senator SUNUNU. I will do my best to do so, but I wanted to get your assessment of what kind of steps or approaches on the part of Israel could make a substantive difference.

Dr. KISSINGER. What he says and what I believe too—let me speak for myself and let him speak for himself. What I believe is that as Israeli settlements are given up, this is such a significant change in Israeli policy of such major consequence for the Arab world, that Israel should do it unilaterally where it can, but it should simultaneously indicate to the Arab world that the change in Arab conditions is something they would be prepared to discuss with them and in which the moderate Arab countries could make an important contribution.

Senator SUNUNU. In your testimony you suggested that the security wall facilitates the abandonment of obstacles that deprive so much of Palestinian life of its dignity. I think those are pretty accurately your words. But much of the complaint about the practical implementation, the construction of the wall is that it has created a new set of barriers, a new set of obstacles, division in villages, division of farmland, and division of families. So does that not in part defeat the purpose or the value that you were describing?

Dr. KISSINGER. We are talking really about two walls, one that may be built unilaterally on the basis of whatever security needs Israel thinks it has. I do not necessarily endorse the line for that. The second one is one which is either parallel or close to what will be the final border. That, if it is intelligently drawn and thoughtfully drawn, should minimize the obstacles.

What is now happening, as I understand, in the occupied territories is that there is plethora of checkpoints and great impediments to movement. One could imagine that once that wall exists, the movement on the Palestinian side of the wall would be essentially unimpeded or much less impeded.

Senator SUNUNU. But it would seem to me that the situation you described, the one is a hypothetical and one that might have the benefits you describe, and the other is the practical or the real, at least in parts, that is again creating these divisions.

Dr. KISSINGER. I think it is very important to have a comprehensive effort of development and progress in the Middle East along the lines that I have described. If it is proved impossible to do this, then I think Israel is entitled to take unilateral actions, and we should use our influence—and I believe we are using our influence in this team that is now in Israel—to get the wall placed in a way that it reduces the impediments to Arab dignity.

Senator SUNUNU. Well, along those very lines, you talk about American opposition to the wall. I do not know if it was in your testimony. It might be in the op-ed that you wrote at the end of last year. But you suggest that America should reconsider its opposition to the wall, but to the extent that the U.S. has expressed concerns or opposition, it is along the lines that you just described having to do with the placement for just these reasons.

Dr. KISSINGER. I think the administration is very close to the position that I have indicated now.

Senator SUNUNU. I appreciate that clarification.

Dr. KISSINGER. I have not discussed this with the administration. When I wrote this article, there was opposition to any concept of

a wall. I think now the administration's view, as I have understood it, is very close to what I have described here.

Senator SUNUNU. So you do not believe that the work that is being done now to address the concerns of the routing, the division, the obstacles——

Dr. KISSINGER. I believe that the mission of Assistant Secretary Abrams and of Deputy Security Advisor Hadley is meeting the concerns that I have expressed here.

Senator SUNUNU. I appreciate that clarification. It seems to me that that is the difference between the potential of this being constructive in the ways that you describe or you hope or the wall being as divisive and as counterproductive as anything that has been done. It seems to me that the issue of land ownership, land confiscation is as visceral and inflammatory as anything that is happening in the Middle East right now.

Dr. KISSINGER. I look at the wall as a contribution to coexistence, not as a means of supporting new settlement policy.

Senator SUNUNU. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator Sununu, and thank you very much, Dr. Kissinger, for coming to us, and for being so forthcoming and comprehensive in your answers. We appreciate, as always, your attendance at our meetings and the leadership that you bring.

The chair would like to now recognize the next panel, and that will include the Honorable Dennis Ross, director and Ziegler Distinguished Fellow, the Washington Institute for Near East Policy; Mr. Robert Malley, Middle East program director of the International Crisis Group; the Honorable Martin Indyk, director of the Saban Center for Middle East Policy, The Brookings Institution.

Gentlemen, we thank you very much for coming today. Your full statements will be placed in the record. Let me ask you to testify in the order that I introduced you which would be, first of all, Mr. Ross, then Mr. Malley, and then Mr. Indyk. Please take a reasonable amount of time. I would suggest perhaps 10 minutes at least at the first go so we can have questions. It appears we will have a rollcall vote at about 5 o'clock. That need not end the hearing, but it will punctuate it at that point as Senators go to vote. Mr. Ross.

STATEMENT OF HON. DENNIS ROSS, DIRECTOR AND ZIEGLER DISTINGUISHED FELLOW, THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

Ambassador ROSS. Thank you, Mr. Chairman. I will take 10 minutes and I want to basically offer a perspective on why I think we are not at a point where we can achieve what is a comprehensive solution to the problem, but that does not mean you do not make the effort to transform the situation. I think what I will do is focus on why we are at that point, why we need a way station and what the options are for producing a way station.

But before I get into that, let me offer one observation on the exchange between Senator Biden and Secretary Kissinger, and that was really on the role of the Arab states and what they can do. I am a believer that we do have to see Arab responsibility, which is

something we have not seen. I am a believer that that is critical for making it easier for Palestinians both to compromise on issues where, in fact, there is not a context that has been created for compromise, as well as to be able to confront groups like Hamas and Islamic Jihad. Having an Arab umbrella would make it much easier to do that.

The problem is we have not seen that up until now, and I would say the reason we have not seen it is because even though I think there is a desire on the part of many of the Arab leaders to see peace, the price they are willing to pay for it is not that high. The price they see in effectively having to condition for compromise and confront the Islamists is greater in their eyes than the price of continuing to face the risk of ongoing conflict between Israelis and Palestinians.

We will have to affect that calculus if we want Arab leaders to begin to play a very different kind of role. I think we should. I think it has to be part of what should be the broader efforts we make in the region, but I think to understand the context we are in and the exchange that you had, that is the way one has to look at it.

Let me explain why I think we are not at a point where we can produce a solution. For the last 3 years, we have had a war process. We have not had a peace process. There is a legacy from those 3 years on both sides, on the side of the Israelis and on the side of the Palestinians. The vast majority of the Israeli public today do not believe that Palestinians are prepared to live in peace with Israelis. They do not believe they accept the idea of a Jewish state next to them. The vast majority of Palestinians believe the Israelis are not prepared to surrender control over them.

You cannot go from the current situation to a solution. In the current context, both sides need a kind of freedom. The Israelis need a freedom from fear and insecurity, and the Palestinians need a freedom from the Israelis. You cannot go from a situation like that to the end result because you don't have the right context.

So the question is how do you create that context, and I think you need what I call a way station to get there. Now, there are really two options for how to do it.

One option is a limited deal, a limited deal that would be between the Israeli Government and the Palestinian Authority today. It is a deal that basically would be what I would call the first serious implementation of the Road Map. Up until now, the Road Map has never really been implemented, but then again, the approach of the Road Map was fine as being an umbrella, it was fine as being a point of departure, it was fine as providing a set of guidelines. But the Road Map was not negotiated with the Israelis or the Palestinians, the two parties who had to carry it out. So if you were going to implement it, you had to have an agreement where they, in effect, bought on to the specific obligations, defined them the same way, understood them the same way, and you could have some accountability.

A limited deal right now would look something like a variation of the Road Map, not in fact its precise implementation, even in terms of the guidelines. It would be a comprehensive cease-fire. No Israelis would be attacked by Palestinians on either side of the

Green Line for a simple reason. If Palestinians want to draw a distinction between the Green Line, what is in and what is out, and they will attack Israelis outside the Green Line, then the IDF will continue to carry out targeted killings and it will continue to carry out arrest sweeps. So if you want to see a comprehensive cease-fire, the Palestinians in fact have to be prepared, on the one hand, to stop all attacks against Israelis wherever they are and the Israelis, in return, would stop the targeted killings and the arrest sweeps.

Now, to ensure that that could endure for a while, you have to have some enforcement of the cease-fire. On the Palestinian side, what that means is they would have to arrest those who violate it, and it would mean they would have to begin to go after what I would call parts of infrastructure. The Road Map called for a dismantling of terrorist infrastructure. The Palestinians today are probably not capable, certainly not willing to do that. But there are things they could do if in fact you were talking about a limited deal, and that would involve closing down the smuggling tunnels, especially those that run from Egypt into Gaza. It would mean closing down the Qassam rocket workshops. It would mean closing down the bomb-making labs.

Senator BIDEN. I am sorry. You said smuggling and then what? I did not hear the next word.

Ambassador ROSS. Closing down the Qassam rockets. They are crude rockets that are made in the Gaza and then fired into Israel. Closing down those workshops. Closing down the bomb-making laboratories and arresting those who carry their weapons in the open as a way of enforcing law and order.

Now, the Palestinians would require something in return for that. They would require a lifting of the Israeli siege. That means a lifting of the checkpoints. They would probably also press for a freeze at least on what they call the wall, what the Israelis call the fence, what I prefer to call the barrier. They would require a freeze on working on that, and they would probably require a freeze on settlement activity.

Now, that is a deal that I can tell you in December, having been out in the area and having talked to both sides, I thought was at least something they could talk about, not that they had agreed to, but it was a basis for discussion. What has been very clear since December is that Yasser Arafat will simply not allow that to take place.

A limited deal is a deal that may be done between Prime Minister Sharon and Prime Minister Abu Ala, Ahmed Qureia, but it is with Arafat standing behind the curtain. Well, Arafat does not want to stand behind the curtain. Arafat wants to be a part of it, and even then, it is not clear for how long such a limited deal would last.

If you are trying to use this as a basis on which to implement the Road Map, you will not get to phase two of the Road Map which calls for a state with provisional borders because the Israelis are not going to accept the creation of such a state if the infrastructure for groups like Hamas and Islamic Jihad still exists. How can you have a state when you still have independent militias able to operate? And that is the point where Arafat will draw the line because Arafat is someone who always preserves an option. He never

closes the door, and he has made it clear, in my judgment anyway, he will not close down these groups.

Still, you might be able, through a limited deal, to get real calm for a year or two, and given the current situation, that could be dramatically better than what we face. I do not rule it out at this point, but I do not have a high expectation that it will take place.

And that I think leads you to option two, which is the path that we begin to see emerging right now, which is a unilateral pathway, at least in terms of the Israeli declarations. What Dr. Kissinger said about Prime Minister Sharon should be reemphasized. He has said things that no other Israeli Prime Minister has said. They represent revolutionary statements. It is not just statehood for Palestinians. It is the whole idea of partition and disengagement. The unilateral withdrawal from Gaza, the evacuation of settlements. With those statements, there is not much meaning left to the traditional Likud ideology. So these are revolutionary statements.

I think, again, we have to put this in a context. Why do we see a move in this direction? The Palestinians, if they cannot do a limited deal, if they cannot fulfill obligations under the Road Map as it relates to dealing with terrorist groups, if they cannot fulfill their security responsibilities, they leave the Israelis two choices to handle security. One is a siege. That is what we have today. In the West Bank alone, you have anywhere from 140 to 160 Israeli checkpoints. Normal life is an impossibility in such circumstances. So if you want commerce, very difficult to carry out. If you want to get your kids to school, plan on a couple extra hours in the morning and in the evening. If you want to get medical care, you better hope it is not an emergency.

Now, do the Israelis impose the siege because they simply want to inflict punishment on the Palestinians? Many Palestinians might perceive that or believe it, but the reality is the siege is there because the siege is designed to prevent the killing of Israelis. Today the Israelis probably stop 90 to 95 percent of the attempts against Israelis because of the siege.

The problem with the siege from the Israeli standpoint now, not a Palestinian standpoint, is a year from now or 2 years from now, they will still have to stop the same number of attacks because what the siege does is preserve anger on the Palestinian side. What the siege does is ensure there is continuing resentment on the Palestinian side. Israelis can go after the Hamas operatives and they can stop them or kill them, but they are going to have a pool of ready new recruits unless they end the siege.

From an Israeli standpoint, the siege is a bad idea. You have a current situation where the IDF is put in the position where they have large numbers of soldiers to protect small numbers of settlers, not the optimum way to structure your forces. You have a guaranteed pool of anger and resentment on the Palestinian side. And from the standpoint of the demographic issue—Dr. Kissinger referred to it as well—there is no way, given the demographic trends that Israel can stay in the territories and be a Jewish democratic state, which is what Deputy Prime Minister Ehud Olmert was talking about and that is why he called for unilateral withdrawal.

So the siege from a Palestinian standpoint is a devastation and from the Israeli standpoint, it obviously does not serve their inter-

ests. And that is what leads you to what you are seeing now, what is the idea of a pull-back out of Gaza and at least a new security line in the West Bank.

Now, the real challenge is how to make this a way station that creates a new environment for peace-making, how to ensure that as the Israelis get out, you do not leave something worse behind, how to ensure that as the Israelis pull out, you can reach some kind of coordination so you do it in a way that actually benefits those Palestinians who would be most committed to a transformation of the situation.

That is why, in effect, what I have called for is a coordinated unilateralism. If the Israelis and the Palestinians cannot do it directly, then it is our role. And there are several different focal points for us.

One is what we do with the Israelis. When we approach the Israelis, it should be guided by a series of criteria. For example, when you are dealing with the issue of the barrier, focus on the issue of a security line that makes it difficult to infiltrate, focus on the importance of not absorbing Palestinians, focus on the importance of the humanitarian considerations, and focus on the Israelis getting out of Palestinian life.

We do have a reason to be asking the Israelis questions about what the Prime Minister has said because it is more a concept than a plan at this point. But it is a revolutionary statement and it would be a mistake to subject it to every microscopic question we can think of because you will, in a sense, drown that revolutionary idea in what may be a lot of very small questions.

With the Palestinians, what we should be doing is talking to Abu Ala, talking to the Legislative Council people. We should be focused on the very issue of what happens when the Israelis go. How can the Israelis do it in a way that benefits you, but what responsibilities will you absorb as they get out? We, the United States, might be prepared to recognize sovereignty provided you fulfill your security responsibilities. We might lead the world in terms of emphasizing investment and assistance, again, if you assume your responsibilities.

I would go to the other members of the quartet and have them go to the Palestinians with the same very clear position. We can work with you. Here is what we can provide you. I would have the United States, as well as the other members of the quartet, even in the area of security, say we are prepared to provide you the kind of support that you would need. You tell us what you would need, but you have to be in the lead. One thing about the history of the Palestinian movement is there has never been a tendency to assume responsibility, to make decisions, to be accountable, to have consequences. If others are going to assume the responsibilities, we are going to perpetuate that psychology. We should be there in a supportive position and it could even involve an international presence, as long as we are backing them up and reinforcing them not taking their place.

Finally, I will make the point—and then I will close—that Dr. Kissinger was emphasizing about what I had written. If we are talking about a Gaza first withdrawal, not a Gaza only withdrawal, Egypt, being a neighbor of Gaza, has more capability to affect that

than anybody else. They can certainly help those Palestinians who are prepared to assume responsibilities materially and otherwise. They can do something even today. The smuggling that goes from the Sinai into Gaza is smuggling that goes in one direction. It does not come from Gaza into the Sinai. They can do a lot more on their side of the border to stop the smuggling. They can make it clear that the Palestinians have an opportunity before the world to show that they are ready for statehood by succeeding in this area.

I would like the administration now to be focused not only on talking to the Israelis about what it is they have in mind, which we should be doing, but also talking to the Egyptians now about the opportunity and what can be lost, talking to the Palestinians now, not later, about the kinds of responsibilities they would have to absorb and what can be gained, which, by the way, in my judgment would also make many of the Palestinian reformers see it as an opportunity where they can do more than they are doing today, and talking with the other members of the quartet as well about how to take advantage of what can be a moment. This is a moment. If there is one thing that characterizes Middle Eastern moments, they do not last long, and when you lose them, you are worse off.

Thank you.

[The prepared statement of Ambassador Ross follows:]

PREPARED STATEMENT OF AMB. DENNIS ROSS, DIRECTOR AND ZIEGLER DISTINGUISHED FELLOW, THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

As the prospects for even limited bilateral Israeli-Palestinian agreements have grown increasingly more remote, Prime Minister Ariel Sharon has announced his intention to withdraw nearly all the Israeli settlements from the Gaza strip. It is a revolutionary move that creates the possibility of change at a time when Israeli-Palestinian relations are frozen in a pattern of terror, siege, and hopelessness.

Efforts to fill the diplomatic vacuum created by the violence of the last three years, whether official like the roadmap to peace or unofficial like the Geneva Accords, have done little to transform the situation. Moreover, it is hard to find anyone at this point who believes that Yasir Arafat, who presently controls the Palestinian security organizations, is prepared to fulfill Palestinian security responsibilities.

In the meantime, the Palestinian reform movement that seemed so hopeful last spring withers under the weight of the Israeli siege and the chaos that Arafat cultivates. Pervasive Israeli control, the Israeli response to the Palestinian Authority's unwillingness to do anything to stop acts of terror, produces deep anger among Palestinians and keeps the reformers on the defensive. Something has to change, and perhaps it can now that Ariel Sharon, the architect of settlement construction over the last twenty five years, has declared his readiness to evacuate settlements.

But if the Israeli withdrawal from Gaza and at least partial withdrawal to a new security line in the West Bank are to create a new opening, they must be done the right way. They must be done in a coordinated fashion. Israeli moves can be done unilaterally but not without an effort to shape Palestinian, Egyptian, and European responses. They must be part of a strategic effort to create a new way station to eventual agreement, not a tactical response to pressures of the moment.

For the Palestinians, the Gaza withdrawal is a moment to demonstrate that Israeli withdrawals will lead to greater calm, not greater instability. It is a moment for reformers to reassert themselves, rightfully claiming that Palestinians cannot afford to miss another opportunity to advance the cause of statehood. Indeed, it can be their moment to prove to the world that they are ready for independence and statehood, and that what they are building in Gaza can also be applied to the West Bank.

Some have argued that it is best for the international community to run Gaza after Israeli withdrawal. Leaving aside whether this is feasible given the American preoccupation with Iraq, I would argue that it is probably unwise. If the Palestinians are absolved of responsibility of running their own affairs, the lessons of the past will never be learned. There will always be someone else to blame, someone

else who should be held accountable, someone else who will have to take the difficult decisions. Even with all the internal difficulties that Palestinian security services face today, they know better than any multinational force how to combat Hamas. True, they are likely to need help in carrying out their mission and that should be forthcoming from the outside. But the essential point is that Palestinians must be in the lead in taking on this responsibility. Will Yasir Arafat seek to block the Palestinian Authority from confronting Hamas, Islamic Jihad and the al Aqsa Martyrs' Brigade after an Israeli withdrawal if it means that Palestinians demonstrate to the world that they are not ready for statehood? Can he succeed in doing so in such circumstances? If nothing else, now is a time to be making clear to Palestinians what is at stake and what can be gained but also what is expected of them after withdrawal.

Palestinians may fear that Gaza First is Gaza Last, but the combination of having set the precedent of evacuating settlements and completing the security barrier in the West Bank will inevitably produce at least a partial pull-back there as well. The issue is not whether there will be a partial withdrawal in the West Bank. Rather, it is whether the security barrier, while not being a border, may remain the new separation line for a long time to come. Once again, it will be up to the Palestinians to choose. If Israelis in both Gaza and the West Bank are getting out of Palestinian lives and Palestinians are assuming their security responsibilities, peace making will be resumed and a permanent border can be negotiated relatively soon. If the Palestinians are not prepared to assume their responsibilities, then the Palestinians may be looking at a reality that will remain unchanged for the foreseeable future with little prospect of Palestinian statehood any time soon.

Egypt should see that it too can help in this situation. An Israeli pull-out from Gaza creates a challenge and an opportunity for the Egyptians. A challenge because Egypt cannot be happy about the prospect of a Hamas dominated entity on its border. An opportunity because the Egyptians can help the Palestinians show the world they are ready for statehood—and bordering Gaza they are in a strong position to assist in their doing so. They can certainly do much more to prevent smuggling of potentially dangerous weaponry into Gaza, assist Palestinian security forces, and publicly declare that continued terror by Hamas and Islamic Jihad will threaten the Palestinian cause.

Egypt's stature in the Arab world and its own policy of peace with Israel certainly would be vindicated by showing that the Palestinians can succeed. No one is better positioned than President Mubarak to tell Yasir Arafat that he will be held accountable if he now tries to impede this opportunity.

For the Europeans, too, who have often been vocal critics of the Israelis, Israeli evacuation of settlements and withdrawal from Gaza can only be welcomed. They must not sit on the sidelines. They have credibility with the Palestinians and it should be clear what European expectations are. They can provide material help both on security and economically, provided the Palestinians are prepared to do their part.

In particular, the Europeans should join the U.S. and others in spearheading a broad construction effort with strict financial oversight. They should target assistance and investment to create a successful counterweight to Hamas's social welfare Dawa network. If there is a targeted infusion of funds and Palestinians see their lives improve, it is the people and not Hamas ideology that will gain.

Who can pull this coordinated effort together? Only the United States can do so. If Israeli withdrawal from Gaza is to create a way-station to eventual peace, the U.S. must fashion a strategy of "coordinated unilateralism" and marshal support from an array of parties in the Middle East and beyond to make it happen. One lesson is clear from the past: initiatives in the Middle East are never self-implementing. The Israeli impulse to withdraw from Gaza requires a major effort from the U.S. to shape it, legislate it, and produce international support for carrying it out.

The CHAIRMAN. Thank you very much, Mr. Ross.

Mr. Malley.

STATEMENT OF ROBERT MALLEY, MIDDLE EAST PROGRAM DIRECTOR, INTERNATIONAL CRISIS GROUP

Mr. MALLEY. Thank you, Mr. Chairman, and thank you for holding this hearing at what I think is a critical time where not only the Road Map, but many of the traditional tools of peace-making in the Middle East have to be rethought in a fresh, creative, and

bold way if we do not want the Israeli and Palestinian people to be further harmed, if we do not want the two-state solution to be further jeopardized, and if we do not want our own national interest to be further at risk.

In these brief remarks, I just want to emphasize three points. The first is why trying to resolve the Israeli-Palestinian conflict is central and vital to our national interest. The second is why the methods we have tried up till now to do so have failed, and the third is what options exist in the future.

It used to be conventional wisdom that resolution of the Arab-Israeli conflict and the Israeli-Palestinian conflict in particular was a central vital national interest. Not so anymore. After the failure of Camp David and the peace process in 2000–2001, the outbreak of the intifada, and particularly the events of September 11, it took a back seat to other issues, fighting terrorism and radicalism in the Middle East, promoting reform and democracy in the Middle East.

Paradoxically, however, I am convinced—and I think Senator Biden made that point earlier—that resolving that seemingly narrow conflict, the Israeli-Palestinian conflict, has never been more important now that we have broadened our stake and broadened the issues that we are preoccupied by in the Middle East, and that an integral part of our efforts to fight terrorism and to fight extremism is precisely to resolve or seek to resolve the Israeli-Palestinian conflict.

It is our lack of engagement, our lack of resolve that is hurting us, not the contrary. And I think one hears it anytime you travel to the Middle East and most of all that those very reformers and democrats who are so burdened by the fact of the perpetuation of the Israeli-Palestinian conflict and the perpetuation of the perception, right or wrong, of excessive U.S. disengagement and excessive U.S. bias. And I think that if we want to help those people, it is vital that we come to the core and we try to, once again, resolve the issue because nothing hurts us more than the current situation, and nothing would help us more, particularly in the fight against terrorism, than a successful effort to resolve it.

Now, if we all agree on the fact that it is a vital interest to try to resolve it, the question is how to do so. The first answer I think is not the way it has been done before. And I was part of the way it was done before, and I do not have any regrets about what we did, but I think that one has to learn from the past and learn that what has been tried now for over 10 years has failed and failed and failed again and it is the situation we are in today.

The recipe of the past was an incremental step-by-step approach in which Israelis and Palestinians were each asked to take very sensible, rational steps to lead somewhere as a mutual confidence-building process, but without really ever telling either side with any precision what the final outcome would be. So each side was basically asked to take steps, asked to take difficult and painful political steps vis-a-vis their own constituencies without a clear end in sight and without knowing whether the outcome would justify the steps they are being asked to take in the interim.

Now, the usual response, each time one of these efforts fails, whether it is the Mitchell report or the Tenet plan or now the Road Map, is to say we have to try harder and try better, and in par-

ticular, the United States needs to try harder and try better, but basically try more of the same. And in the case of the Road Map, one can say, indeed, that the Palestinians did not do enough on the security side, that the Israelis did too much on the military side, that the U.S. stood on the side lines and Arafat stood in the way. And all that is very likely to be true, but at some point it is probably wise to stop blaming the actors and to take a step back and look again at the script. And the script they were handed is a script again in which there is no precision as to the outcome they are being asked to take painful steps to achieve.

And if it was hard in the past through this step-by-step approach, I would suggest that it is far harder today, in fact, practically impossible if we look at the 3 years of what Dennis began to describe, atrocious violence, suicide bombs, devastating military reprisals on the Israeli part, the collapse of those very security institutions on the Palestinian side that are expected to take on the radical extremist groups, the dwindling of the authority of Fatah, the backbone of the Palestinian national movement, and the strengthening of Hamas and Islamic Jihad and other radical groups, a Palestinian national authority that is no longer national and barely exercises any authority anymore, the leader of the Palestinian national movement who is virtually isolated and therefore, for better or for worse, incapable of making decisions.

And so this notion that today Israel is going to hand over to the Palestinians responsibility for its security in this kind of step-by-step approach appears to be completely fanciful, again more so today than it was in the past. And the notion that today the Palestinian national authority and Fatah, weakened as they are today, disorganized, fragmented geographically and organizationally, are going to be capable or willing to take on Hamas or Islamic Jihad, particularly at a time when they have no faith that the Israeli Prime Minister currently in position, Ariel Sharon, could even come close to meeting their needs, their basic expectation in terms of a national movement, seems to me equally fanciful. So I think that the notion of trying to revive the Road Map as it exists today is an illusion that was costly in the past and will be even more costly in the future.

Now, the most obvious manifestations of the collapse of the Road Map are the actions of Prime Minister Sharon. And I may not agree with much of what he does, but I do believe he has foresight and I think that his announcement about taking steps unilaterally, disengaging Israel from the Palestinians is a manifestation of an understanding of having reached the conclusion that the ways of the past will not work, that bilateral step-by-step negotiations are a thing of the past, and not a thing of the future, at least in the current context.

We are now at a crossroads in terms of what we do. We can follow what the Prime Minister has done—and I agree with Dennis that it is revolutionary and it does have potential, good potential and bad potential—and follow the path of Israeli unilateral disengagement. And that is the most likely outcome, and I will spend some time discussing it. The other is what I would suggest would be far preferable which would be a U.S.-led international engagement, and I will get to that in a minute.

Sharon's ideas at this point are much more of a puzzle than a plan. He has not said much about how many settlements he would withdraw from, when, under what circumstances, whether the IDF would be left behind or not, whether it would be done in one fell swoop or whether it would be prolonged and over a period of time, who he would hand authority over of the settlements that he has evacuated, question after question after question. But he has broken out of the box, the box of the Road Map, and I think it needs to be taken seriously. He has triggered movement and potential movement more than anything else in the last 3 years.

One cannot predict, again because of the uncertainties, what will happen when he takes an action. The action itself is ill-defined and even if we knew what he wanted to do, it is very unclear how the Palestinians are going to react, in part because of the picture I painted earlier. There is no Palestinian Authority to speak of and there is no Palestinian national movement to speak of. So it is unclear to know how they and who they are will react. It is also unclear to know what the Israeli political system will do and what kind of obstacles it might put on the path of this plan.

But assuming the general outlines, in terms of what Dennis described, I think one could see potential benefits and drawbacks, and in many ways, they touch exactly the same areas. Potential security benefit. Israel's security could be strengthened if it shortens its lines of defense, if it evacuates settlements that today are populated by small numbers of settlers that require a large Israeli military force to defend.

On the other hand, it could be a security drawback if the lesson, the message that comes out of this is that violence is what gets Israel out of the territories and if Hamas and Islamic Jihad manage to turn it into their victory and to say violence is what got Israel out of Gaza today, it is what will get Israel out of the West Bank tomorrow. So, look to what happens in the West Bank not only in Gaza after an Israeli withdrawal.

One other potential benefit: strengthening the PA, strengthening Palestinian security services, again along the lines of what Dennis suggested. One could imagine a scenario whereby the settlements are handed over to the Palestinian Authority, that they use this to give them momentum to rebuild the Palestinian Authority, to rebuild Palestinian security services. Flip side: it is handed over to no one. There is chaos. Hamas is strengthened. Hamas takes over Gaza. Hamas takes over the settlements.

The third potential benefit. This could be a precursor to much broader withdrawals in the West Bank itself, and it is true that the Prime Minister has broken a taboo and he has delinked these two intertwined concepts of security and settlements. He, a Likud Prime Minister, has said implicitly settlements do not bring Israel security, they bring Israel insecurity. And therefore, one could imagine after Gaza and a few isolated settlements in the West Bank a broader withdrawal. Flip side. If in fact this is just a plan to get out of Gaza and to consolidate Israel's hold on the West Bank by thickening some of the settlements, by taking more action in east Jerusalem, by building a fence in certain ways, and by retaining control over the Jordan Valley.

Both of these scenarios on all three fronts are possible, and I think the U.S. objective, if it takes the reactive approach of reacting to the Prime Minister's decision, needs to simply try to focus on two issues: No. 1, making sure that this is Gaza first but not Gaza last, which means putting pressure on Israel not to take action in the West Bank or at least telling Israel that it will not acquiesce in actions in the West Bank that will foreclose a two-state solution, and promoting the kind of coordinated actions that Dennis spoke about to make sure that whatever is withdrawn from is handed over to the Palestinian Authority and not to Hamas.

Now, I think it is very clear that even though this is a revolutionary option and it could have ground-breaking consequences, it is a limited one because ultimately in its wake it will leave untouched the fundamental ingredients of the conflict. Occupation will remain. The Palestinians will still want to fight Israel, and even if there is a fence, one could count on the Palestinians to find more lethal ways to circumvent the fence and to try to attack the Israelis, and we are reading it in the press even today.

There is another option which is to replace the incremental, step-by-step approach by an end game strategy. Three points to describe it very briefly.

No. 1, the United States, together with moderate Arab leaders, together with the European Union, together with the United Nations, would put forward a suggested comprehensive resolution of the Israeli-Palestinian conflict, a blueprint, not to impose it, to suggest it, to put it out there publicly with Arabs there, the moderate Arabs that we have all said need to be involved in this, and only do it once the Arabs have committed beforehand that they will back the President in this effort, publicly back him and publicly put pressure on the Palestinians to accept it. No. 1.

No. 2, as part of this plan, suggest the establishment of a U.S.-led trusteeship over the territories that ultimately would become Palestine, to give security guarantees to Israel, to give guarantees to Israel that those who will govern these Palestinian territories will not be what I have called the dwindling forces of the Palestinian Authority, but the international forces. It also responds to Dr. Kissinger's valid point that Israel will not withdraw from one day to the next and give all territories to the Palestinians. No. It would hand over the territory to this trusteeship, to the United States-led trusteeship, which in time, as the Palestinians took the actions they need to take, would be turned over to the Palestinians.

And third, to maximize the prospects of public acceptance on both sides, suggest that this proposal be submitted to referendum. We have seen this idea not only in Prime Minister Sharon's suggestion of a referendum on the withdrawal from Gaza, but also in another intractable conflict such as Cyprus as a way to make it easier for leaders to accept a solution that they know their publics will accept but that is hard, given their harder line constituencies, to sign onto.

Senator BIDEN. Excuse me. Is that referendum you are suggesting only in Israel or in both——

Mr. MALLEY. Oh, absolutely in both. And I would say it is probably more important on the Palestinian side. Absolutely.

I am going to concede up front that I was not born yesterday, that I do not hold any particular hope that this plan will be taken up tomorrow by the administration. And I do not think this is a partisan issue. I think for any Democratic or Republican administration, this would be considered a risky endeavor. I know Dennis has said he does not think the conditions are right. I think Dr. Kissinger said the same thing, and many people would say that we are in this position now where we have to be realistic.

I wonder sometimes, though, where is the realism in pursuing a path that has failed us so often in the past. Where is the realism in counting suddenly on a change of heart of leaders who have not changed hearts over all these years for good political reasons, not because they are stubborn? Where is the realism in thinking that we have uncounted time in front of us to salvage a two-state solution? And where is the realism in thinking that suddenly the conditions for peace are going to emerge?

I think that is all a surreal realism and the genuinely realistic approach is the one that I put forward here, and particularly if you can get the Arab countries—and I think it is a precondition—to say up front they would accept it so that you corner those extremists, you isolate the extremists, and you give voice to the moderate forces that exist today, submerged but exist today, in the Arab world.

So I would want to leave this committee with three questions to ponder.

The first is, has the current policy been working? I think the answer is pretty clear.

The second is, would this alternative approach have a better chance of succeeding? Again, I think the answer is more likely yes than no.

And third, if we do not try something different, how long before the two-state solution becomes a thing of the past and we will come back here and the next session that you will hold will not be rethinking the Middle East Road Map, but rethinking the two-state solution?

Thank you.

[The prepared statement of Mr. Malley follows:]

PREPARED STATEMENT OF ROBERT MALLEY, MIDDLE EAST AND NORTH AFRICA PROGRAM DIRECTOR, INTERNATIONAL CRISIS GROUP

Mr. Chairman: First, let me express my appreciation to you for the invitation to testify before the Senate Foreign Relations Committee. This hearing comes at a critical time: the traditional tools of peace-making in the Middle East have all but exhausted their utility. From the Mitchell Plan to the Road Map, the U.S. has led various attempts to end the violent confrontation. Yet, for the past three years, the Israeli and Palestinian people have been consistently and repeatedly robbed of a normal life, with the daily cost in pain and bloodshed reaching unprecedented heights. U.S. national security interests also have been jeopardized as, rightly or wrongly, the perpetuation of the Israeli-Palestinian conflict and the perception of U.S. disengagement harm both our image in the Moslem world and, crucially, our struggle against terrorism. Fresh, creative and bold thinking is vital, lest the current situation continue or deteriorate further, and lest any prospect for a viable and sustainable peace vanish for the foreseeable future.

The International Crisis Group (ICG) has been working in the Middle East and on the Israeli-Palestinian conflict in particular for over two years. Here, as we do in some 40 countries around the world, our field-based analysis identifies the drivers of conflict and, based on that analysis, we define policy responses for specific countries and the international community to prevent or mitigate deadly conflict.

I.

Mr. Chairman, when the Road Map was first presented, ICG cautioned in its report, "A Middle East Road Map to Where?" that the plan "adheres to a gradualist and sequential logic to Israeli-Palestinian peacemaking, a throwback to the approach that has failed both Israelis and Palestinians in the past. Its various elements lack definition, and each step is likely to give rise to interminable disputes between the two sides. There is no enforcement mechanism, nor any indication of what is to happen if the timetable significantly slips. Even more importantly, it fails to provide a detailed, fleshed out definition of a permanent status agreement." Unless the presentation of the Road Map somehow served as a catalyst for fundamentally new political momentum in Jerusalem, Ramallah and Washington, we warned, it would rapidly prove futile. Unfortunately, that is the situation in which we find ourselves today. The Road Map may be resuscitated in one form or another and its core ingredients—a call for a two state solution, for Palestinian security, institutional and economic reform and for an end to the occupation—will remain. But for now, its role as a political tool to advance Israeli-Palestinian peace is over, and it is best to recognize it. If the goal is to break out of the status quo, there is a need to come up with a new or significantly modified approach.

At the outset, it is important to understand why the Road Map failed in order to avoid duplicating past errors in the future.

The broad vision put forward, first in President Bush's 24 June 2002 speech, next in the Road Map, was welcome. But in its belief in a series of mutual, incremental steps and in its lack of a clear and detailed vision of the ultimate settlement, it repeated what Oslo and its variants over the years had attempted, always with the same dispiriting results: agreements not reached or not implemented, accompanied by an erosion in mutual trust and, in this case, ongoing violence.

The idea that only incremental steps can resolve the current crisis flies in the face of the experience of the last decade. With each successive turn there are renewed calls to try better, try harder, but basically try more of the same: interim agreements designed to boost confidence and gradually pave the way for negotiations over a final deal. True, one can always attribute failure to the shortcomings or mistakes of the various parties. In the case of the Road Map, some legitimately lament that the Palestinians did too little on the security front; that Israel did too much on the military one; that the U.S. stood on the sidelines and that Arafat stood in the way. But that this has become an old refrain ought to tell us something about the process itself—namely, that the setbacks, skirted obligations, clear-cut violations and violence are not deviations from the process as currently defined, but its natural and inevitable outgrowth. And that there is no reason to believe that what has failed before will suddenly work now, that what the parties have stubbornly resisted doing in the past they can—with a little additional pressure or persuasion—be brought to do in the present.

What was missing from Oslo and now from the Road Map is a clear and well-defined vision of the ultimate goal. Israelis and Palestinians were reluctant to take difficult interim steps not knowing whether they would lead to a desired end-result. As a result, they treated the interim period as a time to shape the final deal through unilateral steps rather than realize it through joint effort. Both sides were determined to hold on to their assets (territory in Israel's case; the threat of violence in the Palestinians') as bargaining chips to be deployed in the endgame. Because the objective remained vague, neither side had a sufficiently powerful incentive to carry out its obligations, the goal always being appeasement of the U.S. rather than pursuit of desired purpose. And so, each interim step became an opportunity for a misstep and the logic behind the Oslo process—that interim measures would gradually boost mutual confidence—was turned on its head as each incremental violation further deepened the existing mistrust.

In response, it is often argued that movement toward a resolution of the conflict should not take place unless and until the Palestinian Authority dismantles violent groups and reforms its leadership. This is a highly appealing logic. But it has not worked. And its main victims are and have been the Israeli and Palestinian people. The Palestinian people and their leadership undoubtedly need to clamp down on radical groups within their rank who resort to terrorist attacks against Israeli civilians. But it is hard to conceive that they will do so, morally necessary and politically imperative as it is, so long as it cannot be justified as being required for a clear and desired end-game—so long, in other words, as these groups are viewed as resisting the occupier. To maximize prospects that Palestinians will take such action, they need to see an end to the most brutal Israeli military actions and be proposed a genuine alternative path to ending the occupation.

Temporary lulls may be achieved. But the political dynamics of this conflict inexorably will lead to more violence and counter-violence until its resolution is in sight. Israelis cannot afford to be giving in to fear, and see no choice but to respond to every act of Palestinian violence. Each Palestinian attack both underscores the relative futility of Israeli military action and makes it all the more inevitable. For their part, Palestinians cannot afford to appear to be surrendering to force or to resign themselves to continued occupation, particularly when they have no faith in the political process that would follow a cease-fire. Each Israeli operation both takes a toll on radical Palestinian groups and swells their ranks.

As a result, partial security relaxation on the Israeli side is likely to lead to renewed Palestinian violence which will trigger tougher security measures, often with devastating impact on Palestinian civilians, and which, in turn, will provoke more desperate violence. We have seen that pattern play itself repeatedly during the past year. In the current atmosphere, the anticipated virtuous cycle—in which good will gestures by one side are reciprocated by good will gestures by the other—is much more likely to turn into a vicious one. Ending the violence is absolutely vital. But it should not be a precondition for taking the political step—moving to resolve the underlying conflict—that has the best chance of achieving that goal. Cases as varied as Algeria, Cambodia and South Africa illustrate that successful peace initiatives can and often do take place amidst violence.

For its part, Israel must take steps to dismantle the vast majority of its settlements, not just in Gaza but in the West Bank as well, and allow Palestinians to realize their legitimate aspirations. But it is difficult to imagine it will do so, however counterproductive the settlement enterprise has turned out to be, before it is provided with security and persuaded that Palestinians are prepared to accept Israel's right to exist as a Jewish state, free from violence and the threat of massive refugee return.

Ultimately, until they know what the endgame basically will be, Palestinians are unlikely to provide Israelis with the security they need. And until they are provided with that security and with an assurance that their needs will be met, Israelis are unlikely to carry out the political steps the Palestinians require. Put differently, Palestinians fear that what is portrayed as an interim solution (partial withdrawals in exchange for an end to violence) will become final and Israelis fear that what is portrayed as a final settlement (a two state solution) will only be interim. The mutual suspicion incrementalism it is designed to remove is precisely the reason why it cannot work.

Likewise on the issue of Palestinian political reform. Its necessity is not in doubt, and Palestinians themselves would be first to agree. But to make a change in Palestinian leadership a precondition for movement toward a political settlement may well have succeeded in both preventing political progress and hindering institutional reform by portraying both as externally-driven diktats designed to promote U.S. and Israeli interests rather than Palestinian ones. Indeed, insistence on a change in leadership as a precondition for decisive movement on the political front de-legitimizes the concept of reform and undermines those Palestinian activists who have long led the fight for domestic change. Besides, as experience has shown, efforts to marginalize Arafat may well weaken his institutional power, but he retains unparalleled status and legitimacy in the eyes of the Palestinian people for whom he remains the embodiment of their cause. Despite his diminished popularity and the at times disastrous mistakes he has committed, Palestinians will rally around him in times of crisis and no rival will stand a chance. There is a profound psychological, emotive component to the Palestinian struggle in which Arafat and the symbolism that surrounds him plays a central part.

If the incremental and conditional approach was questionable in the past, it has become far more so today. There have been over three years of horrendous suicide bombs and devastating Israeli military actions. Anger and bitterness on both sides is at an all-time high. Trust has virtually disappeared and the very Palestinian institutions expected to restore order and clamp down on violent groups have either been destroyed or collapsed. Radical Palestinian groups, far from being weakened by repeated Israeli attacks, have become both stronger and more popular, making all the more unlikely Palestinian efforts to take them on. Yasser Arafat's virtual isolation has guaranteed that he will exercise his still considerable influence to thwart any progress that does not give him a role. Plus, the Palestinian National Authority is no longer national and it barely exercises authority. Under what logic would Israel entrust it with its security? For their part, not a single Palestinian believes that Prime Minister Sharon will be prepared to reach a settlement even remotely approaching their minimum goal. With that in mind, and with Hamas, Islamic Jihad and other radical groups emboldened and empowered, can a Palestinian lead-

er realistically be expected to take the political risk of confronting them or negotiating yet another interim deal with Israel?

Under these circumstances, it is very hard to be confident that Prime Minister Sharon and Prime Minister Abu Alaa will be able to agree on much or for very long, let alone negotiate their way out of the current violence. Even if they do succeed, their agreement will be at the mercy of the first act of violence.

Two alternative ways exist to break the stalemate and make up for the lack of trust and the parties' inability to move bilaterally. The first is for one of the two parties to act alone. The second is for a third party to step in.

II.

A few weeks ago, Prime Minister Sharon announced his intention to unilaterally disengage, including unilaterally withdrawal from many of the Gaza settlements and, possibly, some isolated ones in the West Bank if, within six months, it became clear that the Palestinians will not fulfill their responsibilities under the Road Map. Sharon's stated logic is clear: if the Palestinians are not prepared to take steps to clamp down on violent groups, if they do not have a leadership trusted by Israel, Israel cannot afford to wait. It will do what it must to maximize its security and separate demographically from the Palestinian population. Withdrawing from these settlements will shorten Israeli lines of defense, remove the burden of protecting small numbers of settlers with large military forces and, by disengaging from populated Palestinian areas, reduce friction with the Palestinians. It would be complemented by completion of the physical barrier or fence intended to radically restrict movement of Palestinians into Israel. The decision, should it be implemented, would amount to recognition that the path laid out in the Road Map is no more, for the time being at least.

It is important at the outset to recognize what Prime Minister Sharon's suggestion is and what it is not. It is not a long-term solution but a temporary stopgap. It is not at this point a detailed plan but a very vague concept. It would not entail merely a unilateral withdrawal but most probably a series of unilateral steps. But of the two alternative paths we have laid out—unilateral disengagement or forceful international engagement—it is by far the more probable and, as such, deserves careful scrutiny.

Evacuation of settlements is essential, a step called for by the Palestinians and the international community as a whole. No Israeli leader has seriously contemplated taking such an initiative in the absence of a comprehensive agreement—not Rabin, not Peres, and not Barak. And no Israeli leader has enjoyed the kind of political capital Sharon has in order to do this. For these reasons, a decision to evacuate settlements would clearly be welcome. Besides potential security benefits for Israel, it can lead to greater freedom of movement for Palestinians in Gaza and set the precedent of larger-scale settlement evacuation—including in the West Bank—by formally de-linking settlements from security. Under the right circumstances, it can serve as a pilot case for the rebuilding of Palestinian Authority security services and reassertion of law and order, for Palestinian elections (for the PA as well as for Fatah), Palestinian reform and for greater international involvement. Should the PA be able to restore quiet in Gaza, in fact, a unilateral withdrawal could theoretically help rekindle Israeli-Palestinian negotiations. In short, if done right, what would begin as a consequence of failed diplomacy could become a forerunner to renewed diplomacy.

But there are considerable risks for all sides, of which the U.S. in particular needs to be fully cognizant if it wants to avoid them.

First, a unilateral withdrawal may well be read by Palestinians as a victory for those who believe that Israel can be forced through violence to pull out. It will be hard for them to see it otherwise: even a modest withdrawal was not forthcoming during the premiership of Mahmoud Abbas—who was committed to a peaceful resolution of the conflict; now it is being openly considered not as a confidence-building measure for a courageous Palestinian Prime Minister but as a defensive reaction to continued armed attacks. Coming atop the Israeli decision to release hundreds of prisoners (again, a concession that was not granted to Abbas) in a deal with Hizbollah, this could embolden and strengthen the more radical Palestinian groups. In this context, some have evoked Gaza's potential "Lebanonisation"—a reference to Israel's decision to withdraw from South Lebanon. While that earlier withdrawal almost certainly was the right thing to do, images of a retreating Israeli army carried wide-ranging implications, not least of all by inspiring Palestinians to launch the intifada.

A related peril is that areas from which Israel withdraws, rather than fall under the PA's control, could descend into chaos and anarchy or into Hamas' hands, fur-

ther radicalizing the Palestinian side, weakening the PA and reducing the chances of renewed negotiations. Should Israel—as is anticipated—leave behind either IDF forces or some settlements in Gaza, these quickly could become the targets of continued violence as Palestinian organizations claim that armed struggle is both what got Israel to begin its withdrawal and what will get Israel to complete it.

There also are potential threats to the Palestinians and to their future ability to build a viable state. As some Israeli officials point out, unilateral disengagement would not be a unilateral withdrawal alone but rather a series of unilateral steps intended to consolidate Israel's position by refocusing on the West Bank and separating from populated Palestinian areas. In addition, the Prime Minister may well be required (if only to placate his harder-line right wing partners that have threatened to bolt from the coalition) to take "compensatory" measures in the West Bank. Under this scenario, the partial withdrawal from Gaza and perhaps from some isolated West Bank settlements abutting Palestinian cities, thickening of settlement blocs alongside the Green Line, strengthening control over strategic areas such as Jerusalem, the Jordan Valley and other border areas, and completion of the separation fence encroaching into the West Bank would all become part of a broader plan to force long-term, de facto borders upon the Palestinians. Altogether, these could deal a fatal blow to President Bush's vision of a viable Palestinian state, condemning the Palestinians to isolated, non-contiguous cantons or enclaves and, at best, a non-viable statelet that they will be free to call a state.

In other words, while some Israelis worry that this could be a road to more violence, Palestinians worry that it could be the end of their road to genuine independence.

At this point, the Prime Minister's suggestions constitute far more a question mark than a plan. Among the significant unknowns are the following:

- When would the withdrawal/settlement evacuation take place? Over what time period? If it is done in one fell swoop, it might bolster the impression of a hurried Israeli retreat in the face of Palestinian violence; if spread out over time, it might increase the likelihood both of resistance by settlers and of Palestinian attacks against them.
- Will there be a security handoff with Palestinian forces or will it be wholly uncoordinated?
- Will Israel proceed in the face of escalating Palestinian attacks on the eve of the evacuation?
- Will Israel proceed if it asks but fails to obtain U.S. guarantees—e.g., regarding financial assistance to help relocate the settlers; acquiescence in the route of the separation fence or in additional settlement construction in the West Bank; a commitment not to pressure Israel on a final status deal?
- How many settlements will remain in Gaza?
- Will the settlements that are evacuated be destroyed? Maintained intact? Turned over to the PA?
- Will the IDF remain in Gaza and, if so, for how long?
- How will Israel react if attacks emanate from Gaza after the withdrawal—aimed either at remaining settlements, at the IDF or at Israel proper?
- What simultaneous steps will Israel take in the West Bank?
- Who will control the Rafah border with Egypt? The Gaza airport? The seaport? The crossing into Israel?
- Will Palestinian workers from Gaza be allowed into Israel? Will goods be allowed in and out? In particular, what provisions will be made for the supply of water, electricity, medical equipment or food in Gaza?

Until answers to these and other important questions are known, it will be extremely difficult to anticipate the impact of an Israeli action along the lines suggested by the Prime Minister. Even then, there will be considerable unknowns as to the Palestinian reaction, given the vast political changes undergone on their side during this latest period.

Given those uncertainties, the best course for the United States would be to maximize the prospect that a process of unilateral disengagement strengthens Israel's security without jeopardizing the possibility of a viable Palestinian state or inflicting undue harm to the Palestinian population.

First, the U.S. should see to it that Israel coordinate any settlement evacuation with the PA. Coordination does not require negotiating or even cooperation, and this is an important distinction. If he ultimately opts for the unilateral route, it will mean that Prime Minister Sharon has concluded that negotiations with the PA are

futile. It therefore would make little sense from his perspective to sit down and discuss with the Palestinians the implementation of his move. But to withdraw without giving the PA any advance notification and the opportunity to operate a smooth hand-off of any evacuated areas would be a recipe for chaos and for strengthening radical organizations at the PA's expense. Conversely, Israel-PA coordination could minimize the appearance of a hurried and disorderly Israeli retreat, helping both parties. This may not require direct Israeli-Palestinian discussions, although they would be preferable, and could instead be done through back-to-back talks with Washington.

Second, the U.S. and others in the international community should press the PA to exercise maximum security control over evacuated areas and assist it in this task. In particular, the PA's security organizations should take measures to try to prevent violent actions originating from Gaza.

Third. the U.S. should make clear to Israel that it will not acquiesce in harmful compensatory measures in the West Bank. These include settlement construction, activity in East Jerusalem and building the separation fence in ways that hurt Palestinians and depart in any meaningful way from the 1967 lines. Movement in Gaza ought to facilitate future progress in the West Bank, not condemn it. Ensuring that Gaza first will not mean Gaza last is critical if the U.S. wants to preserve the possibility of a two state solution.

Fourth, the U.S. should ask Israel to minimize any hardships on the Palestinian population of Gaza, consistent with legitimate security concerns. It is hard to imagine Israel allowing free movement for the Palestinians, either across the border with Egypt, by air or sea, let alone into Israel. But suffocating the population in Gaza by denying them basic economic opportunities would be a humanitarian catastrophe for the Palestinians and—by generating an even more embittered and radicalized Palestinian people—a political catastrophe for Israel.

Fifth, to the degree possible. the international community as a whole should provide assistance to Gaza. This could take the form of economic help, security training to the PA and oversight of reform—the goal being to turn Gaza into a successful model of international engagement to be replicated some day in the West Bank. Some have gone further in this respect and suggested the establishment of an international trusteeship over Gaza, including the dispatch of foreign troops. There is reason for caution, however. In the absence of an overall territorial agreement—which an enduring if reduced Israeli presence in Gaza and the West Bank would preclude—Palestinians are likely to continue to resist and the trusteeship therefore will operate in a hostile environment. How many nations will agree to send troops under such circumstances? How would the multinational force interact with the remaining Israeli presence in Gaza, assuming as one must a less-than-total withdrawal?

Ultimately, it is important to bear in mind the limitations inherent in any unilateral disengagement however well-implemented it turns out to be. Once accomplished, most of the underlying ingredients of the conflict will remain and some may even be exacerbated. Disentanglement from Gaza and erection of the separation fence may well limit Israeli exposure to attacks by Palestinians; but at least so long as the occupation endures, Palestinian militants will have the motivation to look for other, perhaps more sophisticated and deadly means to strike. While some have suggested that Israel's suggestion of a withdrawal from Gazan settlements could pave the way for a broader bilateral agreement on security and territorial issues, the outlook in this regard is bleak. To repeat: a unilateral initiative will be taken if and when Israel concludes that the Road Map process has failed, not in order to revive it; it will be taken if and when Israel concludes it has no partner, not as an opportunity to negotiate with one. It is hard, therefore, to imagine Israelis and Palestinians reaching a genuine agreement on a withdrawal from Gaza insofar as negotiations inevitably would put on the table other highly contentious issues: control over Gaza border areas, the sea and airport, freedom of movement for Arafat, together with Israeli actions in the West Bank, such as the construction of the separation fence, to mention but a few.

Imprecise as to its scope or character, unpredictable as to its effects, unilateral Israeli steps are not and cannot be a substitute for a political solution. They might well set in motion a process even its initiators did not have in mind.

III.

ICG has repeatedly argued for replacing the incremental, step by step strategy of the Road Map with an endgame strategy involving forceful international presentation, led by the U.S., of a clear, detailed and comprehensive blueprint for a permanent Israeli-Palestinian settlement. Both the plan and the means of promoting and

implementing it are described in detail in ICG's three-part report, "Middle East Endgame." In our view, it remains the best and surest option to produce a fair and sustainable peace and one that, far from being inconsistent with the Road Map, can most effectively produce its desired results: an end to violence and to the settlement enterprise, reform of the PA, and a viable two-state solution. It is at once the most ambitious and pragmatic process available.

First, the U.S. should present a detailed, comprehensive Israeli-Palestinian settlement plan. in coordination with, and with the full backing of other key members of the international community—including Arab and Moslem states. The U.S. would precondition presentation of the plan on strong commitments from others, particularly in the Arab world, to back it, take concrete steps to normalize relations with Israel once peace has been achieved and take immediate steps to curb any aid to groups that resort to violence. For Arab states that have been clamoring for U.S. involvement, the quid pro quo would be clear: commit to supporting the plan in word and deed, commit to cracking down on violent groups and to pressing the PA to take action to end the violence, and the U.S. will present a fair, comprehensive settlement plan.

It is clear by now, based on the parties' negotiations from Oslo onward, that a plan that protects the two sides' vital interests can be put together. Accordingly, the plan would not require either party to forsake what it considers its fundamental rights or aspirations. Rather, it would propose a practical solution to the problems they confront so that they can live in peace and security.

To be clear: an Israeli-Palestinian peace plan cannot be imposed and this ought to be neither an imposition nor an ultimatum. An imposed solution would trigger an immediate nationalistic backlash on both sides, and, from Israel, cries of unfair treatment at the hands of a trusted ally. Rather, the plan would represent the international community's best judgment of what a fair, final and comprehensive settlement should look like and would appeal to the leaderships and peoples of both sides to embrace it. In other words, regardless of whether the leaders initially reject the plan, the U.S. and its partners would continue to promote them.

Second, and as part of this plan, the international community would propose a U.S.-led international mandate to administer the territory that will make up the Palestinian state, verify compliance, help provide security and take control of land turned over by Israel. Several members of this Committee have evoked the notion of NATO troops monitoring the birth of a Palestinian state; ICG fully endorses such an idea in the context of a comprehensive settlement. The mandatory powers would be the ultimate arbiters, transferring land and full sovereignty to the Palestinians when appropriate. In other words, Israel initially will be turning over territory to NATO or some other U.S.-led multinational force—not to the Palestinians, and the force will help strengthen Israel's security by patrolling the Israeli-Palestinian border and Palestine's other international borders and crossing points. Israel could be offered membership in NATO and a U.S. defense treaty, and U.S. and European security guarantees would be extended to the Palestinian state.

As a means of maximizing the prospects of acceptance, Israeli and Palestinian leaders could submit it directly to their people for them to approve or reject. This is the very idea Prime Minister Sharon has suggested as a means of side-stepping resistance by some members of his coalition to his Gaza withdrawal proposal and to give them political cover to remain in the government in the event of popular approval. It also is the concept accepted in the context of efforts to resolve the issue of Cyprus. A vigorous campaign in which the U.S., but also Arab and Moslem countries would play a significant part, would build tremendous pressure for the referendum and affect political dynamics on both sides. There is no doubt that, if it could be achieved, the most powerful impact of all would be made by the joint appearance of President Bush, King Abdullah of Jordan, Crown Prince Abdullah of Saudi Arabia and President Mubarak of Egypt to address the Israeli Knesset and the Palestinian parliament and call on both sides to accept the comprehensive peace proposal. Given the virtually complete breakdown in trust, if the peace process is to be jumpstarted, it may well need such a bold diplomatic move—the contemporary equivalent of President Sadat's visit to Jerusalem. Overall, the goal should be to generate so much domestic and international support for the referendum that opposition would become increasingly hard to sustain and the momentum for change gradually would become irresistible. As opinion polls among both Israelis and Palestinians indicate, there is every reason to believe that the referendums would yield the desired outcomes.

Putting forward a comprehensive deal will provide the clarity that has so far been missing, creating genuine incentives for Israelis (security) and Palestinians (the end of the occupation) to confront extremists within their ranks and depriving them of their current legitimacy. Proposing a U.S.-led mandate will make up for the lack

of trust and provide Israel with the assurance it needs that the Palestinian state it leaves behind will be stable, and well-governed. Submitting the plan to a referendum would endow the process with homegrown, popular legitimacy, while shifting the locus of decision-making to an arena where the balance of power is far more favorable to proponents of an agreement.

What is most illogical and tragic about the past three years is that majorities on both sides appear ready now to accept a final deal that will end their conflict. Postponing the final outcome—with the all too certain accompanying risk of major further death, injury, destruction and misery, not to mention the emergence of an embittered and vengeful Palestinian youth—cannot be the right answer. Instead, a process must be devised whereby the latent aspiration on both sides to end the conflict can be given practical and political expression.

Historical precedent suggests that such an approach can work. To unlock difficult diplomatic predicaments. In Northern Ireland, in March/April 1998, the British and Irish governments together worked out a peace agreement and the U.S. mediator, former Senator George Mitchell, presented it to the parties. Likewise, in Macedonia, in 2001, the basics of the Ohrid Agreement had been drawn up before the end of June by the U.S. and EU negotiators. In both cases, as a result of the international community presenting the actors with a game plan for the final outcome, the debate rapidly became a haggling over details rather than a debate over fundamentals.

Of all the arguments raised against such a proposal, the most salient is the lack of political willpower in Washington.

For now, U.S. policy has been reduced to the oft-repeated position that no progress will be made unless and until the Palestinian leadership takes decisive steps to end the violence. But waiting for a "reliable Palestinian partner" to emerge is a recipe for paralysis: only a credible political process can produce an effective Palestinian leadership, not the other way around. It is difficult to imagine this administration—or any other for that matter—taking on the risk of promoting an overall solution absent the most exigent of circumstances. The administration has been unwilling to put its muscle behind the far less ambitious Road Map, it is said. How could it possibly be expected to do significantly more?

The point, of course, lies precisely there: the U.S. has been deeply engaged in Israeli-Palestinian affairs for a long time. Year after year, it has expended precious energy as well as political and economic capital on behalf of a process that promised little and yielded even less. Any type of engagement involves risks and costs. These only ought to be borne for the sake of an enterprise that merits them. Here, the cost-benefit calculus is clear: a successful U.S.-led effort along the lines described here would dramatically change our posture in the region, isolate radical forces, mute the anti-Americanism that has become so widespread and reassert our position as defenders of Israel's vital interests without being oblivious to Arab concerns. Nor would the international forces deployed to the region face significant risks. In Iraq, the United States is seen to have initiated an occupation. In Palestine, we would be seen to have ended one.

It is lack of U.S. action in the Israeli-Palestinian conflict, not its leadership, that damages its credibility. To quote Chairman Lugar, "The search for stability in the Greater Middle East must proceed hand in hand with the resolution of the Israeli-Palestinian conflict. Too many Muslims in the region judge the U.S. solely by its perceived unwavering support for Israel." A more dynamic approach such as suggested here would dry up support for radical groups and greatly enhance America's capacity to win international support and cooperation—not least from the Islamic world—in waging its struggle against terrorism.

The irony is that a solution likely to be embraced by those from whom the hardest concessions are being asked (the Israeli and Palestinian people) and that would serve U.S. strategic interests in the Middle East perhaps more dramatically than any other step it could undertake, is unlikely to occur at this point because of resistance from within the United States itself.

For now, the public debate should narrow down to two simple questions: is the current process working and would the one suggested stand a fair chance to succeed? The answer to the former is a definite "no" and to the latter a possible "yes." Given that, broad pressure should begin to build in the U.S. as elsewhere to lay the groundwork for the pursuit of this realistic approach rather than of the costly illusions for which we and others have paid so dearly over the years.

Some have argued that pushing for a political solution at this point would be an unwarranted and dangerous reward for terror. But those responsible for terrorist attacks don't want a negotiated peace; they call for the elimination of Israel. They do not want refugees resettled in Palestine. They want them to return to Israel. They do not want to share Jerusalem. They want it for themselves alone. How can a

peace agreement gratify terrorists when their goal is to destroy any chance of a just peace?

IV.

Mr. Chairman, for some time now ICG along with many others has argued that the world knows what the solution to the Israeli-Palestinian conflict ultimately will be. An amendment now appears in order: what the world knows is what the solution ought to be. For events on the ground are making a fair two-state solution increasingly remote. Israeli settlements, despite recent suggestions floated by Prime Minister Sharon, have continued to spread throughout the West Bank. The West Bank is being cantonised and fragmented. The PA's power has eroded, with its most useful purpose today being to distribute salaries. The traditionally dominant Fatah is breaking apart geographically and organizationally. Hamas is becoming stronger, alongside a plethora of armed gangs, break-away groups and militias that do not respond to any central command. Arafat, the only Palestinian figure with a national constituency and legitimacy, and arguably the only figure still capable of selling a permanent status deal to his people, is being shunned by Israel and the U.S. Indeed, it is something of a polite fiction to imagine that an alternative leader with the requisite authority and legitimacy somehow will emerge. Reaching a Palestinian consensus that eschews further violence and clearly accepts the principles inherent in a two state solution therefore is becoming increasingly difficult and the very existence of centralized, national institutions, of a Palestinian polity able to make decisions and make them stick is in doubt.

The shelf-life of the two state solution is not eternal. Ironically, Palestinian territorial realities, politics and psychology are drifting away from the two state solution just at the time when Israel and the U.S. appear to have come to terms with it. A page in the history of the conflict may be turning before our eyes. The United States should act now if it wants the notion of an Israel and Palestine living side by side in peace to become tomorrow's reality rather than yesterday's unfulfilled dream.

The CHAIRMAN. Thank you very much, Mr. Malley.

Mr. Indyk.

STATEMENT OF HON. MARTIN INDYK, DIRECTOR, THE SABAN CENTER FOR MIDDLE EAST POLICY, THE BROOKINGS INSTITUTION

Ambassador INDYK. Thank you very much, Mr. Chairman, Senator Biden, Senator Lugar, Senator Chafee. I am very grateful for the opportunity to address you on this occasion and for your patience while we make all these presentations. I will, given the lateness of the hour and the inevitability of a rollcall vote, be very brief and hope that my longer statement will be submitted for the record.

I wanted to pick up quickly on something that I heard Secretary Kissinger say, and I wonder whether you heard it too, that basically he feels that both sides are moving much more closely and much more rapidly toward a final status kind of deal. It is precisely that conclusion which I too have reached. As a result of three important factors that have developed over the last 3 or 4 years of the intifada, the exhaustion factor, the demographic factor, and the shift in the balance of power that has occurred, we see both sides now, I believe, moving at least in terms of their publics, substantial majorities on both sides now supporting what would, in effect, be a two-state solution, based more or less on the Clinton parameters that the three of us all worked on at the close of the Clinton administration.

I will not go into great details about these three factors. I do in my testimony, but I think it is important just to recognize that exhaustion on the Israeli side has led the Israeli people to want ac-

tion from their government, but they do not believe in a negotiated solution at the moment because they do not see a Palestinian partner that is reliable enough to negotiate with. They are impatient. They want a better future for their children, and they therefore are the motivation behind Prime Minister Sharon's revolutionary statement about a unilateral withdrawal and evacuation of almost all the settlements in Gaza and some of the outlying ones in the West Bank. It is that impatience and that exhaustion which I think we need to take careful note of.

On the Palestinian side, there is also an exhaustion factor at work. The Palestinian Authority is collapsing, as Rob Malley has pointed out. The Palestinians themselves are, I think, disillusioned with the corrupt and failed leadership of Yasser Arafat. But unlike the Israelis who are insisting that their government change the approach, the Palestinians seem to be incapable of insisting on serious change from their government and seem rather to be prepared to play a waiting game.

Part of the reason for their willingness to play a waiting game is the second factor, the demographic factor, which is playing a very substantial role in Israeli calculations. The fear that within this decade Jews will no longer be a majority in the state, in the land of Israel that Israel controls between the Jordan River and the Mediterranean, is leading Israelis to want to separate from the Palestinians. Since they have concluded there is no hope of negotiating the separation, that too is what fuels their demand for a unilateral step from their government.

The Palestinians see this demographic factor at work, see the Israelis pushing their government to withdraw, and that I think is another reason why they are prepared to play a waiting game. Consoled by the belief that time is on their side, that either Israel will leave the West Bank and Gaza to rid itself of the demographic threat or they will become a majority in the land of Israel and then be able to demand their equal rights.

Finally, the balance of power factor, which I think is really important but little recognized. This is the fact that as a result of a combination of the toppling of Saddam Hussein and the evaporation of the Iraqi army, Israel no longer faces a potential eastern front coalition. And the balance of power in conventional, even nonconventional terms has shifted so dramatically in Israel's favor, also as a result of our own military presence on Syria's border, which is the only country with a much weakened army that remains on Israel's borders in a position to have any kind of conventional conflict with Israel, that this shift in the balance of power makes Israelis more prepared to take on this idea of a unilateral step that would even advantage its worst enemies, Hamas, Hizbollah, who will claim that they were the ones who forced Israel to withdraw through violence and terrorism. But because the Israelis feel that their deterrent power has overall increased significantly, I suspect that they are prepared to allow a weakening of their deterrent power in order to meet their needs for separating from the Palestinians.

On the Palestinian side and on the Arab side more generally, I think this shift in the balance of power have reinforced a trend that has developed for some time of Arab states now willing to end

the conflict with Israel, as they have expressed in the Arab League initiative, to normalize relations with Israel in return for a full withdrawal. And the Arab states are, I believe, moving more and more rapidly to, in effect, abandon the Palestinian cause as they focus more on their own pressing needs and are engaging more and more with Israel on the side and being prepared to settle with it, even at the expense of the Palestinians. The Syrian overtures to Israel for peace make no mention of the need to settle the Palestinian problem, and that is just one example.

So as a result of all of these changes, I think what we have now is a situation in which Israelis are demanding a change from their government and are even willing to give up territories they have held for 36 years and evacuate settlements without receiving any commitments from the Palestinian side. But they are, Mr. Chairman, acting out of despair of the alternatives rather than out of hope for peace. Arab states are more willing than ever to end the conflict with Israel but unfortunately unwilling to take any serious initiative to do so. The Palestinians have exhausted themselves but seem incapable of producing a new leadership that could enter negotiations with Israel, preferring instead to sit, wait, and wallow in their misery.

What is to be done? Unfortunately, the challenge here lies not in defining the end game, as Rob Malley has suggested, but rather in overcoming the structural impediments that prevent the parties from getting there. And that is, I think the issue that we need to deal with and come up with solutions for.

The single most important structural impediment is the lack of a capable, responsible, and accountable Palestinian leadership, and therefore any attempts to get a modified Road Map off the ground are simply not going to work. Therefore, any attempts to resolve the problem with an end game solution are not going to work because of the absence of this responsible, capable, accountable Palestinian partner.

So the question is, how can we take the current confluence of events, the way in which these factors are driving the parties to consider things that they would not otherwise consider, take advantage of that to deal with this fundamental structural impediment?

In essence, what I am suggesting here is that given the Government of Israel's Prime Minister's decision to take a unilateral initiative, we need to get behind that, as the other speakers have suggested, and shape that initiative. And we can do this in two ways.

One is to try to turn it into a negotiation process, that is, take the willingness to evacuate settlements, withdraw from Gaza and significant parts of the West Bank, and use that to shape a more effective Palestinian leadership that could respond to it. And I go through, Mr. Chairman, in my prepared testimony a number of steps that we would need to take.

It would need to be a U.S.-led intervention with the quartet in the first instance to demand that Yasser Arafat give up control of the security services. If the Palestinians are to take control of the areas that Israel evacuates, they must retrain and reunify the security services. We must make it clear to him that there will be

no more support for the Palestinian Authority, no financial support for the Palestinian Authority unless he does so.

Then to have the quartet supervise the implementation of a political and economic reform process that essentially we have given up on, even though we started it in the first phase of the Road Map. And in that way, Senator Biden, to oversee a process in which the young guard and the reformers could form a new leadership.

And in that context, what I would suggest is that we do it as a modification of the Road Map. With a new Palestinian leadership in which Arafat has stood aside and we have overseen a reformed leadership come about, have them negotiate with Israel phase two of the Road Map, a state with provisional borders. But that would not be implemented until their phase one obligations of confronting the terrorists would be fulfilled. In other words, they would have the ability to go to their people and tell them we have a viable state with provisional borders agreed on, but we will not be able to implement it until we deal with the terrorists.

And, of course, I agree with Dennis Ross on this, that we do need Arab state endorsement for such a process. The essence of this option is to restructure the Palestinian Authority in ways that would give it credibility with Israelis and Palestinians.

The second one is what I would call a modified trusteeship option. I would call it a receivership option. In effect, we would get in behind Israel's unilateral withdrawal and lead an international intervention to take control of the territories that Israel withdraws from, essentially put the Palestinian Authority in receivership—it is almost bankrupt at this very moment—and take on responsibility, using the shell of the Palestinian Authority to start to restructure the Palestinian leadership, implement the reform ideas, restructure the security services, and thereby create a credible Palestinian leadership that could then take control in the territories Israel evacuates and also then begin the final status negotiation that Rob Malley has suggested is the way to solve the problem.

Either way, Mr. Chairman, we do not have the option anymore, if Israel is in fact going to take unilateral steps, of sitting back and doing nothing because that option will, I believe, surely lead to a failed Hamas-controlled, terrorist state on Israel's borders in the heartland of the Middle East. If we want to prevent that, we either have to shape Israel's urge to unilateralism to create a more available Palestinian leadership that can negotiate with Israel or get in behind that withdrawal and do the same thing under our own auspices.

Thank you.

[The prepared statement of Ambassador Indyk follows:]

PREPARED STATEMENT OF HON. MARTIN INDYK, DIRECTOR, SABAN CENTER FOR MIDDLE EAST POLICY, THE BROOKINGS INSTITUTION

"GETTING THE ARAB-ISRAELI PEACE PROCESS BACK ON TRACK"

Thank you Mr. Chairman for this opportunity to address your distinguished Committee on an issue of great importance to the people of the Middle East, Israeli and Arab alike.

For more than three years a conflict has raged between Israelis and Palestinians, claiming over 900 Israeli lives and over 3,000 Palestinian lives and causing great human suffering on both sides. For most of that time, the United States has stood idly by, unwilling to invest the resources, diplomatic energy and Presidential pres-

tige necessary to helping the parties end this bloody and unnecessary conflict. I say "unnecessary" because the broad outlines of a settlement of the Israeli-Palestinian conflict are known and are acceptable to substantial majorities on both sides. President Clinton first defined those parameters in December 2000 after lengthy and detailed negotiations with Israeli and Palestinian officials. The failure of the Palestinian leadership under Yasser Arafat to accept those parameters at that time is now broadly recognized on the Palestinian side, and in the Arab world, as a tragic mistake.

Arafat himself is now trying to recoup what he lost back then through the vehicle of the Geneva Accords, negotiated by his close adviser Yasser Abed Rabbo with former Israeli Minister of Justice, Yossi Beilin. Even Hamas, the Islamic terrorist organization which preaches the destruction of Israel has recently acknowledged the pressure of Palestinian public opinion by declaring that it too would now be prepared to accept a Palestinian state in the West Bank and Gaza, albeit as an interim solution.

On the Israeli side, the Likud-led right wing government of Ariel Sharon has already formally accepted the two-state solution outlined in the U.S.-adopted, and UNSC-endorsed, Road Map. Its Deputy Prime Minister, Ehud Olmert, has also declared that if Israel is to retain its nature as a democratic and Jewish state it will need to withdraw from most of the West Bank. And now the Prime Minister himself has expressed a willingness to withdraw almost all settlements in Gaza and some outlying settlements in the West Bank, which could serve as the necessary catalyst to the jump-starting of a new negotiating process.

All these developments are a product of three critical factors that now dominate the calculations of Israelis and Palestinians: exhaustion, demography, and the balance of power.

The exhaustion factor: After three years of bloody violence and terrorism, both sides have had enough. Israelis were prepared to stand by their government while the terrorism raged. However, now that the terror is subsiding the economic hardships of a deep recession are more keenly felt and Israelis are growing impatient. They are looking for a ray of hope, a sense of a safer and more productive future for their children. As a consequence, the ground is shaking under the feet of the Israeli government as the people demand a political initiative.

On the Palestinian side, people are also exhausted by the economic hardship and the prolonged presence and often heavy hand of the Israeli army. They too want a way out of the conflict but no longer see the Palestinian Authority as capable of leading them there. There is widespread disillusionment with the corrupt and failed leadership of Yasser Arafat and considerable concern about the way warlords are now holding sway in the northern sector of the West Bank and the southern sector of Gaza. The Palestinian Authority is in an advanced stage of collapse. Only the PA's monthly payments to teachers, health workers, municipal workers and security personnel are keeping the economy moving and the PA relevant. But with Arab states growing weary too and the EU unhappy with Arafat's abuse of its largesse, funds for these monthly payments are drying up.

The demographic factor: As Israelis worry more about their future with the Palestinians, they have come to focus on the fact that by the beginning of the next decade at the latest, if Israel retains control of the West Bank, Jews will become a minority in the state of Israel. Israel will then have to choose between maintaining the Jewish character of the state and its democratic institutions. This concern, combined with the violence of the Palestinian *intifadah* and the participation in it of some of Israel's own Arab citizens, has led the bulk of Jews in Israel to want to separate physically from the Palestinians. Since they have concluded that there is no hope for negotiating this separation as long as Arafat is in control on the Palestinian side, they are insisting that their government take unilateral steps to enforce the separation. The controversial security barrier and Prime Minister Sharon's plan for unilateral disengagement from Gaza and parts of the West Bank are both direct consequences of this Israeli urge to seek protection from the demographic threat.

Unfortunately, many Palestinians watching these developments in Israeli public opinion seem to have concluded that their timeworn strategy of playing the victim is gaining a new lease on life. Instead of taking the initiative to change their leadership and reform their institutions of governance, Palestinians are increasingly opting for a waiting game consoled by the belief that time is on their side: either Israel will leave the West Bank and Gaza to rid itself of the demographic threat; or they will become a majority in the land of Israel and then be able to demand their equal rights.

The balance of power factor: The toppling of Saddam Hussein and the evaporation of the Iraqi army, the disarmament of Libya, and the renewed dominance of the United States in the region, have left Israel in an immeasurably strengthened posi-

tion vis-à-vis its Arab neighbors. This is having profound consequences on the way Israelis view their security environment. First, the long-feared emergence of an eastern-front coalition has vanished, leaving in its wake a weak Syrian adversary that poses no serious threat to Israel (especially with the U.S. military on Syria's eastern border). That means that Israel's security justification for holding onto the Jordan Valley and the high ground in the West Bank has become much less compelling. Second, since Israel's overall deterrent capability has been significantly strengthened, Israelis are less concerned about the consequences for their deterrent power of a unilateral withdrawal in the face of Palestinian violence.

On the Palestinian side, the balance of power factor cuts both ways. It strengthens popular support for suicide bombing as the short-term Palestinian answer to Israel's conventional strength and increases dependence on the demographic threat as a longer-term strategy. But it also weakens Arab support for the Palestinian cause as Arab states reach the inevitable conclusion that they have no military option against Israel and turn away from the Palestinians to focus on their own more pressing concerns. One consequence is a greater Arab willingness to come to terms with Israel despite the absence of a Palestinian solution. The Saudi and Arab League Initiatives (which offers Israel full peace and normalization of relations in return for full withdrawal), Syrian peace overtures, and Libyan meetings with Israeli officials are all indications of this new trend towards gradual Arab abandonment of the Palestinian cause.

Mr. Chairman, these three factors are clearly having a dramatic impact on the environment for Arab-Israeli peacemaking. Israelis are demanding change from their government and are even willing to give up territories they have held for 36 years and evacuate settlements without receiving any commitments from the Palestinian side. But they are acting out of despair of the alternatives rather than out of hope for peace. Arab states are more willing than ever before to end their conflict with Israel but are unwilling to take any serious initiative to do so. The Palestinians have exhausted themselves but seem incapable of producing a new leadership that could enter negotiations with Israel, preferring instead to sit, wait and wallow in their misery.

It would be easy to suggest that all the United States needs to do in this situation is to intervene with its own Clinton-like parameters for a two-state solution and use its influence to get both sides to accept it. Unfortunately, the challenge lies not in defining the endgame that is now more or less acceptable to majorities on both sides, but rather in overcoming the structural impediments that prevent the parties from getting there.

Today, the single most important structural impediment is the lack of a capable, responsible, and accountable Palestinian leadership. If the Palestinian Authority were willing and able today to fulfill its Road Map commitments to stop Palestinian terror and violence and uproot its infrastructure, a meaningful negotiating process could easily take the place of Israeli unilateralism. But the PA cannot and will not take on these responsibilities.

What should the United States do in these circumstances? The Bush Administration's stated preference is to blame Yasser Arafat and the Palestinian Authority and do nothing. But if Prime Minister Sharon decides to implement his plan for unilateral disengagement from Gaza and parts of the West Bank—as he seems determined to do—the administration's hand will be forced. If it does not intervene to shape this Israeli initiative, the vacuum left by Israel's withdrawal will be filled by Hamas-led extremist elements that could turn the territories Israel evacuates into a failed Palestinian terrorist state in the heart of the Middle East.

If non-involvement is no longer an option, then the United States should choose between two other options designed to overcome the structural impediment of the absence of an effective Palestinian negotiating partner.

The Negotiations Option: Sharon's willingness to evacuate almost all the Gaza settlements and some outlying West Bank settlements could be used by the United States to justify an active international intervention on the Palestinian side to reform the Palestinian Authority and turn it into a capable negotiating partner. Such a U.S.-led intervention would need to involve the following elements:

- A Quartet demand that Yasser Arafat finally relinquish control of the security services, enabling a serious U.S.-led effort to unify and retrain them as a force capable of controlling and disarming the terrorist organizations.
- A credible threat that if Arafat does not comply funding will be cut to the Palestinian Authority (alternative methods for providing humanitarian assistance would have to be utilized).
- A Quartet-supervised implementation of political and economic reform of the Palestinian Authority.

- A U.S.-sponsored Israeli-Palestinian negotiation to create a Palestinian state with provisional borders as provided for in Phase II of the Road Map. However, implementation would only take place after the Palestinians fulfill their Phase I commitments to uproot the infrastructure of terror.
- Arab state endorsement and support for all these elements.

The essence of this option is to restructure the Palestinian Authority in ways that would give it credibility with Israelis and Palestinians. On the Israeli side its credibility would come from its ability and willingness to fight terror and violence; for the Palestinians its credibility would come from being seen to be responsible for an agreement that would lead to the evacuation of settlements, the withdrawal of the Israeli army and the creation of a Palestinian state with provisional borders.

The Receivership Option: The alternative to intervening to reshape Sharon's initiative into a negotiating process is to make arrangements for intervening after Israel has implemented its unilateral disengagement. To fill the vacuum left by Israel's withdrawal, the Palestinian Authority would be put into a "receivership" in which the corporation would still exist but its authorities would be assumed by a U.S.-led, UNSC-approved, international consortium. The "receivership" would need to involve the following elements:

- A UNSC commitment to the Palestinian people that the purpose of the "receivership" is to forestall the PA's collapse and replace it in the shortest time possible with a Palestinian state with provisional borders run by an accountable and transparent government.
- An intensive effort to restructure the Palestinian security services to provide them with the capability to enforce law and order in the territories evacuated by Israel.
- A small component of international forces (perhaps NATO forces) to take control of key security nodes (such as Netzarim, and the crossing points at Erez, Karni and Rafah) and to provide back-up for the Palestinian security services.
- Oversight of a Palestinian reform process that would generate democratic political institutions, transparent economic institutions and an independent judiciary to replace the failed institutions of the Palestinian Authority.
- Arab state endorsement of the "receivership" and involvement in some of its aspects (e.g. Egyptian and Jordanian training for the Palestinian security services).
- Sponsorship of negotiations with Israel to finalize the borders of the Palestinian state.

Mr. Chairman, neither of these options provides a simple, risk-free way forward for the United States. And in an election year, with the demands of Iraq and other hot spots consuming the attention of the Administration, they may both prove to be bridges too far. But sitting back and doing nothing is no longer a viable option either. Israeli and Palestinian exhaustion, the demographic threat and a dramatic shift in the balance of power have created new conditions that make U.S. intervention much more likely to succeed. If the choice therefore is between a failed, terrorist state in the Middle East heartland and U.S. intervention to restructure the Palestinian Authority, it seems to be no longer a matter of choice.

The CHAIRMAN. Well, thank you very much, Mr. Indyk.

Let me just say that we will have a rollcall vote, as I have predicted, and it may come almost anytime. But Senators have stayed with this hearing, as you can tell, and we appreciate your staying with us. So we would like to proceed with questions. I will try again for the 8-minute limit, knowing that there is some liberal ruling as required. One of us may disappear to vote and return. Whoever is here will serve as chairman while he is here so we can have continuity of the hearing.

Senator BIDEN. I may stay just to get that feeling again.

Senator NELSON. Mr. Chairman, you can be assured I will stay.

The CHAIRMAN. Well, there is an incentive for you.

Now, let me just say, listening to the last testimony of Dr. Indyk, one thought that comes to mind is that, as I think all three of you suggested perhaps, Prime Minister Sharon or other Israeli leaders

have come to this demographic conclusion that Israel wants to continue to be a Jewish state. To have people coming and going in great numbers might jeopardize that at some point, quite apart from how the negotiations come out. Given the fact that things have not worked out very well, one way of bringing about some guarantee of that state is to put the fence up, hopefully in the right places so that it does not exacerbate the situation, and then let the Palestinians do the best they can.

Now, given the end of all of the checkpoints that Dennis Ross suggested, the commerce obviously slows. As a matter of fact, if the economy is weak now, to use your term, Mr. Indyk, they really do head into receivership, or however you described that situation. Furthermore, there is some territory being given up. There are some assets there that are floating.

Depending upon how the Palestinians look at it, an international receivership might be created in which we might be involved. Our European allies and maybe NATO are taking more of an interest in this, as we heard at Wehrkunde. Maybe even some Arab states might be interested under the right circumstances. Under those circumstances, perhaps the Palestinian state becomes a reality with new leadership in due course.

The thing I want to query, though, is that one thing that has always seemed to have stopped each of the situations is that some persons involved in all of this are not cooperative. They create terror. It could be five young men who suddenly got the idea one night, leaving aside all of the high state craft that we are discussing. Now, maybe these acts are going to continue anyway. Perhaps Israelis and Palestinians say it is just the price of living in the area. We are going to have a number of unstable people for whatever psychological reasons, and perhaps we just have to understand that and weather through the storm.

On the other hand, conceivably out of this receivership does come some type of constructive organization which has grabbed the interests of the United States, the Western Europeans, the Arabs. In other words, some economic vitality might conceivably come to people who are very poor and have very little prospect.

Earlier on, the suggestion of Dr. Kissinger was that even if we effect all of that, there will be a psychological yearning of some Palestinians or others to resettle where they used to be. The thought is that they are not coming back. Once the fence goes up and that is it and you circumscribe Israel, Israel is going to remain a Jewish state unless strange things happen. Therefore, maybe it takes a generation for this to pass away. Maybe it passes away. Maybe it does not. Still it is a factor there.

Likewise, even some of the Palestinians, if they are restored to some prosperity, still may deeply resent for a long time the fact, that there is an Israeli state there. They just do not like the idea. That may be true of a lot of people. Once again, a generational problem.

Maybe some people still cannot give up terrorism. After all, in many states all over the world, they have not done so.

But still, I see a formation here of something to work with that we, that is, the United States, and others could get our teeth into. The problem will be determining whether countries, the U.S. in-

cluded, Europe, Arabs, will be willing to take casualties. If the terrorists strike now, the Israeli fence may be up. Now, maybe as you say, they would devise ways of getting around it anyway, but this is going to be more difficult. The garden-variety terrorists will probably be doing the terrorism with whoever is trying to effect this new state in the Palestinian area in receivership or a guardianship or whatever. You have a situation almost like the insurgency movement in Iraq. They are not exactly analogous, but still people are killing people, sometimes us, and the American people say, well, now, hang on here. That is not exactly what we signed up for. You have to go in with eyes wide open.

For the moment, we are not near that stage, but still, given the circumstances you are describing today, if the Road Map is not really going to work and if the old plan did not work and if there are risks in just letting it go forever, then we have to begin to take a look at the risks. A potential pragmatic solution in this case may be impelled by Israeli action. They make a choice. The theological statement that you have to have the settlements out there for a biblical reason or so forth may be valid, but abandoned. You come back and you have something else out there, a trusteeship these days, in return for a Jewish state in essence. That is a unilateral decision, but it is a very big one.

On the other hand, the Palestinians perhaps have already come to recognize that they cannot govern themselves. I do not see any possibility of their being able to enforce a dictum against Hamas or anybody else. They are going to need help. They may or may not want the help now. But eventually they will because they do not want to starve. The economic conditions will be rigorous there.

I would ask any of you to comment on this in the short period of time that I have in my 8 minutes.

Ambassador INDYK. Mr. Chairman, I think you have outlined very well a lot of the difficulties and dilemmas, conundrums that would confront us with these kinds of ideas. I will try to respond to some of them.

I think, first of all, the context in which a U.S.-led intervention takes place is very important. It needs to be clear that the purpose of this intervention is to create a viable Palestinian state with provisional borders. I am not suggesting we should give up on the Road Map in that regard. Phase two of the Road Map provides for such a thing. Then once the state, with its democratic political institutions and its transparent economic institutions and its capable security service and its independent judiciary, once those institutions of better governance are established and the economic component, which you point to which is very important, there will be a final status negotiation, that the provisional borders will not be the final borders. But that is the context in which the Palestinians can buy into it and see that their future is not going to be taken away from them by a different kind of occupation. So that is, I think, point No. 1.

Point No. 2 I will just say is that, yes, you are right about the problem of how do you deal with the terrorists. Why I came up with this concept of receivership or trusteeship or whatever is precisely because we do not have on the Palestinian side an authority, a leadership that is capable of dealing with this terrorist threat.

But the point is not to take on that responsibility for ourselves leading the international community, but rather to get behind a Palestinian security force that would have that responsibility because it would be, in the process, helping to build the Palestinian state.

It is in that context not doing Israel's bidding—Israel will have already withdrawn—not doing the international community's bidding, but doing the bidding of the Palestinian people who have an interest in a Palestinian state. And our role would be to retrain, restructure, and give them the backing, and if necessary, that might require some special forces on the ground, but it is the Palestinians who are the lead component in this.

It is easier to do if you are dealing with Gaza first in this context. There you have greater Palestinian security capabilities now still in existence that could be reorganized and supported for that purpose. That also would give the Israelis some confidence, if it worked, that there was a way to deal with the terrorism problem.

The CHAIRMAN. I thank you for that.

I want to yield to my distinguished friend. Now, let me say that having begun the day listening to people talking about the need for a political context before we do anything in Haiti, this situation happens elsewhere in the world. I appreciate the creativity of the three of you in trying to formulate some sense of how that context might ever come about. We could wait for quite a while in Haiti right now for the context to happen. And that is a good point. What do you deal with if there is no context of this sort? On the other hand, that is a part of our dilemma today. We feel we cannot just wait indefinitely for something to happen fortuitously. The structuring, or the suggestion, of how we do come in, preferably with others, is very important.

Senator Biden.

Senator BIDEN. Thank you, Mr. Chairman.

This has been a privilege today. No fooling, fellows. To hear from the three of you sitting here today is—you talk about assets. You guys are national assets. For real. I have always been impressed with at least two of you. I have bugged you for the last 15 years for ideas, and I have read a great deal about what the third one of you has said. I truly want to thank you. I consider it an honor that you are here.

As a staffer behind me suggested, I feel like I have listened to a concert of the three tenors with the basso perfundo having gone first.

But I tell you what.

The CHAIRMAN. You are the chairman for the moment.

Senator BIDEN [presiding]. Yes, thank you. I am chairman for a moment.

Let me say two things and then I have a specific question for each of you.

Ironically I find two or three extremely consistent threads that run through all your testimony, including Dr. Kissinger's, and that is that, Martin, notwithstanding the fact I put such emphasis on the need to have a circumstance that requires the Arab states to take some leadership to give leverage to the blossoming of this Palestinian leadership I think we all think is there, the truth of the

matter is each of you have basically said the same thing in slightly different ways.

Each of you, with your different approach as to how to proceed next, acknowledge what we did not use to emphasize as much before, and that is the active participation of the Arab states in some way and the active coordination of the European community and that probably will be the vehicle. So having done this for as long as you guys have with the degree of expertise and focus as you have had, that is a change. That is a change in what we have considered to be the essential elements to anything moving forward.

Am I correct that in generic terms, there is a recognition on all of our parts that there is a need for the Arab states, main Arab states, at a minimum signing off on this and at a maximum being engaging more and that the Europeans have to be on the same page for any one of your approaches to have a chance of working? Am I correct?

Ambassador ROSS. Yes.

Ambassador INDYK. Yes.

Senator BIDEN. The second point I would like to make is that there is a recognition on everyone's part of the four witnesses today, as I understood the testimony, that to steal a line from one of Yates' poems, Easter Sunday 1916 about another dilemma that still has not been resolved, Northern Ireland and Ireland, that the world has changed. It has changed utterly. A terrible beauty has been born. The Middle East has changed in the last 4 years not because of the intifada alone but because the world has changed. The world has changed in the meantime while this internecine war has been going on. The surrounding circumstances have changed, Martin, as you have laid out in terms of the region.

The first question I have—and I would like you to take a quick crack at it, Martin, and each of you to speak to it, if you would like. You point out why the Israelis are willing to take a new approach, that they want action and they do not have anybody to deal with, so they take it unilaterally. They feel both more and less secure. They are willing to take, at least in broad strokes, more of a risk because the existential threat from Arab states is much diminished, notwithstanding the fact the threat from individual terrorists has increased considerably, but nonetheless, that sets a condition. And you went through others.

Martin, my question is, when is, to use a Christian term, that epiphany going to take place in Europe? When is a similar epiphany going to take place among the Arab states? I am not trying to be humorous, but the world has changed. Therefore, their approach to what they are willing to risk and not risk—that calculus is able to change too. I do not see it changing in those other two pieces. So for me, this really crass syllogism I am putting together is this: the basic premise is that to get any of these options underway, we need European and Arab state involvement to some greater degree than we have now. Circumstances have changed to allow the Palestinians and the Arabs to maybe be prepared to take chances or a different approach. But the condition, it seems to me, is there has to be something that happens to get the Arab states and the Europeans invested in one of these approaches.

Am I making any sense by my question? Could you speak to that for a minute?

Ambassador INDYK. Sure. If I might make just one comment. I thought that you were going to identify three trends that we were all agreed on.

Senator BIDEN. Well, there were. I did not go through them all.

Ambassador INDYK. But the other thing that we are all agreed on is that there needs to be active U.S. participation. I think you would agree with that.

Senator BIDEN. Yes.

Ambassador INDYK. As far as the Europeans, I think they have actually already got it, or at least the key ones. What I mean by that is that the critical epiphany that they needed to reach was that the only way in which they could become helpful and relevant on the political level was if they had a strong and close relationship with Israel. That is what gave us such leverage in this situation because we could take, whether it was Sadat or King Hussain or Arafat in an earlier life, their willingness to make peace with Israel and use our influence with Israel to work out a deal. The Europeans saw it in their interest to side with the Arabs and therefore ruined their relationships with Israel, had no relationship of trust, and therefore could not play an influential role.

I think that what we see with the British, the Germans, and believe it or not, the French in recent days is an understanding. That is their epiphany that they have got. Even though they do not like Sharon, they have got to find a way to deal with him.

Senator BIDEN. Quite frankly, I am more optimistic, as bizarre as this sounds, about the French epiphany than I am the British and the German, but that is a different question.

Since time is running out, maybe I will not ask each of you to comment. Rob, let me ask you a question.

This notion of a total plan—if we had a European consensus and an Arab state willingness, I think there are conditions upon which that circumstance becomes much more likely.

For example, I go back to a very crude analogy of a very important political event in American domestic politics. Back some 15–20 years ago, I was in a room with Bob Dole and the Democratic leadership and Republican leaders when I used a phrase to Bob Dole, we all got to jump in the same boat and know that if any one person starts to cut a hole in the boat, we all sink. And that was a compromise we reached, which was very painful, on Social Security to keep it solvent at the time. We all agreed literally we would not criticize the other for engaging in this agreement. As a party we would not as parties use it in our elections.

In a sense, do we not have to get to the same place with our European friends and our Arab state friends that we are all in the same boat where we say, OK, we are all signing on to the same deal in order to create the condition for that Palestinian leadership to be able to become viable? Because, Martin, as you talk about it, setting up that circumstance requires, in your analogy, you've still got to have the Arab states signing off and you've got to have us getting in.

So, Rob, my question is, is that sort of a condition precedent to being able to go the route you are suggesting?

Mr. MALLEY. Absolutely. I think what needs to be done—and I think you are putting your finger on one of the main pieces of the puzzle which is the United States cannot do it alone. One of the lessons we learned from the past—and I think it is one of the lessons of Camp David—was we did try to do it alone. I am not saying that had we involved the EU or the Arabs, who probably were not ready at the time in any event, we would have succeeded, but certainly alone makes it much harder.

I think we have reached this point. I think this administration is working much more closely with Arabs and Europeans, and I think the Europeans and the Arabs too for their own self-interest, in particular the moderate Arab states, are much more willing today to sign on to anything the U.S. does, even things they may not believe in, let alone things that they would believe in.

I think the kind of plan I put on the table—and I would not go public with it until you get Arab leaders and European leaders publicly committed.

Senator BIDEN. You have just answered my next question. It increases my respect for your judgment beyond what it already was.

I am serious.

Look, if I was sitting down in Bush's position, and we just took over an administration—I would literally split the three of you up and say, I want you heading to Europe, I want you heading to the Arab states, and I want you heading to the region. And I need you to get me a deal with the Arab states first, and you got to get me a deal with the Europeans. We have not in earnest, I believe—we have not been in much negotiation at all of late. And this is not a criticism of the effort the three of you made in the last administration. I mean it. I was right there following you guys.

A guy who ran my staff for years and years has more wisdom than any man that I have ever met. His name is Ted Kaufman. For real. He does. Every time I would say something about negotiating our way through something, trying to get to a solution, I would say, my God, we are wasting a lot of time. And he said, you know, I had a professor at the Wharton School who used to talk about a quote that John Wanamaker, the famous retailer back at the turn of the century, said. John Wanamaker allegedly said, I know that 50 percent of my advertising is a waste of time. My problem is I just do not know which 50 percent.

The truth of the matter is that we had to go through everything we have gone through so far in my view in order to get to the place where we may be able to set the conditions for doing what we do now. So none of what I am asking or saying is in any way even an implied criticism of anything that you guys in your former roles and present roles as public citizens have attempted to do. This is an evolving process.

But having said that, can I ask you—and I am going to have to go vote—whether or not you sense that there is any inclination on the part of this administration, to use a trite Washington expression, to think outside of the box right now, or is it basically live and let live for the time being and eventually something else is going to have to change on the ground before we, the United States, are able to react? It seems counterintuitive to say that because something is changing on the ground. Something significant

is changing on the ground. Something potentially massive is changing on the ground with this unilateral movement on the part of the Sharon government.

So can you give me a sense? I'm looking for how we get—if the chairman and I agreed fully precisely and signed on to one of the three approaches you said and we are going to do everything we can, do we have anybody to talk to in your view?

Ambassador ROSS. I think that the administration realizes there is something that is profound that is happening, but I would say at this point, at least for my tastes, they are still too cautious in terms of how they are approaching it from several standpoints.

One, as I said a little earlier, when you have a revolutionary move, as is the case on Sharon's part, it is entirely appropriate to try to get your questions answered and to be sure that what is there is, in fact, for real and it is something. But do not bury it with 1,000 questions. There are maybe 10 questions that are critical and strategic, and you focus on those, No. 1.

No. 2, do not wait to be satisfied on every answer before you start working with the others. I am very much concerned that if the only discussion is with the Israelis, then the implication is the only responsibility is on the Israeli side and it is not only on the Israeli side. Ironically it is the Israelis who are creating the moment by being prepared to take a step.

Senator BIDEN. Right.

Ambassador ROSS. So do not fortify the sense somehow that it is only up to the Israelis.

Third, you are going to have to engage in what amounts to very active diplomacy with the others. With the Europeans, focus on the fact that there is an opportunity here and here is the kind of role that we can play together to make something of it. With the Egyptians, as I said, the last thing that Egypt wants is for Gaza to become a Hamas stronghold led by Hamas.

Senator BIDEN. The last time I had a conversation with the President of Egypt, who is an old buddy of a lot of us personally here, there was no inclination to talk to anybody. There is nobody to talk to here.

Ambassador ROSS. The critical question right now is if you have a revolutionary move and if we cannot on our own make sure that it comes out a certain way, what are the assets we have available? What are every one of the potential resources that give us a chance to take advantage of this? We have to talk to the Palestinians.

By the way, everything that Rob and Martin have said about the fragmentation I see all the time when I am over there, but I also see something else. I see reformers. I see a move with the new guard within Fatah who in the siege environment are on the defensive, but in an environment where it is clear an opportunity is coming, they will become much more assertive and aggressive. And we should be working with them.

We can also make it more difficult for Arafat to block it. If it is clear there is something profound to be gained, is he going to stand in the way of that, when it is much clearer that that can be the case?

But then, again, it is not just us with them. It should be the quartet members with them. It should be Egypt. We should try to

engage the other Arabs as well. Maybe as a collective they can do more than they have in the past.

The issue you were raising before about the Europeans and the Arabs, I think the Europeans are coming to the point of view of realizing maybe there is something here.

I think with the Arabs, I do not think they see it yet. I think they still reflect the mythologies. Even the terminology of what is used, the wall was used today. There are 87 miles that have been built. Three miles are wall. Eighty-four are not. There is a mythology that has built up around that. They have not broken through the mythology to realize what if the Israelis are getting out of a percentage of the West Bank, what if they are getting out of all of Gaza? Well, that is an opportunity. Now, what is your role going to be? How can you make sure that those who gain from it on the Palestinian side are those who believe in peace, not those who do not?

So there is a lot that can be done here, but then you have to be prepared to step up to the plate and do it.

Senator BIDEN. Guys, I only have a minute left to go vote. I just want to tell you again with all sincerity how much I appreciate your contributions not here in this committee today. We are so used to calling on your time, that we almost take it for granted.

I hope people are listening not only here but on both ends of the street. I think there is a great opportunity. I think we have a chance, to vastly overstate it, to make the 21st century the century of hope, not one of doom like we are starting it off. I think what you guys have suggested with the threads that are the same here, there is real possibility.

Anyway, I thank you. Mr. Chairman, thank you for allowing me to be chairman for 10 minutes. It was a nice feeling, but I am very comfortable with you as chairman as well.

I am going to go vote. Thank you, fellows. I appreciate it.

The CHAIRMAN. You did very well.

Senator BIDEN. Thank you.

The CHAIRMAN. But back to normal now.

I call upon Senator Nelson.

Senator NELSON. Thank you, Mr. Chairman.

Since it certainly seems the case now that Arafat will not cooperate and that there will not be any viable Palestinian security, it seems like until something changes there that it is almost hopeless. So what should the United States do? And let me preface that by just telling you a story.

I had met with the leaders in Egypt before going to Israel, and General Soliman had told me that he had just had a meeting with Arafat and Arafat had said—now, this is back in early January—that within 2 weeks he was going to name a new Palestinian security chief. So in the next day or so when I was meeting with the Palestinian Authority, the Prime Minister Qureia, I said this to him. I said is that going to happen in 2 weeks as General Soliman said. And he smiled and he said, maybe in 10 weeks, maybe in 52 weeks.

So is it hopeless unless we can get Arafat to cooperate?

Ambassador INDYK. Well, what I have tried to suggest, Senator Nelson, is the short answer to your question is yes, that you will

not get Arafat to cooperate. Therefore, I think it is about time that not just the United States, but the Europeans as well who have been funding the Palestinian Authority simply go to him with an offer he cannot refuse, to say that there will be no more money for the Palestinian Authority unless he gives up his control over the security services. Period. Take that control away from him and vest it in the Prime Minister and a security minister and come in and do what we committed to do in phase one of the Road Map. The United States took on the responsibility of restructuring and retraining those security services. If it is done in the context of an Israeli withdrawal from Gaza, then that security service and that Prime Minister will have an incentive to take control because the alternative is that Hamas will take control. So they will, in a sense, have to confront Hamas, but you have got to give them the ability to do so.

Left to his own devices, Yasser Arafat will do a deal with Hamas. He is so weak that he will—that is his classic style—align himself with Hamas and allow them to take over in Gaza. So in the context of an Israeli unilateral move, I believe it is an urgent priority to end this game that he is able to play by simply taking the authority over the security services in the first instance away from him. And it is not just the United States. The Europeans have a critical role to play in that regard and the U.N. and the Russians.

Ambassador ROSS. One thing about Arafat, Arafat always wants to demonstrate that nothing can be done without him, and he has not much demonstrated that a whole lot can be done with him.

Now, to followup on what Martin was saying, I think also here if it is only us, it will not work because then he will make it a case of us trying to humiliate the Palestinians. It is the equivalent of the siege which if you humiliate Arafat, in those circumstances you create the sense of humiliation for all Palestinians. So there is a coalescence around him. We would need everybody to accept it.

And here again, I would say we have to have some Arab support to do it too. There has to be a kind of consensus that can be presented that says, look, if you do not give this up, you are destroying the Palestinian cause. This is something that the Arabs have never been willing to do. They have always been willing to go to him in private and put pressure on him. They have never been willing to say it in public. The only thing he is going to respect is if it is done in public. So you are going to have to cross that threshold if you are going to succeed in that fashion.

Mr. MALLEY. I think we have all had our time dealing with Chairman Arafat over the years. I think one thing that is true, as Dennis just said, what is critical for him is to remain relevant, and I think he is now in a position—whether he would act differently in other situations or not is a matter that we could discuss, but he is clearly now put in a position where the only way he can show his relevance is by being an obstruction, an obstacle. He has no incentive to be anything else and the only way he shows that he still is playing a role is by blocking whatever else is happening.

I personally am not convinced that if he had put before him the kind of threat that Martin discussed, that it would change that much for several reasons, one, because his incentive structure would not be any different, and second of all, because I think it is

more complicated than simply him wanting to hold onto the security services. I think the Palestinian political system as a whole, I think Palestinian society as a whole has invested in him a role that he is only too happy to play, but that will not simply be removed by transferring authority, nominal authority, to the Prime Minister.

I also think that if one wants to reach an agreement, whether it is the kind of agreement I have in mind or others, one will need his blessing. And if I were an Israeli in particular, I would want his blessing for that agreement. Otherwise, the notion of it being a viable, stable agreement would be merely an illusion.

Now, part of my answer to your question, Senator, is to say we have to bypass the Palestinian leadership as a whole and that is why the notion of a trusteeship is one that I put on the table. But I think again the only way it is a credible alternative is if it is not a partial trusteeship over Gaza, for example, but a trusteeship over all the lands that ultimately will become the Palestinian state and will then be handed over to leadership that is credible.

Senator NELSON. What do you all think about the Olmert plan? This is where he had proposed an elimination of 85 percent of the settlements in the West Bank.

Ambassador INDYK. I think two things about Olmert's statement is important. First of all, that he is giving voice to what he understands to be a broad Israeli sentiment that Israel does not have a reason to be in the West Bank and has very good reason to get out of the West Bank because of the demographic factors, which he himself cites in this interview. So I think that that is a very important acknowledgement by the Deputy Prime Minister of something that now runs quite deeply through Israeli society.

But beyond that, the fact that he came out when he did with that statement, the fact that all other contenders for the Likud leadership find it necessary to stake out a position that goes against the fundamental ideology of Likud and the other right wing parties in the government is an indication of how much the political ground is shifting underneath the feet of the government and of the politicians. And that is why the Prime Minister himself is now giving voice to something that he would never have.

I mean, I feel like I have policy whiplash here, as Ambassador to Israel, having heard Prime Minister Sharon—you may have heard it too, Mr. Chairman, also—give you his lecture about the critical importance to the survival and security of the state of Israel of the settlements in Gaza, of Netzarim and Kfar Darom, and one day he stands up and says "I have come to the conclusion that those settlements should be evacuated and then in a final agreement no Jew"—I am quoting him—"will live in Gaza." This is an amazing epiphany, if I can use that word. But it is because the political reality on the ground in Israel is shifting dramatically, and that is driving the leadership to take unilateral steps. The challenge, as I think we all agree, is to take advantage of that, to shape it in a way that can be productive for a final agreement.

Ambassador ROSS. Just to followup on that, I agree completely with what Martin said. I would just add the following, and it gets back to a point you were raising, Mr. Chairman.

The Israelis are going to ensure that they maintain at least the Jewish state of Israel, not a one-state solution, but maybe somewhere down the road, if you cannot get a Palestinian state soon, maybe there will be one later. But the whole idea of the fence and the barrier is to guarantee that there will at least be the Jewish state of Israel, and that is what is driving it. That is what guarantees it. What Olmert says is a reflection of that.

And not only does it embody the profound political change within Israel, but it also reflects something else. When you build the barrier, as he is putting it, basically on 15 percent of the territory or less than that in the West Bank, it means whatever is on the other side of the fence, whatever is to the east of the fence, sooner or later is not going to be there any longer in terms of Israeli settlements. And he also said that. So it has implications very clearly for how Israel will preserve itself and it has implications as well for the kinds of settlements that will remain.

Understand one thing. When we were at Camp David and again afterwards, we knew, when we looked at the configuration of where the settlements are, that even if you build a fence in, say, 12 percent of the territory, you can capture more than three-quarters of all the settlers where they are in that area. In the Clinton ideas, we talked about 4 to 6 percent annexation for 3 blocks. That would have accommodated 80 percent of the settlers, not of the settlements. So you can absorb that, but the rest of the territory goes. And what Olmert is saying, in effect, is whatever is to the east is not going to be part of Israel.

Senator NELSON. Thank you.

The CHAIRMAN. Thank you very much, Senator Nelson.

Let me just raise one more question. It has been several months since Prime Minister Sharon visited the United States. He made another visit here subsequently, but at that time he was here for 2 or 3 days. As part of that visit, he invited Senator Biden and me, among a few others, to come to the 10th floor of the Mayflower Hotel. It was quite an excursion just getting there through the security, as the hotel was reconfigured, into a very small room where we finally found the Prime Minister.

I had the impression, as he described the fence that evening—because he had been admonished by our administration to not do it, and there had been a public reference I think by President Bush, in their joint press conference—that he wanted to affirm at least to Senator Biden and to me that he was going to do it anyway.

Furthermore, I had the feeling that he was expressing at least subtly, and maybe even more overtly, that the security or the strategic situation had changed after the war in Iraq and that in fact Israel is fully capable of defending itself. In other words, he was going to make certain that there was a Jewish state, and that the demographic problem would not overtake Jews in Israel. Furthermore, if there were a lot of contra-attempts around, Israel militarily was prepared to deal with it.

Therefore, his visit to us was really to explain the facts. It was not a supplication for aid. He did not request us to get heavily involved in negotiations or to work out two states or what have you.

It was really much more direct. I do not think that has changed, whatever the rhetoric may be.

This leads me to a question. I will play the devil's advocate for the moment because you have heard today from Senators, all of whom want to get involved, who are engaging you. What do we do next? What do we advise the administration or anyone else to do? What if there had been Senators here at the hearing today who said, given this context, that it is a miserable predicament for the Palestinians and very sad for Arabs who complain about this and are aggrieved and do not like us? On the other hand, Israel may very well be able to take care of the problem. At some point, in the event that there are Palestinians who want some support from somewhere else, they may ask for it. They may ask Arabs, first of all, but that might not be forthcoming. So they might ask Europeans. They might ask the United States. In other words, you sort of turn the tables, as opposed to our worrying day by day how we impose ourselves there, or our allies wonder how we get a context for coming into the picture. We do not get into the picture for a while.

There are a good number of Americans who, for quite a while, wanted to take that position, sort of a time-out period. This is one of these intractable affairs. They could not have anticipated that Prime Minister Sharon would build a fence, that he would take these strategic considerations. But he has, and so, as a result, things have changed, whether everyone has realized that or not.

Constructive Americans would still say, well, our hopes are broader for the total Near East or Middle East. In other words, we believe in the war against terrorism. There must be some fundamental changes so that the lives of people, hundreds of millions of them, are improved and so that there is some hope for young people out there who now may feel hopeless and who might go into terrorism because of their despair. Beyond that, we simply believe in freedom, democracy, human rights, rights for women, a number of other things.

We want to get engaged. We are out there with the war against terrorism. We had our wake-up call. Suddenly we discovered countries that we had not been dealing with for quite a long while.

Yet, there are still other Americans who say, get over it. That was 9/11 and we responded appropriately. We have got our homeland defense now. We are mopping up the Taliban and al-Qaeda between the borders of Afghanistan and Pakistan. We are doing the best we can with the U.N. and others in Iraq, to bring about some stability there. This will be a distinct improvement. We are doing much better with diplomacy with the Europeans, perhaps in Iran, maybe with the six powers in North Korea. We have had some good fortune in Libya.

You have devoted all of your lives to this issue. This committee has not been quite so devoted, but some of us, for quite a long while, have, as Senator Biden pointed out, been listening to you. Why are we seized with this issue as being this critically important?

I ask this not to argue you out of telling me why it should be. I think that somebody probably needs to express the priority and why we are here today.

Ambassador ROSS. Let me put it in the following way. In the war on terror, there is a military component that is absolutely indispensable. You have no alternative to it. You have to defeat those who understand only one way to deal. But to win the war on terror you have to do things other than in the military realm, and I am not talking now about the obvious points about sharing intelligence, law enforcement, financial flows, and so forth. I am talking about how you create an environment that shows that hate does not work and that hope is still there and that there is a reason not to be so angry.

If you take that global statement and you relate it specifically to the issue of, well, if Sharon is doing this anyway, and the Israelis can handle it after they get out, why do we still care, we care because we do not want this to be a replay of Lebanon in the year 2000 where Hizbollah looked like the real victor where violence works, negotiations do not. We do not want Hamas to inherit what happens in Gaza or, for that matter, in the West Bank. We do not want their model to look to be successful because if it is successful, the war on terror will be much harder for us to have to contend with more generally.

What we want is for Palestinians who believe in peace to be able to show there is a pathway there. They can take advantage of it. I think Rob said it earlier. If the Israelis are getting out of settlements in the West Bank, let us coordinate with the Palestinians about what the handover is going to be so we do not have Hamas standing at the top of buildings in Kfar Darom or Netzarim waving a Hamas flag. We have a big stake in this when it comes to the broader war on terror. So this dimension of it is, at least from the standpoint of your question, one we have to consider.

Mr. MALLEY. Mr. Chairman, if I could add. I think it is a very fair question and I would just make three points in response.

The first one is I am not in favor of engagement for engagement's sake. I think it is not a matter of sending a special envoy simply to be there to make phone calls. I think there is always a risk in U.S. engagement. There is always a cost and it should be worth the cost. Therefore we should have objectives that are commensurate to the risk that we take.

All that being said—and here I agree 100 percent with what Dennis just said—if we want to have an effective policy in the Middle East and in the war against terrorism, we are going to need to try to come to terms with this issue and to try to resolve it. There is no single issue that dominates the minds of Arabs and of Muslims more than this one, and it is a constant burden on our efforts. As I said in my opening, nothing hurts us more than the perpetuation of the conflict, and nothing would help us more than its resolution. It is the constant elephant in the room, and anyone who you will talk to from Indonesia to Morocco to anywhere in the Middle East will say that. I think that is why it remains at the top of our national agenda, even though we have so much else to worry about.

The CHAIRMAN. Mr. Indyk, do you have a thought?

Ambassador INDYK. Just one other comment because I agree very much with what both Dennis and Rob have said, and they have been very articulate about it.

But I would just like to make a different point, which is that people who care about the survival, security, and well-being of the state of Israel should also have an interest in seeing us engaged because there has been this kind of simplistic conclusion reached over the last 3 years that somehow by disengaging we are doing Israel a favor. And over 900 Israeli lives later and with the deep recession cutting into the hopes and dreams of the Israeli people, Israel is in trouble. Israel is not better off as a result of our disengagement. And Israel cannot survive as a Jewish state, the thing that you have been focusing on today, unless it has peace, eventually has peace with its neighbors. And it can achieve that peace—even Dr. Kissinger reached that conclusion—in the foreseeable future, but it cannot do it without American engagement.

Ariel Sharon is going to undertake a unilateral disengagement? No. He is coming here to get us involved in his unilateral disengagement because he knows he cannot do it effectively without U.S. engagement. And so that is an additional reason because of our interest in the survival and well-being of the state of Israel that we should want to be engaged.

The CHAIRMAN. Well, that is a very good point. I remember when this committee visited with former Prime Minister Shimon Peres. He frequently got into the economic issues of the area and what this might mean for Israel, in addition to surrounding states. Israel is a small state with relatively few people given the territory. It could have its borders at this point, but the commerce and the opportunities that might come from a greater Middle East participation, obviously, might not work out under those circumstances without there being diplomacy and, if not friendship, at least tolerance and a movement to deal pragmatically.

Well, I thank each one of you for those answers. We are reassured that we are on the right track in holding the hearing. We thank you for the investment of your time, which has been very, very generous, and your wisdom. Thank you very much.

The hearing is adjourned.

[Whereupon, at 5:47 p.m., the committee adjourned, to reconvene subject to the call of the Chair.]

ADDITIONAL STATEMENT SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF SENATOR RUSSELL D. FEINGOLD

I thank Chairman Lugar and Senator Biden for calling this very important hearing, and thank all of the witnesses for being here today.

Over the weekend the terrorist attack on a crowded bus in Jerusalem reminded all of us once again of the horrific facts of the situation that Israelis face every day. There can be no justification for targeting and murdering innocent civilians. This seems so obvious that it shouldn't have to be said, but I fear that it is not at all obvious to some of the key actors whose cooperation is crucial to making the Road Map work.

Along with their Israeli neighbors, the Palestinian people have suffered greatly, and too many families in both communities have been touched by tragedy. Both people deserve a just and lasting peace between two secure states. It is in their interest, it is in the interest of their children, it is in the interest of stability in the region, and it is unquestionably in the interest of the United States. But getting from here to there requires leadership on both sides, it requires courage on both sides, and—all observers seem to agree—it requires vigorous, sustained, and extremely high-level U.S. diplomatic effort. We do not have all of the ingredients in place today. I look forward to hearing more from my colleagues and from our excellent

witnesses about the prospects for getting these factors in place and moving this process forward.

○