

# What Next for the Middle East Peace Process?

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### Rosemary Hollis

Ladies and gentlemen, good evening. My name is Rosemary Hollis, I'm professor of Middle East policy studies at City University. I've worked for a number of years on trying to fathom the intricacies of the Israeli-Palestinian conflict. Tonight we're going to definitively sort it out.

You are, of course, invited to communicate about this evening's activities by Twitter as we go along, using #CHEvents. I'm going to say very quickly who we have on the platform and then hand over to them, because we're very fortunate to have experts on each of the three areas that we want to explore.

Robert Danin had a distinguished career in the State Department. He also earned himself a doctorate – he's got his academic credentials in place. He's currently in a senior position, the Eni Enrico Mattei Senior Fellow for Middle East and Africa Studies, at the Council on Foreign Relations. He's going to tell us what Kerry was hoping to do and what Kerry thinks went wrong.

Then we turn to Yossi Mekelberg, who is head of the International Relations and Social Sciences Programme at the Faculty of Humanities, Regent's University here in London. He's also an associate fellow with the Middle East and North Africa Programme here at Chatham House. Yossi is going to tell us what the Israelis never wanted to do anyway.

Then, because you're dying to know by that stage, what about the Palestinians? Yezid Sayigh, who had senior positions working on conflict issues and military and society issues at King's College London, at Cambridge University, and at the International Institute of Strategic Studies, is now back to his childhood home of Beirut, where he is senior associate at the Carnegie Middle East Centre.

So that's our line-up, which is very splendid, and we are on the record. Robert?

### Robert Danin

Thank you. It's a pleasure to be here at Chatham House and to be back in Britain. Thank you to all of you and thank you to my distinguished colleagues for participating.

I thought I would start out by talking about why the last round, the effort undertaken by Secretary of State John Kerry just over nine months ago, failed. The United States, the administration, has put forward a narrative already to explain why this last effort, this most recent effort, in peacemaking failed. Recall the context: Secretary of State John Kerry announced that he would be launching an initiative to resolve the Israeli-Palestinian conflict within nine months. All final status issues would be resolved. This would be a conflict-ending agreement. He stuck to that throughout. Nine months elapsed and it did not happen.

The narrative put forward by the administration as to why it didn't happen is largely along two points. The first essentially is that Israeli settlement activity undermined the prospects for real progress. It undermined trust within the negotiations. But secondly, the administration contends, when it came to putting forward American proposals, the Israeli negotiating position had been somewhat responsive but by the time President Abbas came to Washington in March of this year, he had basically shut down and would not respond to American initiatives. Now we're entailed in a blame game between all the various sides, who argue why these negotiations failed against these various lines.

### 3 What Next for the Middle East Peace Process?

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To my mind, this line of analysis really misses the more fundamental reasons for why this latest round did not succeed. I'd lay out seven basic reasons. Rosie will prod me along to make sure I don't drone on too long.

First of all was timing. Secretary Kerry never really laid out an explanation for why now was a propitious time for peacemaking. What he laid out was a negative analysis as to why time was running out, and that if a settlement was not reached the opportunity would be lost forever. But he failed to lay out – and no American official really laid out – why there was any sense of ripeness now.

Related to that was an absence, secondly, of a sense of any urgency by the parties themselves. My colleagues will speak to that. Now you hear a sense of indignation from the administration: why did they not share this kind of urgency that we shared? The basic reality is that it wasn't a priority for them. Again, my colleagues will speak to that.

But in bringing the parties to the negotiating table yet again, one of the mistakes I think was made and one of the reasons for the failure – this is my third reason – is that there were no terms of reference for the negotiations. If you recall, the Israeli position was to return to the negotiating table without conditions. The Palestinian position had been to try to launch negotiations based on either the Olmert – where the negotiations with Prime Minister Olmert had left off, or on the basis of Obama's speech of May 2011, which would lay out 1967 lines with agreed-upon swaps, settlement moratorium, etc. In the end, the Palestinian position was not adhered to and there were no terms of reference. So when it came down to actually sitting down to talk and negotiate, there was not a shared sense of what they were there to negotiate about or on what basis. I think this was a fatal problem.

Related to that was an approach that I think was a step backwards, which was an over-reliance on what's called top-down negotiations. In essence, Secretary Kerry relied on an approach which was basically to say: if I just bring the parties to the table, negotiate, push hard enough, we'll get a deal. This was kind of the model throughout the 1990s, that came out of Oslo and culminated in Camp David in 2000. We all recall that it failed too, and failed dismally, with the outbreak of the second intifada.

In the ten intervening years, there was another approach that was taken, or at least a broader approach, which was to marry up the negotiation process with what we call the bottom-up approach. This was something I was involved in with the Quartet: working to change conditions on the ground so that there was more popular support for negotiations, more popular support for compromise, because there would be a connection between what's happening on the ground and what's happening in the negotiating room. That approach was largely abandoned by Secretary Kerry for the more traditional approach, which was to go back to closed doors and hope that there would be white smoke at the end. Meanwhile, people didn't have much faith in the negotiations, and they were right to do so.

A fifth reason I'd cite for the failure of the talks was a complete disregard for the different realities on the ground, as opposed to in previous negotiations. Most important was a disregard for the changes that had taken place in Palestine or among Palestinian politics, namely the division between Gaza and the West Bank – the fact that the negotiating partner on the Palestinian side did not speak for or represent all the Palestinians, even within Palestine. The American response was a notion that if you get an agreement, then Hamas will be isolated and there will be a referendum and it will be incumbent on Hamas to thwart the realization of a Palestinian state.

I think this was a misreading of Palestinian politics. Yezid can speak to it more accurately or more intimately. But I think what it did was give Hamas a veto over the process and constrain Palestinian negotiating room, because you had Hamas on the outside of the negotiations and not inside.

A sixth reason I think the process ground down was Secretary Kerry refused to countenance any fallback positions. Throughout the nine months of the negotiations, whenever talk of a Plan B for this conflict-ending, comprehensive settlement was put forward, it was squashed. He and his negotiating team would refuse to talk about any alternatives other than a conflict-ending solution, which meant that as time got short, there was no safety net for the negotiations. It meant that it was an all-or-nothing proposition, and we got nothing.

But paradoxically, or related to this, was an American reluctance – and this is my last reason for the failure – to ultimately table parameters or an outline for a final deal. When it came to it, the negotiations ended with a whimper and not a bang. A conflict-ending package of parameters – Obama parameters, if you will – that lay out what the final compromises would be for a final settlement were not put forward.

The second question I was asked to answer was essentially: what are the prospects for a two-state solution? There I'll be brief: the prospects, I think, are poor to none. Does that mean that the two-state solution is dead, as many people put forward and I suspect some of my colleagues will argue? I would answer no. It's moribund, it's dormant, but not dead – because there is no alternative. There is talk of a one-state solution. I don't think that there is such a thing. There's a one-state outcome, which would be abysmal for all parties, and we can talk about that. But every outside observer that's looked at this conflict between Jewish and Arab nationalism, between the Mediterranean and the River Jordan, has always come back to the same solution, from 1937 to today, and that is partition – partitioning the two lands between two national movements. I don't see an alternative, to this day.

So what are the options for the United States now that we face yet another failed initiative by the United States? I lay out basically four baskets of approaches.

Right now what the administration describes is that we are in a period of reassessment, what I'd call an 'active pause'. We're shifting from crisis resolution to crisis management. Along that line, basically, we would work to minimize conflict between the two parties on the ground and basically wait until either there's an external shock that changes the calculations of the parties, or some sort of internal change, be it political, be it more dramatic and violent. So that's option one: basically, crisis management, muddling through, waiting for a more ripe situation.

Option two is unilateralism. Here we have talk on both sides – there's a form of Israeli unilateralism that Prime Minister Netanyahu now hints at; many leading thinkers in Israel are starting to talk about different forms of it. That would entail unilateral withdrawal from some parts of the West Bank in order to secure more coherent Israeli lines and limit, at least, the occupation. In parallel is a Palestinian variance, which would be the pursuit of further legitimacy within international organizations, pursued internationally and pursued unilaterally, along the lines that President Abbas has pursued. So that's option two, basically unilateralism.

### Rosemary Hollis

That's not a US option, though.

### Robert Danin

No, the US option would be – what's bandied about is coordinated unilateralism, which is to basically orchestrate this in some way behind the scenes, steps that each side takes not in agreement but in coordination. This was attempted in 2005 with the Israeli withdrawal from Gaza. That didn't go so well and I don't think that this would go much better.

A third option would be for the US to delineate a final-status agreement, to basically table its vision of what it thinks is the best possible outcome of a negotiation and leave it to the parties to either take it or leave it, or to come back to the negotiating table on that basis. This kind of approach is used usually for one or two ways. Either it's adopted by administrations as a way to park the issue – which is to say, express its dissatisfaction with the parties and to say: here's our vision; come see us when you're ready. The other variant is to mix that with active diplomacy and really try to pursue a settlement along that vision and leave it to the parties to fight that. That would entail very strong presidential commitment of political capital and resources. I don't see it coming but it is an option.

The fourth would be to support some sort of move to Palestinian statehood, to support the move that the Palestinians have taken within international fora: recognition of the state of Palestine as a non-member observer state in the United Nations. Perhaps enshrine this in a Security Council resolution, and try to transform the conflict to a state-to-state conflict and have the negotiation be about negotiating an end to the conflict between two sovereign states. Again, this would be a very heavy lift. I don't see the United States adopting it. I don't see the parties, either of them, enamoured of it. But it would be an interim step, although both parties hate that term. But it would be a middle ground and a way to generate momentum without necessarily all-or-nothing thinking.

So that's how I see it.

### Rosemary Hollis

We've got to stop you at that point. I'm going to invite our other two speakers to try to resist the temptation to comment on what you've just said, and say what they were intending to say beforehand. Yossi?

### Yossi Mekelberg

Thank you. There is always a temptation after the failure that you described so well, Robert – and I promise not to comment now on this – to treat this evening as sort of a farewell party, almost a requiem, to the peace process and, with that, to the two-state solution: it's all over, no state solution, there is no peace process. We've done it for 20 years and it didn't work. Indeed, it begs the question whether all of us who supported a two-state solution (me included) for such a long time, since before the Oslo agreement, as the only way to move forward – to have two states, to divide the land between the river and the sea into two states, recognize the right of both sides for self-determination, and make peace based on justice and the rights of people, and this is the only way to move forward – do we need to concede defeat? Is it time

for us not just to end something which just doesn't work – because one might urge you, if one tries different ways to apply the same solution to the same problem, and spectacularly failing, probably this is the definition of insanity.

It's exactly what I will try to avoid, not to have a sort of farewell party or requiem, but to see what is the option. Because I still think, going back to what Robert actually said, that the two-state solution is the only solution which is still viable. We can play with other solutions – the one-state solution, the three-state solution, the status quo and muddling along – but is this a real solution?

What Kerry said at one point, after the 29th of April: we can't want peace more than the sides want peace. So basically: don't look to us to make peace if they don't want it as much as we want it. This brings me to the Israeli point, because I really don't think that – I don't want to talk about the Israelis because I don't think it's fair to talk about 8 million-plus Israelis. I think we need to talk about the government.

We can always say that actually the government is the one that is chosen by the people but this government specifically was not interested in the peace as it was offered. Whether there were terms of conditions or not, this government actually knows how to play very well the negotiation in order not to make peace. I think it's not only that they don't want it, they are not even capable of signing a peace.

The Israeli political system is fragmented. If you look at the government, it's not only Netanyahu. It's nice for [indiscernible] to look only at Netanyahu, even Lieberman, but between Netanyahu, Lieberman, Naftali Bennett, there is no real coalition there that either wants enough a peace agreement – it's kind of abstract about wanting peace. Everyone says they want peace as everyone says they want democracy. It's the readiness to make the compromises needed for such peace. This government never wanted enough or was ready to make the compromises needed for a peace agreement. So they knew exactly that if they procrastinate enough – these are people with long experience in negotiations, more than actually John Kerry in negotiations. I think you probably know more than me about the Palestinian side. Their experience – if they want to prolong the negotiations and keep it without any solution, they will do it, and that's exactly it. They know also how to play on the kind of [indiscernible] that will create either a complete crisis or mini-crisis within the negotiations.

So my answer to that: I don't think there was a government that was ready. I don't think Israel was capable. I don't think there is public opinion or civil society in Israel that is ready to push the government to do so. In 1977-78, there were hundreds of thousands of people demonstrating. Peace Now was strong during the Camp David negotiations about peace with Egypt. There was real interest within the public, they were ready to go and demonstrate for peace. You won't see any demonstration like this today.

So public opinion is apathetic. The government exploits this. Of course, in order to derail the process or make it more difficult, it's the expansion of settlements. It's doing all the [indiscernible] demanding for a Jewish state. The reason for that: the people who sit in government, with the exception of probably one or two, they don't believe in this kind of peace. They don't ask this kind of peace, they don't ask the interlocutors. They don't think this is the long-term solution for relations between the Israelis and Palestinians.

Actually in many ways they are going back to the history of Zionism: let's just sit and wait. You expand, you grab more territory and something will happen. The Middle East right now is very different than it was four years ago. So if you wait even further, build more settlements, grab more land, then can go maybe to a solution (that actually is not new) through unilateralism: withdrawing to wherever the government thinks it's viable to defend itself. The security, the ideological aspects for that – so be it. I

think there was only a minority in this government that would have accepted an agreement, but not because they believe it's right, not because they see the moral side of ending the occupation – because pragmatically, for instance, they wouldn't want to be on the wrong side of the United States or the European Union, because there might be repercussions. To be fair to the government right now, they don't see any repercussions of the expansion of settlements. They don't see that anything happens as a result of this intransigent policy. So why not continue, if it works for such a long time?

I think one of the tactics in doing that is basically it was all about sideshows. There were barely any negotiations on the core issues, because we expect if you are serious about negotiations you need to deal with borders, the idea of self-determination, refugees, settlements, all the natural resources, all the core issues. Instead, what do we get? Netanyahu's demand for a Jewish state. In reality, who cares if Abu Mazen [Mahmoud Abbas] recognizes Israel as a Jewish state? Why should any Israeli care about it? It was actually recognized in Resolution 181. Israel, in its declaration of independence, declared itself as a Jewish state. It's within the basic laws in Israel. Why on earth does anyone expect the Palestinians, of all people, to recognize it as a Jewish state? But as derailing the process, it's a great tactic. That's exactly what Netanyahu wanted. It's a relatively new demand.

Yes, security along the Jordan is important, but this can be negotiated as part of the bigger picture, not as a precondition. All of a sudden – he knew it was difficult for Abu Mazen to accept it and it became a major issue. Even towards the end, the unity Palestinian government – the unity Palestinian government is neither/nor. If Abu Mazen becomes Hamas, okay, there is a problem. But if actually it's the other way around and Hamas actually gradually moves toward more acceptability politically and understand they need to be part of mainstream politics, there is actually an opportunity. But the response from Israel: oh, it's obvious, everyone becomes Hamas now, so there is no one to negotiate anymore. Again, if you want to convince your public opinion this is the only way, it works. In reality, Netanyahu is one of the longest prime ministers in Israeli history.

I think also from the Palestinian side, some of the demands were more tactical, more about confidence measures that never worked in the last 20 years, instead of strategic and looking at how we move to a peace agreement.

### Rosemary Hollis

Yossi, not to derail you, but can you make sure, just to wind up, that you tell us: do they feel satisfied in their, as it were, success of their derailing of the process?

### Yossi Mekelberg

I think all in all, yes, they will feel satisfied, because at the end of the day, if they keep the West Bank and Gaza is contained, all in all – everyone who has been there sees security, it's back to 2000. You walk in Tel Aviv or Jerusalem or anywhere else, it feels safe. The economy is doing very well. The international community don't make them accountable for actually refusing to move with the peace process. All in all, they got what they wanted – unless something dramatic happens, and that's what Robert was saying. I think it's a short-sighted view – what happens if there's another intifada around the corner? The new unity government among the Palestinians? If the Americans say, enough is enough? I don't know if the

Americans – Robert, you're in a better position to say that – if they feel humiliated, if John Kerry feels humiliated. If Obama says: I'm humiliated by this, I invested so much of my time in promoting the peace agreement and I was slapped. So do I really want not to respond to that? Is the European Union going to take a step, because as we know the European Union says, we are going to do this, we are going to do that –

### Rosemary Hollis

It's got a mini-crisis.

### Yossi Mekelberg

But the question is whether they can push it to a major crisis, meaning – okay, that's what the international community thinks is right. The other thing is, John Kerry was almost brave to say what he thought and then he retracted. He said, okay, sorry, I didn't mean to say this. But I think the Israelis should be aware, when John Kerry says that to his mind, what is developing is not a Jewish democratic state but an apartheid state – okay, he apologized, and I don't think he should use the word apartheid. But it means it's on his mind, otherwise he would not have said it. It means this kind of idea, that what is developing there is apartheid, can at one point or another damage Israel. So they might feel satisfied in the short term but may pay the price in the long term.

### Rosemary Hollis

Excellent. That's a good point to pick up the debate later. Now, Yezid, how did it look from a Palestinian perspective?

### Yezid Sayigh

I'm going to jump straight in by not answering the questions, nor this one, because what I really think is important and for me is more interesting about the Palestinian dimension is two things. One, what are the politics from here on, because that's going to determine whether the Palestinians are going to simply be the recipients of whatever finally comes out of all the other dynamics of what the Israelis want and the Americans want, or whether they've got any agency, whether they have role to play. So the question is: what are the politics there? That's what I want to focus on going ahead, rather than simply assessing where we've been.

The second thing I want to touch on, again going ahead, is to comment a little bit on the framework for diplomacy. We're basically so far still repeating and reiterating the same approach to peacemaking between Israelis and Palestinians. This has been going on since at least 1993, and I think it's worth connecting the two issues. In other words, how might Palestinian political dynamics evolve? How does that then feed into our whole approach to breaking the deadlock?



So moving on to the first issue of Palestinian politics, there I'm going to reduce what no doubt is far more complex to two brutally simplified key points. First is the point that Yossi just made about the Palestinian national unity government. I'm not focusing on this because I think necessarily it's going to succeed, though I think it would be really hopeful if it did, but I think it brings out the politics here, it brings out the dilemmas.

Without going into great detail, very briefly, I think both Mahmoud Abbas, the Palestinian president, and his Fatah movement in the West Bank, and Hamas on the other side, who as you know control Gaza, have come to the national unity agreement for very tactical reasons. Abbas, I think, has struggled for the last three years, during the Arab Spring, to work out just how to benefit from the Arab Spring or to ward off the problems it poses. So for instance, with the rise of the Muslim Brotherhood or similar Islamic movements to power in Egypt, Tunisia, Libya and, one could argue, also in a non-Arab Spring country (Morocco), it seemed as if his Palestinian Authority and Fatah movement were on the defensive. Hamas, obviously equally, by the same token, for the same reasons, drew a lot of comfort and confidence and felt that it no longer had to play the previous game and could now sit and wait, because the general trend in the region was going to support it, was going to weaken the siege of Gaza, was going to confirm and legitimize Hamas' policy of manoeuvring politically towards Israel with hints at a two-state solution while maintaining its discourse of resistance and no recognition and so on.

Clearly, Mahmoud Abbas – well, I'll start with Hamas. Hamas is now severely discomfited, ever since the overthrow of Morsi in Cairo last July and the increasingly hostile attitude of the Egyptian military authorities and the civilian government in Cairo towards Hamas and Gaza. I think Hamas can no longer pretend to itself that the mid-term prospect, let alone the long-term and certainly not the short-term prospect, is one where their friends and allies and sympathizers will come back to power, whether in Egypt or elsewhere. Likeminded Islamist movements are on the defensive now in Libya, certainly in Tunisia. These countries have not produced a fundamental shift in the strategic landscape.

Hamas also has other challenges facing it. It's interesting that in the most recent elections for their political bureau, people like Khaled Meshal and his camp actually did far better than had been expected. These people represent the more dovish side within Hamas.

By the same token that discomfited Hamas, Mahmoud Abbas, you would have thought, would be in a more ebullient mood, a more upbeat mood. But in fact he too has no prospects. The Arab countries are not ready to step up to the plate and pressure the United States to deliver more. There are no signs of any activist diplomacy, even to promote the Arab peace plan of 2002. To the extent that critical countries like Saudi Arabia and other countries are motivated, they are motivated to deal with Iran, the nuclear issue, and Syria, but certainly Palestine is not something that they're going to really push for. Egypt right now is certainly, while having moved harshly against Hamas, is not really ready to do much more on behalf of Mahmoud Abbas and his faction. So that has left Abbas in a weak position and fundamentally unable to go as far as would be needed to engage even further with what Kerry put on the table.

And I think here is a moment of truth that so far most people have tried to avoid – people working with Mahmoud Abbas, people working with the United States, the EU and others, in varying degrees – which is that the idea that you could somehow broker a deal or yet another interim deal, if not a final deal, that would actually give a lot of political credit to Mahmoud Abbas and the Palestinian Authority in the West Bank and by the same token therefore show Hamas to be unable to deliver, and would therefore shift more people away from Hamas and towards Fatah and the Palestinian Authority and Abbas – sufficient to force Hamas to share power in Gaza or do other helpful things – this assumption that somehow you could actually broker a deal with one bit of the Palestinian movement of sufficient credibility and impact to

change and transform the Palestinian internal dynamic and balance, I think was a fundamentally flawed assumption and was never going to work. The only thing that could work, and this might be impossible to achieve, is to somehow get the two principal currents or movements within Palestinian politics on board, and that means Fatah and Hamas. Whatever we think of either of them, and I've got negative views of both, they're both necessary for any kind of meaningful shift.

So the national unity government is inescapable if there is to be any change in the dynamic on the Palestinian side, which in turn is necessary if there is to be any kind of change in the dynamic anywhere else. Now, as I said at the start, both Fatah and Hamas have come to this for tactical reasons. That's worrying because that means they won't make a real effort. The national unity government, or the agreement, will founder and the government won't see the light of day.

That's not to say that were there to be a national unity government, the Palestinians won't then face a whole host of challenges and problems. What will this government actually govern? Will the Israelis let it do anything in the West Bank? Will the Israelis continue to transfer hard currency, allow international phone calls, the internet, trade? Will they resume transferring taxes and customs and so on to the Palestinian Authority? There are any number of imponderables there. What do you do about reintegrating government ministries or the two bits of the parliament? How do you revise legislation produced by the two sides when they were separate? Any number of things could make this all flop.

Nonetheless, I think the Palestinians have no choice at the moment but to make national unity a strategic choice and one that they are willing to pay a price for, whether it's in terms of suffering the cut-off of transfers from Israel, people getting thrown in prison maybe in East Jerusalem, Fatah members who were happily moving around the West Bank will have their VIP passes revoked or whatever. For Hamas too, this means actually biting the bullet and sharing the power that they at the moment hold alone in Gaza. Because it's clear: it's going to be very difficult for Hamas to gain a real foothold in the West Bank, because the Israelis won't allow it. So power-sharing could end up basically: what's ours is yours and what's yours is just yours, basically. In other words, Hamas will have to share power in Gaza but won't be offered power-sharing in the West Bank, realistically.

General elections will be almost impossible to hold, I think, in the West Bank and East Jerusalem because the Israelis are extremely unlikely to hold it. Would Fatah make an all-out effort to make sure that elections are somehow held nonetheless, even in private, in schoolyards or whatever, in autonomy areas, just to confirm entirely that they are so totally committed they are willing to take the risk? I sort of doubt that. Fatah itself is in such a shambles internally that it can't commit clearly to the assertive type of politics that would be needed here.

This leads to the second point on the Palestinian political dynamic that I want to raise. This is the talk that resurfaces periodically about dissolving the Palestinian Authority. A recent report by a very good friend and colleague of ours, Rosie and mine, who we've worked with a lot, Khalil Shikaki and a team of experts, is specifically about the day after: what happens to public services, to security, to a whole range of issues if the Palestinian Authority were to dissolve itself. Almost everyone is agreed that this is just talk and it's something that Abbas has at times used – well, in fact he hasn't used it so much, but it's been promoted here and there – as a means of gaining leverage. Sort of saying: we'll shoot ourselves if you don't give us what we want, because you'll end up with a mess and Israel will have to take back responsibility for running the Occupied Territories and all the Palestinians living there.

Nonetheless, this talk and consideration is starting to gain a new level of debate, much more than before. I still don't think this is a practical option. I don't think it's an option that is practical politically. In other

words, it's not yet become something that people are seriously, actively considering. But I think it's just worth mentioning it there to say: is that an option? Because if it isn't, then we're back to status quo and some sort of management, where the Palestinian Authority continues to channel donor funds in the form of salaries to people, subsidies to Gaza and so on.

Which takes me to the last point I want to make, the second main point about diplomacy and the whole approach. The Palestinian Authority, both in the West Bank and its rival in Gaza, subsist on massive inflows of capital from abroad: donor funds from the West, from some Arab states and others. Even Gaza subsists on that indirectly because of the channelling from the West Bank Palestinian Authority to Gaza. So both Palestinian governments are entirely dependent on external funding, which is a bit of an irony.

Hamas has yet to acknowledge the political implications of this. It has yet to acknowledge that its strategy of resistance and so on has gone as far as it can and they can't actually do anything like deliver genuine Israeli withdrawal from the West Bank or from East Jerusalem while maintaining all the other stuff about no recognition, no negotiation. They will probably continue to play this game for a while but they can't continue. It's a no-go.

The thing is that if the Palestinian Authority were somehow to be dissolved, would the international community go on funding at this level? Would they then pass the funding through who? Israel? To pay out to these hundreds of thousands of dependents in the Occupied Territories? I doubt that.

But this takes us to the heart of what I see as the international (i.e., US and EU) approach to diplomacy since 1993 in Palestine and Israel, what I've at times called the economic growth approach. Time and again, we've got a model – and Robert just mentioned that again this evening – based on: let's put funding in, kick-start the economy. This was what the whole Tony Blair project was about. Generate jobs, investment, get the private sector growing. Time and time and time and time again, this has failed. In the 1990s it failed, in the 2000s it failed. In 2005, after the pullout from Gaza, it failed with the agreement on movement and access. It failed after Salam Fayyad took office in 2006-07. It has failed at every single point, and yet the response – and here I'm reminded of Yossi's point about insanity, trying to solve the same problem with the same approach when clearly it's not working. The international community – and at the core of the Kerry approach was the assumption that by bringing \$4.5 billion of investment in the next few years, we'll somehow underpin this and anchor the very fragile politics we heard about, and make it somehow magically all work this time. We're going to be left now with that element, without all the politics but with the economic strategy.

It's about time, I think – I'm not advocating to pull the plug, but I'm just saying we should think a little bit about what the implications are when that is all we are now actually actively involved in and committed to. What sort of politics does this leave lying ahead? I'll stop there.