

## Sunset for the Two-State Solution?

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## SUMMARY

- The Bush administration is using its final months to try to gain agreement on a two-state solution to the Israeli–Palestinian conflict—but much of the framework supporting a two-state solution has collapsed.
- In January 2009, a new American administration will face a series of bleak choices.
- It may still be possible to revive a two-state solution, but it will require the emergence of a more viable and unified Palestinian leadership.
- Rather than pretending that an agreement is possible now, it would be far better if U.S. efforts in the remainder of this calendar year began to address the underlying problems.

The “peace process” initiated in Madrid in 1991 and Oslo in 1993 has come to an end, leaving most sensible observers despondent. The outlook for any settlement—or even management—of the conflict at present is dim indeed. The entire basis for international diplomacy over the past two decades—a land for peace formula involving the construction of a Palestinian political entity in the West Bank and Gaza—is not merely unrealized, it is rapidly passing the point at which it is even feasible. While most international actors and many Israelis and Palestinians continue to favor such a solution, all parties have managed, sometimes by accident and sometimes by design, to undermine it.

It is time to stop pretending that there is a meaningful diplomatic process leading toward a two-state solution and devise a new approach that recognizes unpleasant realities. Those who promote a two-state solution

must acknowledge how much of the framework supporting it has collapsed.

After two decades of being led by those who explicitly endorse a two-state solution, Palestinians elected a party in January 2006 that rejects it as anything but an interim measure. The violence in Gaza in June 2007 compounded the problem by destroying whatever limited capacity Palestinians had to act coherently in pursuit of any agenda.

For their part, Israeli leaders have taken concrete steps over four decades to make a two-state solution less viable. Until quite recently, they resisted the idea in principle as well as practice. Only after the outbreak of the second intifada did Israel’s government offer explicit endorsement of Palestinian statehood. But Israel continued to undermine the Palestinian Authority, the basis for that state. Under Ariel Sharon, this was a deliberate policy. Under Ehud Olmert, the



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problem instead is a lack of capacity to act boldly.

The international community has also hastened the demise of the two-state solution as a viable option. The harsh financial and political measures taken against the Palestinian Authority after Hamas formed a cabinet in March 2006 penalized not only Hamas but also Palestinian institutions. The U.S. attempt to support a military counterweight to Hamas has badly backfired: it has tainted those forces in Palestinian eyes, while they proved so anemic that they lost the open confrontation in Gaza last summer. Officials now privately confess that they have no idea how to deal with the fracturing of the Palestinian polity. Yet the meek and ineffectual attempt to prepare President Mahmoud Abbas's forces for potential combat against Hamas continues. Recently it has been combined with equally halfhearted toleration of Egyptian efforts to secure a cease-fire between Israel and Hamas—an effort that seeks to cope with Hamas in sharp contrast to the other efforts to defeat the movement.

The ambivalent embrace of the idea of a cease-fire fits an all-too-familiar American pattern of finally accepting reality when it is too late to do much good. Washington discovered the importance of Palestinian reform in 2002 (long after Palestinians had tried to raise governance and democracy issues); it rediscovered the Road Map in 2006 after allowing it to languish for three years; it started backing Abbas in earnest only after his party lost parliamentary elections; it endorsed the principle of Palestinian statehood long after this symbolic step had lost its meaning to Palestinians; and it showed some willingness to press the issue of settlements with Israel only after they had become deeply entrenched in the West Bank.

To be fair, bad timing and poor follow-through are not U.S. monopolies. Arab states took a bold initiative in Beirut in 2002 to endorse a two-state solution but felt rebuffed by the United States and have been both unable and unwilling since then to pursue the matter in any coherent way.

## A Menu of Unpalatable Choices

The United States needs to lead the international community in making a new start in approaching the conflict and launch initiatives based on current realities rather than yesterday's faded hopes. The problem, of course, is that the choices before any incoming U.S. leadership will be limited indeed.

### OPTION 1: RETURN TO A TWO-STATE SOLUTION

The most attractive choice is to revive a two-state solution. That would be politically easiest to adopt, but very difficult to implement.

The pithy formulation of President George W. Bush—"two states, Israel and Palestine, living side by side in peace and security" with the Palestinian state "viable, contiguous, sovereign, and independent"—provides a powerful vision of a settlement. But it glosses over thorny details concerning borders, Israeli settlements, refugees, and Jerusalem. To its credit, the Bush administration has presided over franker and more open discussion of these outstanding issues than its predecessor.

Still, the vision is not coupled with any realistic process for its realization. The various approaches tried—neglect, Palestinian reform, the Road Map, and the Annapolis process—have not prevented the slide away from a two-state solution.

The network of Israeli settlements, the encirclement of some Palestinian cities, the construction of new road systems, and the construction of a wall inside the West Bank are physical obstacles to the construction of a Palestinian state that would live side by side with Israel. Critics have been warning for over a generation that the "land for peace" formula—a phrase used when Palestinian statehood was considered unspeakable—was rapidly becoming impossible. After more than 30 years, it is time to acknowledge that it will take a herculean effort to prevent these critics from being vindicated.

Institutional obstacles are no less severe than the physical ones. For a decade there was

a Palestinian leadership publicly committed to a two-state solution. Some of those leaders still hold office, but they retain little authority. Fatah, the strongest political party favoring a two-state solution, lies discredited and divided. On an official level, Palestine now has two governments, one based in Ramallah and one in Gaza. Those in Ramallah preside over a bureaucratic apparatus in a state of advanced decay and are so totally dependent on international financial and diplomatic support that Palestinians perceive them more as international trustees than as domestic leaders. Those in Gaza, while not so dependent on the international sponsors of the peace process, reject both the diplomatic processes constructed over the past two decades and the vision underlying them. There can be no negotiated solution of any kind in such a setting.

Can these realities be reversed?

Reviving the two-state solution may still be possible, but only through a series of risky and politically difficult steps. The first is an unambiguous demonstration that Israel is willing to disentangle itself from the West Bank. Israel's supporters, its potential partners, and Israelis themselves need to be convinced that this is possible. The only way to accomplish this would be a genuine settlement freeze and a rollback, making clear that what was done in Gaza could be repeated in the West Bank. Further, Israel would have to move toward constructing a security system in the West Bank that is less intrusive and less restrictive on Palestinian movement. It is not clear that the first is politically possible or that the second is practical.

A second set of steps would involve reconstitution of a Palestinian leadership capable of making authoritative commitments. Over the long term this might best be accomplished by the construction of democratic mechanisms allowing Palestinians the opportunity to make clear choices. It also means that Fatah must be revived and reformed.

But in the current chaotic and deeply divided situation, no legitimate elections are

possible. Therefore, the best short-term path is a kind of power sharing. Indeed, the Palestinians themselves negotiated such an arrangement in February 2007, allowing Fatah and Hamas to share control of the Palestinian Authority and President Abbas, in his capacity as chairman of the Palestine Liberation Organization, to negotiate with Israel. To be sure, the wording of this agreement—the “Mecca accord”—was so vague that it struck most readers as comprising more loophole than text. It rapidly collapsed under intense international and domestic pressure. The revival of such an agreement would be an uncertain enterprise at best. Even if it succeeded, it would carry deep risks for all parties. But it is a prerequisite for revival of the two-state solution.

There are options that are far more realistic. The problem is that they are also far less palatable.

#### **OPTION 2: A ONE-STATE SOLUTION**

As prospects for a two-state solution dim, the idea of a single, binational state is getting some attention. Interest in such a state has often flickered on the margins of the Zionist and Palestinian national movements. In recent years, many Palestinian intellectuals have picked up the idea, but the Israeli mainstream continues to view such calls as a Trojan horse designed to destroy the entire Zionist enterprise.

**Those who promote a two-state solution have to recognize that the framework has collapsed.**

The advocates of a binational state generally fall into the trap of holding out an admirable utopian solution without analyzing what such a state would be like in practice or how entrenched adversaries could ever construct such a state. In a sense, the one-state solution resembles communism—a utopian ideal many found preferable to grim realities but that led to horrifying results in practice.

A one-state solution is emerging in fact, but it is deeply disfigured and hardly utopian. The embryonic single state is not based on two nations sharing the same land on a cooperative and equal basis. Instead, it is one in which some enjoy the full panoply of liberal freedoms and democratic privileges but constantly worry about their security, while others are deprived of both freedom and security. In other words, if a single state lies in the future for Israelis and Palestinians, it will not be based on coexistence but on a relationship of naked domination and brutal resistance.

**OPTION 3:  
MODUS VIVENDI**

If Israelis and Palestinians cannot design mutually acceptable permanent arrangements to live either separately or together, perhaps they can agree simply to live. Instead of negotiating an agreement to resolve their differences, Israelis and Palestinians could work out practical arrangements designed to avoid direct conflict and violence. Rather than historical reconciliation, a Cold War-like stability might be the goal.

Strangely, Hamas has taken the initiative on this front, offering both a long-term truce and a short-term cease-fire.

Indeed, Hamas first suggested a long-term truce two decades ago. Movement leaders have sometimes offered longer and gentler terms, but they have involved a withdrawal to the 1967 lines at a minimum. And Hamas has insisted that the offer is not based on an acceptance of Israel's legitimacy. Traditionally Israel has sharply rejected such an approach, treating it as a clumsy ruse designed to allow Hamas to build its strength before eventually resuming the conflict. It would involve unilateral Israeli concessions (a full withdrawal from the West Bank and Gaza) that Israelis have not offered as part of a comprehensive peace treaty.

Even the shorter-term cease-fire provokes justifiable Israeli suspicions. These do not simply rest on the assumption that Hamas is duplicitous; a cease-fire is likely to be unstable

whatever the intentions of the parties. Israel would chafe at the restriction on its freedom of action; Hamas would worry that temporary arrangements would become permanent, containing Palestinians within borders the movement rejects. The Oslo Accords proved that two sides theoretically committed to a peace process are adept at pushing unilateral understandings even of detailed agreements; it is difficult to imagine Hamas and Israel showing a more cooperative spirit in implementing a vague (and probably indirectly negotiated) cease-fire or truce.

A modus vivendi may be the best that can be achieved, but it is difficult to avoid dark suspicions that it would provide only a respite from a conflict that would later reemerge in no more tractable form. It therefore makes more sense to view a cease-fire as a stop-gap measure to make other diplomacy possible rather than a permanent arrangement.

**IS THERE AN OPTION 4:  
AN ISRAELI MILITARY VICTORY?**

Israel has flirted with the idea of a military campaign to oust Hamas from Gaza or destroy the movement's capabilities to launch attacks. Political pressures in Israel generated by Hamas rockets make such a campaign more likely.

But a military response without a viable corresponding political strategy would do little to improve the underlying problems—as the United States discovered in Iraq and Israel learned repeatedly in Lebanon. Could a military invasion of Gaza serve a political purpose?

A campaign might lead to capture of Hamas leaders and degradation of the movement's military capabilities. In the long term, however, such accomplishments might mean little. Hamas has broad support in Palestinian society. Previous Israeli moves have decimated Hamas's senior level, but the movement has quickly regenerated itself.

If a military strategy is to serve strategic rather than merely tactical objectives, it could be linked to one of the political options dis-

cussed above. But it would more likely work against each of them. Military intervention in Gaza would undermine the two-state solution still further by destroying what is left of the Palestinian capacity for self-government and tainting Fatah as an accomplice of Israel. Renewed Israeli occupation of Palestinian territories would augment the move toward a one-state solution—but only of the ugliest kind. There are some ways in which an attempt to bloody Hamas militarily might be combined with an effort to reach a modus vivendi on terms more favorable to Israel, but it would not render such arrangements more viable in the long term.

In short, a military victory would likely prove hollow, and realization of that fact has deterred Israel to date.

### What Can Be Done in the Meantime

Thus the menu that will greet the incoming U.S. administration in January 2009 is short and unappetizing. The most attractive option—revival of the two-state solution—will require extremely robust efforts indeed. And it will also demand more patience, concerted attention, and tolerance for risk than the United States has shown so far in dealing with the conflict.

The outgoing Bush administration could work on making the task for the incoming leadership more manageable. And Secretary of State Condoleezza Rice is indeed ambitiously pursuing a two-state solution. The problem is that her efforts blithely ignore (and often aggravate) the developments that are rendering it impossible.

At present, the United States is deepening Palestinian institutional decay by continuing to play favorites in the latent Palestinian civil war. The U.S. approach is based on the assumption that offering security and economic assistance to the Ramallah government along with dramatic diplomatic progress toward recognition of a Palestinian state can so strengthen President Abbas's hand that he will be able to

lead Palestinians toward a peace agreement. But “security assistance” is seen by Palestinians as naked intervention aimed at defeating Hamas and protecting Israel. And economic assistance has so far amounted to little more than ineffective development projects, palliatives, and humanitarian aid. The promise of

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diplomatic progress rings hollow in the ears of a cynical Palestinian public. Abbas is not being strengthened by these American efforts. His popularity is dropping, he has lost the initiative to Hamas, and the structures supporting Abbas—the Palestinian Authority and Fatah—are only decaying further.

In its remaining months, the outgoing Bush administration should focus not on rushing an agreement but instead on laying the groundwork for its successor to face a bleak situation on more promising terms. Bush and Rice could then take justifiable credit for leaving more like Reagan and Schultz (who opened doors for their successors by initiating a dialogue with the PLO) than Clinton and Albright (who saw their efforts collapse completely in a swirl of suspicion, violence, blame, and resentment). This would require an immediate and concerted change of policy.

- **Stop blocking Palestinian power sharing.** Most Palestinians expect the Palestinian leadership to reconcile eventually, though there will be much bitterness and a good deal of entrenched legal and institutional division to overcome. The United States need not promote such efforts, but it needs to recognize that actively disrupting them also removes whatever hope there may be for reviving a two-state solution.
- **Pursue a realistic cease-fire between Israel and Hamas.** An outbreak of fighting will disrupt any diplomatic efforts and force

policy makers back into a purely short-term and reactive mode. A cease-fire would not only preserve lives but make it possible to sort out and pursue longer-term strategies. In recent weeks, all parties have come to the conclusion that a cease-fire is in their interest, but the terms of that cease-fire are very much in dispute. For Israel, any cease-fire that allows Hamas to re-emerge in the West Bank and import weapons into Gaza would carry prohibitive long-term costs. But a cease-fire that overlooks the West Bank and maintains the closure on Gaza will be both unacceptable to Hamas and unstable. There is no easy way to address the concerns of both parties, but some creative formulas (such as a monitored bor-

der crossing, more robust Egyptian efforts against smuggling, and perhaps even including a measure of weapons inspection in Gaza) are needed. The United States has currently stumbled into a policy of allowing Egyptian mediation and should allow it to continue.

to the policy. Indirect negotiations are tolerated over captured soldiers and rocket attacks but not over other matters. A few critics in the United States (and more in Israel and still more in Europe) wish to turn the exception into the rule by more talking with Hamas. The problem with the resulting debate over “engagement” is the tendency of supporters and opponents to forget that contact is a means and not an end. Both the costs and benefits of direct contact are often greatly exaggerated. Engagement offers greater mutual familiarity and improved communication, but it will not lead to significant immediate changes in Hamas’s positions, especially since the movement boasts that it will not be like Fatah and seek to please international interlocutors. But neither would such contacts cause grievous harm. Hamas would likely feel vindicated, but it draws most of its legitimacy from what it says and does domestically, not from its ability to hobnob internationally.

What is needed is a less theological debate about the practical merits and means of communication and the ways to manage Hamas’s presence in Palestinian society. If any contact is made, it probably makes sense to do so through President Abbas to communicate to Palestinians that the international community can deal far more easily with those who work toward the goal that Palestinians themselves continue to favor—a two-state solution.

■ **Stop personalizing Palestine.** The United States has generally played a very short-sighted game of embracing favorites (Yasser Arafat, Muhammad Dahlan, Mahmoud Abbas, Salam Fayyad) in Palestinian politics while demonizing those deemed enemies of peace (Yasser Arafat, Ahmad Yasin, Isma’il Haniyya). The selection of angels and devils has generally been based on sound—but extremely short-term—calculations. The result is sometimes schizophrenic (most particularly with Arafat but also with Abbas

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- **Don’t sweat the issue of “engaging Hamas.”** Arguments over how to react to Hamas often present a false dichotomy: The United States must either combat the movement by all means or “engage” it. And there is a very strong tendency—increasingly enshrined in law—to reject the latter path. In the process, the logic of the current draconian policy has been forgotten. The refusal to negotiate with terrorists was originally based far less on their aims and more on their methods; talking with those who are threatening violence, it was feared, would only lead to future threats and attacks. But now it is only violence that leads the United States and Israel to countenance exceptions

who has been alternately treated as a savior and as ineffectual) and taints the hero of the moment. Personalization has led the United States to overlook completely the need to develop Palestinian institutional capacity to make authoritative decisions. Peace, if it ever comes, must be made with Palestine. That requires building institutions, not placing all bets on particular leaders. Strongmen might be able to produce a localized *modus vivendi* at best. The United States must not place all of its bets on Abbas (whose term as president is waning) and Fayyad (a respected international figure who has no domestic political support) and instead focus on rebuilding PA political structures.

- **Pay attention to Fatah reform.** Fatah's long-delayed party congress may be the last hope to bring new blood and credibility to the party. But corrupt, tired, and incompetent leaders could still make it fail.
- **Revive the Palestinian ability to choose.** The United States can back the restoration of democratic rule by reviving the terms of Palestine's Basic Law or interim constitution. Not only would a return to constitutional rule provide the basis for more order in Palestinian society, it would also provide what might be the most likely way to either tame Hamas or ease it out of office: another election. Without a Fatah–Hamas agreement, no election is possible (even a referendum on the principles of an Israeli–Palestinian peace—an idea often mooted as a way of shoring up Abbas's position—would not only be illegal but also impracticable). With an agreement to return to constitutional rule, presidential and parliamentary elections are due in 2010. There is no reason to rush this date forward, especially since earlier attempts to do so contributed to Hamas's decision to seize Gaza in the first place. Over the next two years, Hamas will either have to deliver on its promise of change and reform or face voters who will

## MOVING AWAY FROM A PALESTINIAN STATE

- January 2006: Hamas wins 74 out of 132 seats in parliamentary elections.
- March 2006: Isma`il Haniyya sworn in heading a Hamas-dominated cabinet after failing to form a broader coalition.
- June 2006: After the capture of an Israeli soldier, Israel arrests a large number of Hamas MPs and ministers.
- February 2007: Hamas and Fatah leaders sign an agreement in Mecca after Saudi mediation.
- March 2007: Palestinian National Unity Government formed.
- June 2007: After brief fighting, Hamas takes control of Gaza; Abbas dismisses national unity government and takes control over West Bank.

have reconsidered the wisdom of their choice in 2006. Fatah would be very well served also by focusing on how to face the voters in two years rather than ousting Hamas tomorrow. Such a restoration is a precondition for—not an obstacle to—viable Israeli–Palestinian diplomacy. Absent any agreement to restore constitutional rule, there will be no mechanism to implement—or even vote on—the outcome of any Israeli–Palestinian negotiations.

It has become increasingly common in recent years to question the viability of the two-state solution. Doubts are increasingly expressed even by those who placed considerable hope and trust in such a solution in the past. The strongest arguments against such pessimism are based on the desirability of reviving the two-state solution, not on its viability. If the outgoing Bush administration does not address the underlying conditions undermining the two-state solution, its successor will be forced to find an alternative—and the only ones likely to be available will be far worse for all concerned parties. ■

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## RESOURCES

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**The New Middle East**, Marina Ottaway, Nathan Brown, Amr Hamzawy, Karim Sadjadpour, Paul Salem (Carnegie Endowment for International Peace, February 2008) <[www.carnegieendowment.org/files/new\\_middle\\_east\\_final.pdf](http://www.carnegieendowment.org/files/new_middle_east_final.pdf)>.

**Gaza: Life Under Hamas Rule**, Taghreed El-Khodary (Arab Reform Bulletin, November 2007) <[www.carnegieendowment.org/publications/index.cfm?fa=view&id=19783&prog=zgp&proj=zdr,zme#gaza](http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=19783&prog=zgp&proj=zdr,zme#gaza)>.

**West Bank: Governance Since the Split**, Charles Levinson (Arab Reform Bulletin, November 2007) <[www.carnegieendowment.org/publications/index.cfm?fa=view&id=19783&prog=zgp&proj=zdr,zme#levinson](http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=19783&prog=zgp&proj=zdr,zme#levinson)>.

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**The Peace Process Has No Clothes**, Nathan J. Brown (Carnegie Endowment for International Peace, June 14, 2007) <[www.carnegieendowment.org/files/BrownCommentaryjune072.pdf](http://www.carnegieendowment.org/files/BrownCommentaryjune072.pdf)>.

**What Can Abu Mazin Do?** Nathan J. Brown (Carnegie Endowment for International Peace, June 15, 2007) <[www.carnegieendowment.org/files/AbuMazinUpdateJune1507.pdf](http://www.carnegieendowment.org/files/AbuMazinUpdateJune1507.pdf)>.

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