

Congressional Testimony

The Palestinian Authority, Israel and the Peace Process: What's Next?

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Chairman Ros-Lehtinen, Ranking Member Deutch, and distinguished members of the subcommittee, on behalf of the Foundation for Defense of Democracies, I thank you for the opportunity to discuss with you today some of the challenges associated with our recent efforts to broker peace between the Palestinians and Israelis.

After briefly reviewing Israel's security concerns during Washington's latest attempts at peacemaking, this testimony will address three specific areas of concern on the Palestinian side: Palestinian governance; Hamas-Fatah reconciliation; and the unilateral Palestinian campaign for international recognition of statehood. Finally, I provide a number of recommendations.

Israeli Defense Concerns

Secretary of State John Kerry embarked upon a bold undertaking last year, attempting to broker a peace agreement between the Palestinians and Israelis by the end of April 2014. What prompted Mr. Kerry to believe that the two sides were prepared to negotiate in good faith at this time is still unclear. True, the Palestinians and Israelis had found a *modus vivendi* that included unprecedented security cooperation¹ and an extended period of quiet. However, that was less a window for peace-making than it was a byproduct of Palestinian exhaustion after the second intifada (2000-2005), coupled with common concerns on the part of Israel and the Palestinian Authority about the rise of Hamas, which conquered the Gaza Strip in 2007.

The Israelis, while always officially open to peace talks, have in recent years been absorbed with the existential threat posed by Iran's nuclear program. The civil war in Syria, upheaval in Egypt, and the chaos of the Arab Spring have also dominated the Israeli defense agenda. This explains why the Palestinian portfolio was effectively relegated to a second tier priority. Even neutralizing the threat of Hamas rockets was pushed lower on the list of Israeli defense imperatives. As one senior Israeli official told me last year, "If they want conflict, they're going to have to get in line."

Security concerns in Israel have mounted in recent months after Washington's decision to enter into an agreement with the P5+1 and Iran that has granted Iran sanctions relief in exchange for a pause in its nuclear program. Senior Israeli officials have repeatedly and openly expressed concern that this deal will only provide Iran with more cash before it sprints to the bomb. These Israeli fears are both understandable and well founded. Iran's clerical and military leaders, despite the optimism surrounding last year's election of President Hassan Rouhani, have a long record of nuclear mendacity and an even longer record of supporting terrorist proxies, such as Hezbollah, Palestinian Islamic Jihad, and Hamas. Washington has sought to reassure the Israelis that the sanctions relief and easing isolation of Iran will not have a deleterious impact on Israeli security. To put it mildly, given Iran's history and the recent relative decline in both American hard and soft power, the Israelis are not convinced.

¹ Jack Khoury, Avi Issacharoff & Anshel Pfeffer, "Palestinian Authority Closely Coordinating Security Operations with Israel," *Haaretz*, January 26, 2011. www.haaretz.com/news/diplomacy-defense/palestinian-authority-closely-coordinating-security-operations-with-israel-1.339205

Amidst this ongoing crisis, the Obama administration launched the Kerry initiative. The diplomacy placed a significant amount of pressure on the Israelis to make concessions that might impact their security, even as the broader security concerns over Iran have intensified. As a result, U.S.-Israeli ties, while still strong on many levels, have been strained at the leadership level.

I should note here that these daunting security concerns do not exempt Israel from making certain compromises and concessions. It also does not give a free pass to Israel on thorny issues like settlements, which have been a somewhat consistent source of tension between the Israeli and U.S. governments. But it does explain why the Obama administration's push for Middle East peace may have been ill timed. It also may explain why Israel may not have been prepared to trust the administration's guidance -- or yield to its pressure -- at this particular point.

In short, while U.S. officials appear content to saddle Israel with the majority of the blame for the collapse of these recent talks,² the Iran nuclear challenge casts a shadow over all of America's interests in the Middle East. It's hard to imagine a way forward on peace without first solving this crisis.

Palestinian Governance Challenges

For all the pressure the Obama administration placed on Israel, according to press reports, there was decidedly little pressure placed on the Palestinians during this most recent drive for peace, other than asking them to refrain from returning to their international recognition campaign at the United Nations (discussed below). Of course, it can be argued that the Palestinians have less to give, since they are seeking land for their national project that is under Israeli control. But this is a myopic approach if the goal is to achieve a lasting resolution to this conflict.

In addition to making compromises on some of their core issues, Washington must ask the Palestinians to deliver on good governance, economic reform and institution building. This was glaringly absent during the most recent round of negotiations. Though seasoned professional diplomats, the Kerry team fell into a familiar trap that many of their predecessors acknowledge was a mistake. With their eyes on a deal that would yield historic handshakes on the White House lawn, they ignored the dire need to focus on the less-than-sexy task of transforming Palestinian institutions.

The fact is, America's negotiating partner on the Palestinian side – Mahmoud Abbas – is nine years into his four-year term as president of the Palestinian Authority. He also serves as leader-for-life of the PLO and the Fatah faction. He is 80 years old, a pack a day smoker, and in questionable health. Little thought has been given to what happens the day after he's gone. There is no vice president or heir apparent. In fact, there is no political structure to speak of. In other words, as American policy has backed popular Arab Spring

² Nahum Barnea, "Inside the Talks' Failure: US Officials Open Up," Ynet, May 2, 2014. www.ynetnews.com/articles/0,7340,L-4515821,00.html

movements across the Middle East, Washington placed all of its hopes for a two state solution on an autocrat.

This is not an exaggeration. Abbas has refused to hold new elections, despite his expired term, not to mention the expired term of his legislature. He refuses to allow for the creation of new political parties. He systematically crushes his political opponents.³ Protests and unsympathetic media coverage have been met with utter brutality.⁴ Denunciation of Abbas can lead to arrest.⁵ In one case, gunmen fired upon the car of a Fatah leader who criticized Abbas on Facebook.⁶

To his credit, Mahmoud Abbas brought an end to the intifada in 2005, and he has made good on his promise to prevent the Fatah faction from engaging in violence. He has also made good on the security cooperation between the Palestinian security forces and the Israeli defense and intelligence establishment. But he has nevertheless emerged as a primary impediment to Palestinian political and economic advancement.

As I have noted in prior testimony, the Palestinian Authority under Abbas is not unlike how the Palestinian Authority was under Yasser Arafat – corrupt and ossified.⁷ The International Crisis Group noted last year that the Palestinian Authority was suffering from “anemia,” an “absence of legitimacy,” and a “gradual hollowing out of institutions that were never particularly strong.”⁸ A recent poll reveals that more than 70 percent of Palestinians believe that nepotism is widespread in the PA.⁹ As I have documented in the past, the sovereign wealth vehicle of the Palestinians also needs reform.¹⁰ The billions of dollars in U.S. and international assistance that have poured into the Palestinian Authority over the years have served to benefit the political elite while the core infrastructure of the Palestinian Authority has stagnated. There was some cause for optimism during the years when the reformer Salam Fayyad was prime minister. But Abbas and his political allies drove out Fayyad last year, only to replace him with inexperienced bureaucrats (like new

³ Stuart Winer, “Former Fatah Leader Sues ‘Tyrannical’ Abbas for Corruption, Intimidation,” *Times of Israel*, July 24, 2013. www.timesofisrael.com/former-fatah-leader-sues-abbas-for-intimidation/

⁴ See: “PA police Crush New Ramallah Demo,” Ma’an News Agency, July 1, 2012. www.maannews.net/eng/ViewDetails.aspx?ID=500441; and “PA: Bethlehem Journalist Held on Criminal Charges,” Ma’an News Agency, June 4, 2013. www.maannews.net/eng/ViewDetails.aspx?ID=601853

⁵ Khaled Abu Toameh, “PA Police Arrest Palestinian-Canadian Investor After Calling to Oust Abbas,” *Jerusalem Post*, February 12, 2013. www.jpost.com/Middle-East/PA-police-arrest-Palestinian-Canadian-investor-after-calling-to-oust-Abbas-333742

⁶ “Unknown Gunmen Shoot at Fatah Leader’s Car,” Ma’an News Agency, July 1, 2013. www.maannews.net/eng/ViewDetails.aspx?ID=609909

⁷ Jonathan Schanzer, “Chronic Kleptocracy: Corruption within the Palestinian Political Establishment,” House Committee on Foreign Affairs, Subcommittee on the Middle East and South Asia, July 10, 2012. <http://archives.republicans.foreignaffairs.house.gov/112/HHRG-112-FA13-WState-SchanzerJ-20120710.pdf>

⁸ “Buying Time? Money, Guns and Politics in the West Bank,” International Crisis Group, Middle East Report No. 142, May 29, 2013. www.crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/142-buying-time-money-guns-and-politics-in-the-west-bank.aspx

⁹ “Survey: Palestinians Say Nepotism Still Widespread,” Associated Press, April 29, 2014. <http://bigstory.ap.org/article/survey-palestinians-say-nepotism-still-widespread>

¹⁰ Omar Shaban, “Palestinian Investment Fund Needs Reform,” *Al-Monitor*, May 14, 2013. www.al-monitor.com/pulse/originals/2013/05/palestinian-investment-fund-reform.html

prime minister Rami Hamdallah) and figures from Abbas' inner circle who have arguably been part of the problem (like deputy prime minister Mohammed Mustafa).

Just this February, the Palestinian Authority was embroiled in a controversy that underscores the severe lack of domestic and international trust in its management of public funds. On February 4, 2014, the Palestinian Authority adopted a budget proposal of \$4.2 billion with a deficit of \$1.3 billion.¹¹ About a week later the economic editor of the Palestinian newspaper *Al-Ayyam* published an article challenging the numbers, noting that the true current deficit was \$1.889 billion -- a 49 percent deviation.¹² Shortly after that, the 2014 budget disappeared from the PA website, suggesting that the Palestinian leadership was being less than transparent. A public debate ensued, but in light of its less-than-stellar track record, many questions linger regarding the PA's fiscal responsibility.¹³

Hamas-Fatah Reconciliation

The problems of poor governance and corruption are often dismissed. But these problems have had very tangible consequences for the Palestinians. A very good case can be made that they led to the Hamas victory over Fatah in the 2006 legislative elections.

Hamas had made a name for itself over the years by carrying out spectacular acts of violence against the Israelis. But it was the Fatah faction's corruption that paved the way for Hamas' electoral win. As journalist Khaled Abu Toameh noted, there was "growing frustration on the Palestinian street as a result of mismanagement and abuse by the PLO of its monopoly on power."¹⁴ Similarly, Bassem Eid, head of the Palestinian Human Rights Monitoring Group, noted that "everybody knows that Hamas is just climbing on such corruption of the Palestinian Authority... I think that Hamas is getting more and more supporters, while the Palestinians start in the street talking about the Palestinian corruption."¹⁵

In the lead-up to the January 2006 elections, Hamas hammered home that it was the clean governance ticket, accusing Fatah of corruption, nepotism, bribery, chaos, and stealing.¹⁶ Hamas leaders promised their constituents they would battle this corruption.¹⁷ According

¹¹ "Palestinian PM Sets \$4.2bn 2014 Budget," Agence France Presse, February 4, 2014. www.google.com/hostednews/afp/article/ALeqM5iCUdLxa_yNY9wiF197Qm9gUiTCRA?docId=ef0a89df-2b17-4829-acf8-82489a779778

¹² Jafar Sadaqa, "ورقة على طاولة الحكومة: المدينة ارتفعت والعجز ضعف المقدر في الموازنة," *Al-Ayyam*, February 12, 2014. www.al-ayyam.com/pdfs/12-2-2014/p22.pdf

¹³ Jafar Sadaqa, "رد الصحفي الاقتصادي جعفر صدقة على الوزارة المالية," Ma'an News Agency, February 17, 2014. www.maannews.net/Arb/ViewDetails.aspx?ID=674241

¹⁴ Khaled Abu Toameh, "The Fallen Hope for Palestinian Press Freedom," *Jerusalem Post*, January 4, 2006. Accessed via LexisNexis.

¹⁵ Robert Berger, "First Votes Cast in Palestinian Elections," *US Fed News – Voice of America*, January 21, 2006. Accessed via LexisNexis.

¹⁶ Sara Toth, "Hamas TV Campaign Ad Shows Violence Aimed Symbolically at Government Corruption," Associated Press, January 22, 2006. Accessed via LexisNexis.

¹⁷ "Hamas Calls for Palestinian Unity," Ma'an News Agency, November 1, 2005. www.maannews.net/eng/ViewDetails.aspx?ID=179066; "Hamas Announces PLC List for Tulkarem District," Ma'an News Agency, December 7, 2005.

to the Congressional Research Service, “ Hamas’ anti-corruption message during the parliamentary election was apparently successful, and many reports and exit polls cited anti-corruption as a motivation to vote for Hamas.”¹⁸ It didn’t help that just weeks before the elections, Abbas ordered the suppression of an internal report that revealed that the Palestinian Authority had possibly lost billions of dollars as a result of financial mismanagement.¹⁹

This committee knows what happened next. Fatah, with backing from Israel and the United States, refused to join hands with Hamas to create a Palestinian government. This led to an internecine conflict in summer 2007, when Hamas launched a brutal military offensive in Gaza, ultimately overrunning the territory.²⁰ The result was a territorial and political split between the West Bank and the Gaza Strip that has endured for almost seven years.

This bloody conflict was not only a black eye for Palestinian nationalism; it has had a profound and deleterious impact on prospects for a two-state solution. Indeed, how could a solution be reached when these two Palestinian mini-states are in a state of hostility?

As it has been widely reported, the Palestinians may now be on the path to unity. The two rival factions announced a reconciliation agreement just as the Kerry diplomatic initiative collapsed.²¹ As he advances in age, Abbas may view reunification as a part of his legacy. Or he may be using the agreement to pressure the Israelis. Indeed, his message seems to be that the Fatah faction and the PLO is willing to join hands with a terrorist group if he did not get the concessions he demanded of the Israelis in diplomacy.

The Fatah faction, founded as a terrorist group in the 1950s, curbed its violence against Israel during the Oslo years of the 1990s but returned to violence against Israel during the second intifada in 2000. After the death of Yasser Arafat in November 2004, Abbas brought an end to that violence in 2005. Since the internecine Palestinian conflict of 2007, security cooperation with Israel has reached an all-time high.

If there was one good thing about the Hamas-Fatah split, it was Fatah’s total rejection of violent Islamist ideology, even if it was sparked by political motivations. The reconciliation deal appears to have interrupted, or even ended, this. Hamas’ embrace of

www.maannews.net/eng/ViewDetails.aspx?ID=180294; “ Hamas Leader Hania Lays Out Elections Agenda, Including Three Points,” Ma’an News Agency, December 9, 2005.

www.maannews.net/eng/ViewDetails.aspx?ID=180394; and “ Hamas to Enter Qassam Brigades Into PA Security Forces, End ‘ Bombing Operations,’” Ma’an News Agency, December 19, 2005.

www.maannews.net/eng/ViewDetails.aspx?ID=180783.

¹⁸ Aaron Pina, “ Palestine Elections,” Congressional Research Service, February 9, 2006.

www.fas.org/sgp/crs/mideast/RL33269.pdf.

¹⁹ Chris McGreal, “ Palestinian Authority ‘ May Have Lost Billions,’” *The Guardian*, February 5, 2006.

www.guardian.co.uk/world/2006/feb/06/israel.

²⁰ Steven Erlanger, “ Hamas Seizes Broad Control in Gaza Strip,” *New York Times*, June 14, 2007.

www.nytimes.com/2007/06/14/world/middleeast/14mideast.html?_r=1&

²¹ Kareem Khadder & Jason Hanna, “ Hamas, Fatah Announce Talks to Form Palestinian Unity Government,” CNN.com, April 23, 2014. www.cnn.com/2014/04/23/world/meast/gaza-west-bank-palestinian-reconciliation/

terrorism is full-throated, and so is its rejection of Israel. Hamas has already made it clear that it will not disarm or alter its violent ideology any time soon.²² Reports this week now indicate that Palestinian security forces, trained by the U.S. and armed by our Arab allies, may now integrate with Hamas forces in Gaza.²³

Of course, these two political foes have attempted to reconcile several times in the past and failed. But the timing of this recent deal -- on the heels of a collapse in U.S.-sponsored talks -- may indicate a new seriousness of purpose. The two sides met earlier this week in Qatar with the emir, Sheikh Tamim,²⁴ who has already reportedly agreed to pay \$5 million to “families who lost relatives to infighting between Fatah and Hamas.”²⁵ Qatar could be asked to bear the financial burdens of underwriting a unity government—particularly if part or all of Washington’s \$600 million in funding is cut by Congress, and the estimated \$100 million per month in Value Added Tax (VAT) is withheld by Israel.

Proponents of this most recent reconciliation agreement insist that the next step is not a unity government, but rather a technocratic government that would include apolitical figures selected by both parties. As Israel’s ambassador to Washington recently noted, Israel does not accept this distinction.²⁶ And it is unlikely that Congress will, either.

That’s where countries like Qatar come in. Abbas has also appealed to the Arab League for funds.²⁷ Other countries, such as Turkey, may also be willing to make up for financial shortfalls, if the upshot is a Hamas-Fatah unity government.²⁸ Turkey has already been suspected of providing direct assistance to Hamas since 2011, when several news outlets reported that the government of Recep Tayyip Erdoğan allocated some \$300 million.²⁹

²² “ Hamas Official Says Security Services to Stay in Place Until After Election,” *Middle East Monitor*, May 2, 2014. www.middleeastmonitor.com/news/middle-east/11231-hamas-official-says-security-services-to-stay-in-place-until-after-election; and Crispian Balmer & Nidal al-Mughrabi, “Palestinian Deal Will Not Make Hamas Change: Veteran Leader,” Reuters, April 29, 2014. www.reuters.com/article/2014/04/29/us-palestinian-israel-hamas-idUSBREA3S0LD20140429

²³ “3,000 PA Officers ‘to Join Gaza Security Forces’ in Unity Step,” Ma’an News Agency, May 5, 2014. www.maannews.net/eng/ViewDetails.aspx?ID=694901

²⁴ “Abbas, Hamas Chief to Hold First Talks Since Unity Deal,” Agence France Presse, May 5, 2014. www.hurriyetdailynews.com/abbas-hamas-chief-to-hold-first-talks-since-unity-deal.aspx?pageID=238&nID=65979&NewsCatID=352

²⁵ “Qatar Looks to Mend Hamas-Fatah Ties with \$5 Million Pledge,” *Jerusalem Post*, May 5, 2014. www.jpost.com/Middle-East/Qatar-looks-to-mend-Hamas-Fatah-ties-with-5-million-pledge-351341

²⁶ “A Conversation with Ron Dermer,” Foundation for Defense of Democracies, Washington Forum, May 1, 2014. www.fednews.com/transcript.html?item=20140501t2691&op=nw&addr=NW1-DF1-ME1-FO1-HS1-BB1

²⁷ Jack Khoury, “Fearing Israeli Sanctions, Abbas to Ask Arab League for Economic Aid,” *Haaretz*, April 8, 2014. www.haaretz.com/news/diplomacy-defense/.premium-1.584472

²⁸ “Turkey Welcomes Deal Between Palestine’s Hamas, Fatah,” Anadolu Agency, April 24, 2014. www.aa.com.tr/en/news/317818--turkey-welcomes-deal-between-palestines-hamas-fatah

²⁹ See: Saed Bannoura, “Turkey to Grant Hamas \$300 Million,” *International Middle East Media Center*, December 3, 2011. www.imemc.org/article/62607; Nidal al-Mughrabi, “Hamas Quietly Quits Syria as Violence Continues,” Reuters, January 27, 2012. www.reuters.com/article/2012/01/27/us-syria-hamas-idUSTRE8000QS20120127; and Zvi Bar’el, “Turkey May Provide Hamas with \$300 Million in Annual Aid,” *Haaretz*, January 28, 2012. www.haaretz.com/news/diplomacy-defense/turkey-may-provide-hamas-with-300-million-in-annual-aid-1.409708

Turkey has also been providing Hamas with assistance for hospitals,³⁰ mosques,³¹ schools,³² food supplies,³³ and energy.³⁴

Palestine 194

Ironically, the Palestinian leadership's flirtation with an internationally-condemned terrorist organization also coincides with the resumption of a unilateral campaign for international recognition.

On April 1, the Palestinians announced that Abbas had signed letters of accession to 15 multilateral treaties and conventions.³⁵ Last week, the Palestinians also announced that they had become signatories to five of those conventions,³⁶ with plans to sign some 60 others.³⁷

The campaign is not new. Abbas initiated it nine years ago, in 2005. "Palestine 194," as it is known in PLO circles, is designed to circumvent bilateral negotiations with Israel and gain Palestinian recognition on the world stage. Apart from its rejection of diplomacy, the campaign effectively asks the international community to ignore the many shortfalls of Palestinian governance mentioned above. Finally, leveraging the widespread sympathy for the Palestinian cause in the United Nations, the campaign is intended to spark wide opprobrium of Israel in a wide range of agencies.

For more than five years, the Palestinians quietly laid the groundwork for the campaign, and purportedly found support from 128 countries.³⁸ Then, in the wake of a failed settlement freeze in 2010, Abbas responded with a dramatic declaration of state at the United Nations in 2011.³⁹ The move was rebuffed by the United States, thanks to its veto power at the Security Council, which alone holds the power to formally acknowledge

³⁰ "Turkey Building Hospital in Gaza Despite Difficulties," *Today's Zaman*, July 19, 2011. www.todayszaman.com/news-250982-turkey-building-hospital-in-gaza-despite-difficulties.html

³¹ "Turkey to Help Rebuild Mosques in Gaza Strip," *Hurriyet Daily News*, January 12, 2012. www.hurriyetdailynews.com/turkey-to-help-rebuild-mosques-in-gaza-strip.aspx?pageID=238&nID=11286&NewsCatID=338%29

³² "Gaza Govt Constructs, Refurbishes 50 Security Buildings," Ma'an News Agency, January 24, 2012. www.maannews.net/eng/ViewDetails.aspx?ID=454664

³³ Elad Benari, "Israel Allows Turkish Food Trucks into Gaza," *Arutz Sheva*, March 7, 2013. www.israelnationalnews.com/News/News.aspx/165959#.Uml2aPmshsI

³⁴ "Turkey Donates \$850,000 For Gaza's Energy Needs," *Today's Zaman*, October 23, 2013. www.todayszaman.com/news-329599-turkey-donates-850000-for-gazas-energy-needs.html

³⁵ "Ministry of Foreign Affairs Files Applications to Join International Treaties," Palestinian News and Information Agency (WAFA), April 2, 2014. www.wafa.ps/english/index.php?action=detail&id=24782

³⁶ "Palestinians Become Signatories in 5 UN Human Rights Conventions," Agence France Presse, May 2, 2014. www.ynetnews.com/articles/0,7340,L-4515765,00.html

³⁷ Jack Khoury, "PLO Votes to Sign Palestine Up for 63 UN Accords—Abbas to Decide When," *Haaretz*, April 28, 2014. www.haaretz.com/news/diplomacy-defense/.premium-1.587759

³⁸ "Palestine's Application for UN Membership," PLO Negotiations Affairs Department, October 2011. www.nad-plo.org/etemplate.php?id=303

³⁹ "Full transcript of Abbas speech at UN General Assembly," *Haaretz*, September 23, 2011. www.haaretz.com/news/diplomacy-defense/full-transcript-of-abbas-speech-at-un-general-assembly-1.386385

new states. Led by efforts in the U.S. Congress, Washington also withheld \$200 million in financial assistance as a warning to the Palestinians not to return to the UN.⁴⁰

But Abbas was not deterred. He soon made a play for membership at the United Nations Educational, Scientific and Cultural Organization (UNESCO). The vote took place on October 2011, with 107 of 173 countries voting in favor.⁴¹ Congress then slashed its support for UNESCO, too. According to a little-known American law from the 1990s, the U.S. is prohibited from giving funds to any part of the UN system that grants the PLO the same standing as member states.⁴²

Despite these setbacks, by early 2012 the PLO signaled that it was poised for another run at the UN – but this time at the General Assembly. After a number of fits and starts, the Palestinians settled on November 29, a day that followed the U.S. elections, so as to not infuriate President Barack Obama, who had been adamantly opposed to the initiative. It was also the anniversary of the 1947 U.N. partition plan, which allocated territory to both Jews and Arabs. In the end, 138 countries voted in favor of the initiative. Only 9 voted against—eight, not including Israel. To be clear, the vote was only symbolic. The General Assembly does not have the authority to make the State of Palestine the 194th member country of the United Nations.

In short, the Palestinians demonstrated that their campaign could not be derailed. Not even the United States could prevent their bid for recognition. This, in part, explains the urgency of the Obama administration's new peace process, launched in the spring of 2013. While the administration put significant pressure on the Israelis to make concessions on borders, Jerusalem, and settlements, perhaps the only major demand on the Palestinians was to halt Palestine 194.

The Palestinians cooled their heels, but they also continued to study steps to join UN treaties and bodies, and often threatened to return to the campaign.⁴³ Palestinian official Hanan Ashrawi, for example, warned that the Palestinian leadership was ready to join sixteen agencies beginning in April 2014, at the end of the diplomatic window stipulated by the Obama administration.⁴⁴ In late December, Palestinian negotiator Saeb Erekat

⁴⁰ Natasha Mozgovaya, "U.S. Congress Officially Confirms Blocking Palestinian Aid, Explains Reasoning," *Haaretz*, October 4, 2011. www.haaretz.com/news/diplomacy-defense/u-s-congress-officially-confirms-blocking-palestinian-aid-explains-reasoning-1.387989

⁴¹ "Palestinians Get UNESCO Seat as 107 Vote in Favour," BBC.com, October 31, 2011. www.bbc.com/news/world-middle-east-15518173

⁴² Title 22, Section 287e of the U.S. Code prohibits U.S. funding to (1) "the United Nations or any specialized agency thereof which accords the Palestine Liberation Organization the same standing as member states," and (2) to the UN or "to any affiliated organization of the United Nations which grants full membership as a state to any organization or group that does not have the internationally recognized attributes of statehood." They were enacted, respectively, as Public Law 101-246 in 1990 and Public Law 103-236 in 1994. See www.gpo.gov/fdsys/pkg/USCODE-2009-title22/html/USCODE-2009-title22-chap7-subchapXVI-sec287e.htm and <http://uscode.house.gov/statutes/1994/1994-103-0236.pdf>

⁴³ "PLO Studies Steps to Join UN Treaties, Bodies," Ma'an News Agency, January 3, 2013. www.maannews.net/eng/ViewDetails.aspx?ID=553276

⁴⁴ Catherine Philp, "Palestinians Plan UN Move to Show Up Washington," *The Times* (UK), December 2 2013. www.thetimes.co.uk/tto/news/world/middleeast/article3937380.ece

announced that there were no less than sixty-three member agencies of the UN that the PLO sought to join.⁴⁵ Last month, the Palestinian ambassador to the UN claimed that 550 agencies and conventions were fair game.⁴⁶ Senior Palestinian official Nabil Shaath warned that the Palestinians could use the “weapon” of taking claims against Israel to the International Criminal Court.⁴⁷

Israeli officials quietly admit that the ICC is only one agency on a short list of international bodies that they view as red lines. They include the International Telecommunications Union (ITU), the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO), the World Trade Organization (WTO) and INTERPOL. The concern for Israel is that, not only would the Palestinians gain acceptance as a state (and do so outside of the bilateral peace process), but that they would also seek to isolate Israel from these agencies, which are vital for Israeli commerce, security, or diplomacy.⁴⁸

The Palestine 194 campaign is not only a concern for Israel. It could also harm U.S. interests, in light of the fact that our laws could prompt a cut in funding to any agency that accepts Palestinian membership. While State Department officials have acknowledged this concern to me, it is unclear whether the U.S. government is in any way prepared for the isolation that could result from this campaign once it gets underway.

Recommendations

In light of the above challenges, I respectfully submit the following recommendations.

1. **Stop Iran from getting the bomb, and soon.** The longer this crisis lingers, the longer it will cast doubt on America’s ability to impose its will in the Middle East. As long as the climate of fear persists, the Israelis will be less likely to make concessions that impact their security. Similarly, Sunni Arab states like Saudi Arabia will be less inclined to push the Palestinians to the table. Put simply, the Iran nuclear challenge overshadows everything else in the region.
2. **Condition Palestinian aid on transparency and good governance.** Aid should not be based solely on supporting the peace process, as it has been until now. Aid needs to be conditional and performance-based. We need to keep expectations high.
3. **Require that Palestinian economic development be based on sustainable practices, not political patronage.** Selection of partners for business opportunities

⁴⁵ “عريقات: سننوجه لـ63 منظمة دولية في حال طرح عطاءات استيطانية جديدة” Ma’an News Agency, December 26, 2013.

www.maannews.net/arb/ViewDetails.aspx?ID=660471

⁴⁶ “Ambassador: Palestine Eligible for 550 Intl Orgs,” Ma’an News Agency, April 2, 2014.

www.maannews.net/eng/ViewDetails.aspx?ID=687069%20

⁴⁷ “Shaath: Palestine Prepared to Join More UN Orgs,” Ma’an News Agency, November 26, 2013.

www.maannews.net/eng/ViewDetails.aspx?ID=651372

⁴⁸ First reported in: Jonathan Schanzer & Grant Rumley, “Palestine’s Plan for When Peace Talks Fail,” *The National Interest*, March 17, 2014. <http://nationalinterest.org/commentary/palestines-plan-when-peace-talks-fail-10061>

must be a completely objective process where the best and most transparent companies are awarded contracts. This cannot be tainted by political objectives. Too much nepotism, waste, and corruption has already eroded Palestinian growth.

4. **Take the “peace processors” away from the economic process.** Economic development must be left to the economists. Too many sweetheart deals were cut during the heyday of the peace process. The prevailing thinking appeared to be that, if the most important Palestinians were sated by lucrative business deals, they would not have the stomach to engage again in hostilities. That thinking was wrong. Not only did the peace process unravel, but the Palestinian economy collapsed.
5. **The old guard must go.** Washington must pave the way for the orderly exit of Mahmoud Abbas and his clique. After a decade of corruption and poor governance, new parties and new leaders must be given an opportunity to emerge. Indeed, the Palestinians need a marketplace of ideas if there is to be change. Right now, political challengers are crushed. This portends poorly for the future of the system and could ultimately enable Hamas to seize power in the event of a leadership crisis.
6. **Prevent Hamas from joining the Palestinian Authority and/or the PLO.** Reconciliation is not yet a done deal. Washington must make it clear that all funding will be slashed should Hamas become part of a national unity government or even a technocratic government approved by Hamas. This is a matter of enforcing existing U.S. law. Similarly, the PLO must understand that it can be placed under U.S. sanctions should it allow Hamas to join its ranks. Hamas will deal a blow to any future chance at diplomacy.
7. **Put more pressure on Hamas’ regional supporters.** Turkey and Qatar are two U.S. allies and two of Hamas’ strongest backers. These countries could determine the future success or failure of a unity government. They must be convinced to cease their political and financial support to Hamas. As Secretary of State John Kerry stated in 2009 when he was U.S. senator, “Qatar... cannot continue to be an American ally on Monday that sends money to Hamas on Tuesday.”⁴⁹ The same goes for Turkey.
8. **Counter the Palestine 194 Campaign.** Washington must move quickly before the Palestinian international recognition campaign prompts additional cut-offs at UN agencies, like the one prompted by the PLO accession to UNESCO. While the United Nations is highly dysfunctional and often harmful to American interests, some agencies are of value. Cuts in funding should be strategic, and not dictated by Palestinian maneuverings. While communication is already well established, Washington must engage with the relevant agencies to see what solutions are available. Congress may also begin to identify legal mechanisms to challenge this campaign.

⁴⁹ John Kerry, “Restoring Leadership in the Middle East: A Regional Approach to Peace,” Remarks at the Brookings Institution, March 4, 2009.

www.brookings.edu/~media/Events/2009/3/04%20leadership/0304_leadership.PDF

9. **Investigate the PNF.** The Palestine National Fund receives funding from the Palestinian Authority budget, to which America contributes some 20 percent annually.⁵⁰ The PNF is often viewed as the main financial body of the PLO.⁵¹ The PNF has in the past used its funds to “to help families of ‘martyrs,’ and to educate refugees, as well as funding Palestinian media organs.”⁵² Today, it provides funding to PLO missions around the world.⁵³ Those missions have been responsible for lobbying on behalf of the Palestine 194 initiative. Congress should determine whether the U.S. directly or indirectly funds the PNF, and take action accordingly.

On behalf of the Foundation for Defense of Democracies, I thank you again for inviting me to testify before this distinguished committee.

⁵⁰ “PA 2013 Draft Budget Excludes Fuel Revenues,” Ma’an News Agency, April 6, 2013.

www.maannews.net/eng/ViewDetails.aspx?ID=576647

⁵¹ “Palestine Liberation Organization (PLO),” Embassy of the State of Palestine in Malaysia,

www.palestineembassy.org/plo.html

⁵² “Jaweed al-Ghusein: PLO Treasurer Kidnapped by Arafat,” *The Independent*, August 27, 2008.

www.independent.co.uk/news/obituaries/jaweed-alghusein-plo-treasurer-kidnapped-by-arafat-909610.html

⁵³ “Abbas Appoints Ramzi Khoury as Director of the Palestine National Fund,” *Al Jazeera*, April 27, 2005.

www.aljazeera.net/ebusiness/pages/75f07b90-8c5d-46c0-8d30-d49b2e8ed000