



THE TWO-STATE SOLUTION: REEVALUATING U.S. POLICY

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ANALYSIS

- Palestinians continue to be dispossessed of their land by Israeli settlers—no land, no state
- Gov't remains ideologically opposed to two-state solution—impossible while Netanyahu remains in power
- No legitimate representative for Palestinian people—PA deeply unpopular; reforms necessary
- Underlying obstacles to Palestinian development remain unaddressed—will retard development of Palestinian state
- Continued war will isolate Israel
- Maintaining close relationship with Israel while settlements/offensive continue will damage international and regional credibility and complicate relations with Arab states
- The President direly needs to be able to point to concrete support for Palestinians

OPTIONS

- **Aid**—send more humanitarian and economic development aid to Gaza and the West Bank
 - Help build goodwill
 - May be used as a precondition to secure significant reforms of PA
- **Working Group**—create an interagency working group to draw up plans to guide development of future Palestinian state
 - Signal commitment to and allow us to influence development of a Palestinian state
 - Israelis may not like the implication of a Palestinian state
- **Palestinian Mission**—reopen a Washington, D.C. office for Palestinian representative entity
 - Give legitimacy to Palestinian leadership, demonstrate commitment to Palestinians, closer ties
 - Should only occur if PA is reformed or replaced
- **Recognition of Palestine**—full recognition of a Palestinian state within the pre-1967 borders
 - Fullest possible demonstration of support for Palestinians, much closer ties, boost credibility
 - Will need to take harder stance on settlements, Israelis will likely see it as betrayal



RECOMMENDATION

- In an ideal situation we would incorporate all options into our recommendation
- Our goal now is not to impose a specific peace deal – we plan on enabling the mechanisms that will eventually lead to a climate where one can be reached
- Continuation of aid and the creation of an interagency working group are top priorities
- Obstacles – current Israeli leading coalition and leadership, concerns inside Israel, corruption within organizations
- Overcome through new leadership, United States pressure, and new Palestinian leadership