

THE BROOKINGS INSTITUTION

Middle East Youth Initiative

ONE YEAR AFTER GAZA:

SECURING THE FUTURE FOR YOUNG PALESTINIANS

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**Opening Remarks:**

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**Panelists:**

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EDWARD SAYRE  
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## PROCEEDINGS

MR. TALBOTT: Friends, ladies and gentlemen, it's wonderful for so many of you to turn out this afternoon for a conversation that could hardly be more timely and could hardly be better served for the purposes of a good, informative and forward-looking discussion than by the gentleman to my right, Jim Wolfensohn, who is a personal friend, an institutional friend, a trustee of this institution and has some other credentials that make him just the right person to get us started on the topic of how to secure the future for Palestinian youth.

Jim and I are going to engage in a bit of a dialogue for a few minutes up here at the beginning. Then we'll turn it into a 'multi-logue' involving as many of you as possible, and in about 40 minutes or so we'll turn the program over to an excellent panel that's assembled here. We thank our friends and colleagues from the New America Foundation which has been helping us put this event together and some subsequent ones still to come. I won't introduce the panel now. I would, however, like to say to Congressman Ellison what a pleasure it is to see you back here at Brookings. He's been a frequent visitor here, and we're the better for it. I look forward to listening to you this afternoon.

I don't think I need to go on at too much length about Jim Wolfensohn's background.

MR. WOLFENSOHN: Good.

MR. TALBOTT: We'll just stop right there. He's come to talk us about fencing this afternoon, a sport from his youth which he's taken up once again in middle age.

MR. WOLFENSOHN: Early middle age.

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MR. TALBOTT: Right. But in addition to being an athlete and an Olympian, he has also been of course a global public servant. He was that in his capacity as the President of the World Bank, and then in 2005-2006 he was the Special Envoy for the Quartet working on the Middle East in general and the issues and challenges of Gaza in particular. Subsequent to that, he as a Brookings trustee has enabled us here at Brookings to establish the Wolfensohn Center for Development which has a number of very timely, high-impact projects underway, one of which is the Middle East Youth Initiative, which the Wolfensohn Center is conducting in partnership with the Dubai School of Government.

What I thought I might do to get the conversation started is to ask Jim to reminisce a little bit with the wisdom of hindsight, and I remember being with him in Jerusalem in 2006 and he had the wisdom of foresight as well. That was a rather critical moment in his work on Gaza and he was very, very concerned about the connection between the economic restrictions on Gaza and what were likely to be the political developments both in Gaza among the Palestinians, between the Palestinians and the Israelis. Jim, maybe recalling that time when we were together in Jerusalem you could look back a little bit and see what you think the principal lessons are especially as they apply to the situation today a year after the worst of the military activity, but there have been of course troubles just in the headlines in the last couple of days as well.

MR. WOLFENSOHN: Thank you very much, Strobe. To take you back to those days and to allow me to reminisce just a trifle, the situation was as you will recall that there was great tension between Israel, the West Bank and Gaza, and one of the activities in which the Quartet was involved, the Quartet being the United States, Russia, the U.N. and the European Union, was to try and see if we could help in any way to unlock this difficult situation. It was really no thanks to my efforts or indeed the Quartet's

that Ariel Sharon decided that the first step in what he wanted to do was to withdraw from Gaza and that was a momentous decision and at the time perceived to be fully of hope. It was a time when as you will recall a million-plus people in Gaza were negotiated with in terms of the withdrawal and the 7,000 or so Israelis that were there largely involved in hothouse production were given the opportunity or, rather, were encouraged to leave including leaving the hothouses. But the bottom line of it was that essentially there was to be this withdrawal and the Israelis were to leave and one way and another we raised a bit of money to pay the owners of the hothouses to leave them there and there was for a time production by the Palestinians in those hothouses. The hope was that that would be an industry that would allow for an income in the area and for some material benefits to the Palestinian population and that we could move forward thereafter, and with the arrival some months later of Hillary Clinton you may remember, not Hillary Clinton, the Secretary of State, came over, and I see the former Consul General is here so he will remember this. There was an understanding reached between the Israelis and the Palestinians in relation to a forward-looking economic viability for Gaza which included a port, which included an airport, which included access and egress from the country and movement between Gaza and the West Bank, bus service and all the things that we had hoped for.

In the event, that moment of agreement in which the secretary made the announcement and then moved on, the tragedy of the situation was that none of it lasted for very long and the situation collapsed with violence on both sides and essentially the creation of what now exists in worse form the closing of Gaza and the isolation of the residents. It's not at a peak as you know with very high unemployment and with little or no activity, with access and egress for goods basically through tunnels it is a very unhealthy situation. And worse than that, within the context of the million and four or so people who are in Gaza and the 2.3 million Palestinians who are in the West Bank, there

is now a division as I think you know between Hamas and Fatah so that there is a dichotomy of the people.

So we now have a situation instead of the dream that we had hoped for and with some of us I think hoping that Gaza would be the first step to normalization on the West Bank led by Ariel Sharon, as you know, Ariel Sharon went into a coma where he still is and the situation has eroded to the current situation. That's a very brief history of what happened for those of you who are not familiar with it.

So now we're faced with a situation where the dream of a united Palestine with talk of nationhood has receded into the background, although in June Prime Minister Netanyahu made an announcement that was certainly a surprise to me that he would accept a two-state solution of Palestinians and Israelis subject to couple of conditions, one of which was that there would be limited military capacity on the part of the Palestinians and that the issue of immigration would be taken off the table in terms of the right of return to Israel of Palestinians, and there was a third element which was to be the unity of Jerusalem in which at least there was an opening for discussion in terms of the Holy Places and in terms potentially of some sort of division.

So we are now in a situation where very sadly we have from that dream a situation which is unfortunate with a division between the Palestinian people and with anxiety about Gaza between Israel and the Palestinians, and as Strobe was telling me before I think with some violence in the last days which I missed. We are now where we are with a sort of offer or willingness on the part of Prime Minister Netanyahu to negotiate, and difficulty with who to negotiate with, and the terms and conditions on which it can be commenced. Abu Mazen [Mahmoud Abbas] is taking a predictable position in relation to settlements and in relation to further encroachments, as he sees it, by the Israelis into Palestinian territories and with really a standoff, all within the context of a

much broader Middle East set of issues than we had a few years ago with Iran being of course major, with the Sunni-Shia split which is not trivial which has very serious political implications. It's taken a minute to tell you this, maybe longer than I should, but as those of you who know the area know, it's not uncomplicated and I tried to do it as quickly as I could.

MR. TALBOTT: Jim, you mentioned having worked closely and well with the previous administration, the Bush administration. The administration got some criticism when it first came into office and later for not engaging with the Israeli-Palestinian conflict. Certainly that's something that the Obama administration cannot be accused of, but it has gotten some criticism for having engaged at the get-go but not having been able to develop much traction. What's your own assessment of how the Obama administration has handled the situation in its first year?

MR. WOLFENSOHN: I think that the initial statements were timely, accurate and correct: to say this is one of the key issues that we need to resolve and we're going to get into it and we're going to deal with it. They appointed an admirable person in George Mitchell to be the center point of this and gave him, I think, and continue to give him, appropriate backing. My own judgment is that broader events have pushed that more into the background than perhaps they would have hoped originally. We have had an extension of the problems which the president inherited starting before but certainly made visible in September of the year before with the Lehman Brothers crisis, which was the visible symbol of the most recent and serious economic downturn which has prevailed during the course of last year with negative growth in our country for the first time in 60 years. And combine with that the involvement of American forces in Afghanistan, the combination of our activities overseas in terms of defense expenditures and an accumulating budget deficit, a 10 percent plus primary unemployment and

probably a combined unemployment of 16 to 17 percent at a minimum. When you're President of the United States and you're looking at the range of problems here I think you'd have to say that those problems certainly on the face of it are more significant than 11 million people combined, with the Israelis and the Palestinian,s in a sea of 350 million Arabs, notwithstanding the importance to all of us about that particular issue and notwithstanding the fact that when you talk to Israeli and Palestinian friends they perceive this as being the center of the universe. It is not the center of the universe and events around it have really made this particular issue which is becoming more and more a specialist issue in my book is just not getting, Strobe, I think the attention.

Recently the secretary of state has announced that they're going to come together. I saw the Ambassador to the U.N. two days ago where she made some comments at a gathering that I was at, at which she said they're quite serious about moving forward to try and resolve this, highly consistent with the statement made by Secretary Clinton. But I think George Mitchell at the moment is having some difficulty in formulating the way forward and we're all waiting for that magic set of statements which will include support by Syria, Arab countries and all the things that we all hope for but which have not yet appeared. So with the tension and violence in relation to Gaza, with the economic drama in Gaza, with the split between Gaza and the West Bank, notwithstanding a substantial easing which I've seen with my own eyes in the West Bank recently in terms of movement and activity, I think you'd have to say that the future is uncertain though I'm thrilled that the statements are being made that this will again be given a high propriety.

MR. TALBOTT: Jim, since the word youth figures both prominently in the name of the initiative that the Wolfensohn Center is doing with the Dubai School of Government and also in the topics of our discussion this afternoon, and then after this

we'll open it up to all of you, would you reflect a little bit about what your motivation was for wanting to concentrate as much on youth as you have done both when you were working as special envoy and also subsequently? And if I could just append to that a question that is puzzling, disturbing and timely, and that is the issue of terrorism and in particular suicide bombing? This is a phenomenon of our time on which youth has no monopoly, Palestinians have no monopoly, Arabs have no monopoly. It's a global problem, but young Arab suicide bombers are a big part of that phenomenon. How do you relate that to the nexus of politics and economics that you've been concentrating on in Gaza?

MR. WOLFENSOHN: I think that's a great question and it's at the core of stability I think in the Middle East and in many other places, I think, including, in the coming years, in Africa where we will have a population by 2050 of 2 billion people with half of them or more young.

MR. TALBOTT: And the most famous recent would-be suicide bomber was from Africa.

MR. WOLFENSOHN: That's exactly what I'm just about to say. We're talking about a global issue; we're not just talking about an Arab issue. The issue of frustration of youth works lots of places. The situation in the Middle East which we're addressing at our center here is that there are roughly 350 million Arabs in the region of whom 100 million, give or take, are between the ages of 15 or 25, and maybe 130 to 140 million are under the age of 15, so that you have more than 65 percent under the age of 25. In the cohort 15 to 25 which are looking for work, my colleagues afterwards will no doubt give better numbers than I have, but if you say that there are 4 or 5 million of these young people who need jobs every year, the generation of jobs, which is not too great anyway when you take out government service or even if you include it, still leaves

somewhere between 2 to 2-1/2 million of these young people unable to find work. So you have a continuous condition to the core of unemployed, delays in the ability of young people to get married, delays in their ability to earn a livelihood which would permit that, and, not surprisingly, acute frustration given the mores and customs of the region. It is to us – in the work that we're doing here and in which we've been joined now in Dubai and Qatar where we have centers of research and we've looked at 11 countries - this issue is not just an issue for specialists, this is an issue which is at the very core of economic and social stability. As you can imagine in our country here, if we had 30 to 40 percent of our young people unable to get work every year and it was increasing, we would have a hell of a problem. That's exactly what we're finding in the Middle East.

So that the question of jobs which is the first part of what Strobe said is really crucial in terms of economic development, and as I think many of you know, the societies generally in the Middle East are not orderly in the sense of giving everybody an opportunity to move up the chain, there is in many of the countries a select group which is more fortunate than the group below, to put it elliptically, but it's quite clear. So we have these societies which, to start with, are vulnerable in terms of young people who are looking for a more democratic environment, and then without jobs you quickly get to the point which is the second part of Strobe's question that for young people who are frustrated there are opportunities to either stick with it and keep going or there is an immediate sense of violent reaction. And if the violent reaction is one that can be focused and it can be put within a context of religious belief – that violent action which leads to death is not the worst thing in the world that can happen to you because of what will happen in the afterlife – even if you get a few people who believe that, you have a very dangerous structure. What we've seen lately is that the combination of frustration, anger, lack of opportunity and a sense that life now is less good than maybe life

hereafter, you have a combination which is pretty dangerous. I'm afraid that that's what we now have in the Middle East with the frustrated youth and in some countries with inadequate leadership in terms of bringing the resources of those countries together as I know from my period at the World Bank, this is something that needs to be worked through. Whether or not there is an Israel issue, it is a serious issue anyway. As I said, the split within the Arab community, the Sunni-Shia split, has within it I think also seeds of some difficulty.

I hope very much that my successors and all the people who are training at Brookings will come up with much better ideas than my generation had and that this thing can be resolved and that there will be an Arab leadership that is farseeing and that can be about a greater balance.

MR. TALBOTT: Thank you, Jim. We have about 10 minutes or so for some questions. If you have a question, there's a gentleman right over there. Please identify yourself and wait for the microphone.

MR. HAGER: Thank you very much for your remarks, Mr. Wolfensohn. My name is Michael Hager, President of the Education for Employment Foundation which is active in five Middle Eastern countries including the West Bank and Gaza. I would like to know, sir, what is the policy of the Quartet with respect to Gaza? My understanding has been from the beginning that the Quartet hoped to show the citizens of Gaza that there was a better life in the West Bank and that Hamas should be rejected. I remember being in Gaza City shortly after the election and being told that if that were the policy that Hamas would be the last man standing. I would like your views on whether that was really the policy. And secondly, what do you think the impact is in terms of the youth a large majority of whom have no economic opportunity whatsoever and may have other ways to work out their frustrations? Thank you.

MR. WOLFENSOHN: I think on the second part of your question is what I was just addressing. It is that I think there is an acute frustration amongst the youth. If you have 60 percent plus unemployment whether it's in Gaza or whether it's in any country, you have a hell of a problem in containing the emotions and the frustrations of youth. It's not an Arab issue. It's an issue that you can't have that and have peaceful development. So I would say that that issue is pretty clear. The first part of your question related to?

MR. HAGER: The Quartet's policy.

MR. WOLFENSOHN: The Quartet's policy. What George Mitchell, actually Tony Blair, was trying to do was to intervene in relation to the question of how these issues can be solved. But as the gentleman behind you knows, the Quartet envoy has a very limited mandate. In my case I thought that the mandate was greater and for a time people humored me by pretending that I did in fact have a mandate to go beyond economic development. But if you read carefully the terms of the Quartet envoy, it is essentially an economic post. It is not a political post. To drive that home to me, I was told by some of my members of the Quartet [inaudible] this country that the furniture was about to be removed and that we should close the office, and in a short period of time I had a farewell party to the members of my team from the Quartet. It was a sad but [inaudible] affair that we had in Jerusalem and we parted. Shortly after that there was the solution to the problem which was an invasion of Gaza which lasted as you'll remember maybe 24 hours and that initiative turned on itself and made relationship even worse. Then when there was a resumption of the idea about the Quartet, it's a long story, but basically Tony Blair took it on and he has had a limited mandate ever since.

So I would say that the Quartet has little or no activity other than economic and that the weight is now clearly, as it was with Secretary Rice and her

colleagues, very much a U.S.-driven activity because the concession to the Quartet was a concession in my judgment and was never really real. If you can wait until June or July when my book comes out, it will give you chapter and verse in relation to it. I hope you will all buy a copy because it's such an exciting story.

MR. CROUSE: Ralph Crouse, retired research chemist. While the Nigerian who was apprehended in Detroit did not come from a deprived background, I wondered still what role or effect shock and awe bombing, search and destroy missions, demolition of housing and seizure of borders has contributed or generated suicide bombers.

MR. WOLFENSOHN: To the visible suicide bombers whether they're in the region of Palestine, Israel or in other places including our own country, the attacks of more than 5 years, the people who were conducting those attacks were by and large educated and reasonably financially supported. So it was not that group of people who can't get work, and the experience thus far in suicide bombings, other than in local events where someone straps dynamite to themselves and goes and blows up something, ...has been done by a more intellectual group. Indeed this gentleman, I think the most recent one, was a graduate of the London School of Economics. So there is not a necessary connection between inability to get work and suicides. But one thing that I think is very clear at the moment is that the overall economic disadvantage and the actions of the Israeli military – while the Israelis would I think justify it on the basis of a response to continued pressure – doesn't really play well with either the general community or with the Palestinians. Because it seems that if you have 1,500 people killed and 500 injured in the attacks that that is disproportionate to the problem, and I would say that world opinion is probably in support of that view.

On the other hand, if you talk to Israelis, public opinion there is that it was responsive to what has been happening to them. It is a very, very difficult issue. There are some wise people, however, who are trying to resolve it and saying that resolving that particular argument is not essential to bring about a peace. Abu Mazen is one of them and Prime Minister Salam Fayyad is another. They are not trying to win that that argument. They're maintaining their position, but they're moving on to try and see if there can be a resolution to the economic and other issues and 70 percent of the people, both Palestinian and Israeli, would like to see some sort of settlement. They're not defining it directly by lines, so I think there is a strong feeling. And the one thing that I've noticed in the last few years is that there are many, many more informal contacts between the Palestinians and the Israelis at the business level and at the constructive level, civil society level, than was apparent when I was the envoy. I've been to both the Palestinian Territories and Israel many times in the last few years and it really surprises me and pleases me that underneath the rhetoric, which is ever more vigorous and may be more justified, there is nonetheless a group of young Palestinians and Israelis and some older leaders of whom I probably would put at the top Shimon Peres who really see through this and see that the ultimate answer has to be peaceful coexistence.

MR. TALBOTT: Garry, I'm going to give you the last brief question and then we're going to go to the panel.

MR. MITCHELL: Thank you, Garry Mitchell from the "Mitchell Report." Mr. Wolfensohn, I'm interested in your perspective on the extent to which the battle of the narratives has a role in this issue and particularly with respect to youth disillusionment. What I'm referring to is the notion that I think we have taken the easy path of saying that Osama bin Laden and al-Qaeda don't really offer an alternate vision, but for some the notion of a caliphate is an alternate vision and that it's imperative on us writ large to

engage in a counter-narrative, and I'm interested in your thinking about whether, A, that's accurate, and, B, whether you think that's something that can have an influence particularly on youth.

MR. WOLFENSOHN: I obviously have read and listened to arguments at that level, but I don't think this thing is going to be solved at that level. I think the debate is going to be about what were the conditions that were established probably first by Bill Clinton which are not going to be modified very much, other than in relation to the physical arrangements on the ground: 95 percent or so of the land is clear, 5 percent will be a land swap. It's unlikely that you'll have a return of the Palestinians other than a symbolic return, that the rest of the issue will be solved by compensation, that you'll do a deal on Jerusalem and, the quicker that you can get there, in the end that's going to be the resolution of the problem. The Israelis will insist on having a united Jerusalem and they'll back down from that, they'll have to, and what is critical is that in my judgment the United States at some point gives this the priority to insist on it because I don't think there's much time. I think if it is not resolved then the issue will become far less important, that we will then have an issue of a single Israeli state for years with a large and growing Palestinian involvement, ultimately possibly a majority, with the Jewish and the Israeli inhabitants being more and more influenced by a fast-growing religious group which is destabilizing Israeli society. I haven't spoken to Bibi [Benjamin Netanyahu] about it, but I think that the leadership in Israel must recognize that the next year or two is the time when you have to do a deal. I think it all changes after that. I think at the moment you could get Arab support for a deal. Who knows what will happen in 2 years' time? There may be a whole lot of other internal issues which make it impossible.

So my own belief is if I were Israeli or Palestinian, I would be looking to try and get something done, and the fact that 60 to 70 percent of the Israeli and

Palestinian populations believe that makes me believe that there is a chance. I just hope the leadership will carry it through. But in the next panel you have real experts, so you should ask them instead of listening to a superannuated former civil servant.

MR. TALBOTT: But still Olympian fencer. That's a perfect segue obviously, Jim, before we give up the podium to the panel that's going to be coming up here now. I want to thank you, but I also hope you will join me in everybody who is here to come back for a discussion of your book when it comes out.

MR. WOLFENSOHN: Thank you very much, and we'll give a discount to everybody.

MR. SARBIB: Good afternoon, everyone. The panel is here and it's going to be quite a task to come after Jim Wolfensohn and Strobe Talbott, but we'll try to do our very best. My name is Jean-Louis Sarbib. I am a Nonresident Senior Fellow at the Wolfensohn Center for Development and I'm delighted to be moderating this very, very distinguished panel.

We have the pleasure and the honor of being joined by Representative Keith Ellison from the 5th Congressional District of Minnesota at the U.S. House. His philosophy is, as he describes it, one of generosity and inclusiveness and he has tried to reflect the concerns of his constituency in the work that he is doing in many, many areas including human rights, and he will talk to us about some of his experiences in visiting Gaza.

To his right is Daniel Levy who is a Senior Fellow and Co-Director of the Middle East Task Force at the New America Foundation, and he comes to us with a long experience in negotiating peace agreements. He was the Senior Advisor to Prime Minister Barak and Yossi Beilin when he was Minister of Justice. He was part of the Israeli delegation to the Taba negotiations, some of the results of which Mr. Wolfensohn

just mentioned. To his right, Amjad Atallah is Co-Director of the Middle East Task Force at the New America Foundation and a specialist in negotiations in conflict and post-conflict situations. He has advised the Palestinian negotiating team. So you have the person who advised the Israelis and the person who advised the Palestinians and, as Jim was saying earlier, they are talking to each other and they are friends so there is hope.

Then to my immediate right we have Andrew Whitley who is from UNRWA, the United Nations Relief and Works Agency, that has a long history of involvement with Palestine. And Andrew also in an earlier life was a journalist with the "Financial Times" and other prestigious newspapers, and he actually wrote 20 years ago a book about the economic future of Palestine.

MR. WHITLEY: An article. Not a book.

MR. SARBIB: Finally, we have Edward Sayre who is an Assistant Professor at the University of Southern Mississippi and [contributing] author to a very interesting book, "Generation in Waiting," which is the sum of the work to date of the Wolfensohn Center's Middle East Youth Initiative and it is a joint publication of the Wolfensohn Center and the Dubai School of Government. Edward has also spent quite a bit of time at the Palestine Economic Policy Research Institute. So we have a panel of people who know the region and have demonstrated their commitment.

I'd like to start with you, Congressman Ellison, and ask what images struck you when you visited Gaza in February of last year?

MR. ELLISON: That's a great question. First of all, let me thank Mr. Wolfensohn, Mr. Talbott, the Brookings Institution and the New America Foundation and all of you. A year after that very catastrophic set of events that we know now as Operation Cast Lead to see everyone in this room, and standing room only,

demonstrates that the world's attention has not been taken off this crisis and I think that's a good thing.

As I think about what I saw a year ago and what I hope to see in a few days when I go back to Gaza, a reporter asked me one year later, Keith, what do you think [about] what has been done? It seems to me, speaking from the reporter's perspective that nothing has changed. My response to the reporter was we'd be fortunate if nothing had changed. It's gotten worse. The fact is that since Operation Cast Lead, the factories that we toured which were bombed out and destroyed clearly have not opened again. The hundreds of people who were working in a particular biscuit factory are still unemployed. A group of men who I walked up and was talking to had constructed a little hut from cinder blocks. I wouldn't be surprised if those same fellows who are about the same age as I am, they got kids to think about, wives to care for and families to think about, they're probably still not working at this very moment.

I went into a grocery store in Jabalia Camp and I was told that there was a shortage of shekels in the economy, just paper notes, they just didn't have enough. So I decided to buy some stuff and just give to somebody. I did that, and so I bought some candy bars. I was told that they came not through the checkpoints which are still closed but through the tunnels from Egypt which have increased in number. So when I bought these shekels, I mean when I bought these candy bars, I couldn't eat all these candy bars, so I gave them to the kids who were outside. Then they all kept coming up and I was told that these children, their parents can't buy them these candy bars because the premium that's placed on those items is just too high for the average Gazan to possibly afford. Those children who went to that school, maybe they went to the American School in Gaza. That school is still destroyed and bombed out. Before the bombing you could have gone in there...[but now there is] still no concrete, no glass, no items have been put

forward to build that school back up. And the people who ran that school, who started that school, are still jamming into very limited space in order to try to educate children.

We went to the al-Quds Hospital and the psychosocial room which had the most interesting depictions of Disney characters, Goofy, the cartoons painted on the wall. One half was Disney characters; the other half was charred remains of what used to be the wall. I'm pretty sure that that wall has not been repaired and that the posttraumatic stress that those children have been suffering from has not been alleviated. I'm also sure that the children in southern Israel who we met in Sterone are still hoping and praying that a rocket doesn't hit their home. They're still running for bomb shelters as they play in playgrounds in Sterone. It's still a very awful condition. But let me just make a few more points as you asked me what's changed since Operation Cast Lead, we all remember. I don't know if Bibi Netanyahu and the conservative coalition that was swept into office post Cast Lead would be there or not, but they certainly are there now. It's clear that Israel's diplomatic position has slid backwards. They used to have a working relationship with Turkey. That has been damaged. Morocco, they had relationships, that's been damaged. And I think diplomatically and since the Goldstone Report was released, clearly there has been diplomatic damage to Israel. The fact is that I think, in the final analysis, it's been catastrophic for everybody. The credibility of the United States Congress has been harmed since Operation Cast Lead.

MR. SARBIB: I'm sorry to interrupt you.

MR. ELLISON: You put me on a roll.

MR. SARBIB: We'll come back to that. I know it's hard to stop talking especially that the numbers are indeed quite shocking.

MR. ELLISON: Before I go can I just make a quick announcement?  
Forgive me. Next week Dr. Ezzedine al-Aish who lost three of his children and a niece

will be on Capitol Hill on January 20 and you're all invited. He is alive and teaching at the University of Toronto but his children are casualties. We also are preparing a resolution filled with quotes from American public officials on the need to address the humanitarian conditions.

MR. SARBIB: We'll come back to you. This is not your last chance to speak. I just wanted to illustrate a figure. The congressman just talked about the destruction of productive capacity. In June 2005 before the withdrawal there were 3,900 industrial establishments in Gaza that occupied and employed 35,000. In December 2008, 3,900 had become 200, and after Operation Cast Lead it had become 70, and 35,000 employed has come down to 1,900. So those are numbers that we all should ponder when the congressman said the situation is not the same, it's gotten worse, and we're lucky that Andrew here has a longer view of what has been happening in the occupied Palestinian territories. Maybe you want to share with us what you see today and where we come from.

MR. WHITLEY: Thank you very much, Jean-Louis. Ladies and gentlemen, in September, last September, the General Assembly of the U.N. held a solemn commemorative event marking the sixtieth anniversary of UNRWA. It was not a cause for celebration, but it was a moment to pause and reflect on the fact that the refugee question still persisted 60 years on. The speeches really didn't matter and they didn't last at all, but really made an impact on almost everyone who saw it [on] a huge poster that we had that draped [over] the entire General Assembly building. It was very dramatic, and it was a montage of pictures of young happy smiling boys and girls jostling for attention from the camera holding up little items, and the slogan underneath, "Peace Starts Here." That is our goal, that we believe that it is the young people many of whom are refugees in Gaza, 70 percent of the population are refugees, 1.1 million are

registered with UNRWA of a 1.5 million estimated population and these people clearly are so yearning and desperate for someone to give them something tangible to hand on to as means of hope for the future. Indeed, as you've heard from other speakers, the prospects are pretty bleak indeed. Jean-Louis has just been referring to the employment statistics from local manufacturing. Virtually all other alternatives for sources of employment have also been progressively eliminated. As Jim Wolfensohn knows very well, the previous main source of employment used to be day labor in Israel. That's closed and gone. There used to be a very extensive agriculture in Gaza. Almost completely destroyed. Almost completely gone. Virtually no source of self-reliance there. The fishing industry is almost completely decimated.

The local manufacturing as subcontractors for Israeli companies, those very profitable business links, Mr. Wolfensohn referred to the business contacts between the West Bank businessmen and the Israeli companies. Sadly that is not happening for the highly entrepreneurial Gazan business elite and that's tragic because these are the people who can provide local employment there. So what are the alternatives for young people? Today you can work for the Hamas Security Forces. You can be on the UNRWA payroll and be able to be a doctor or a nurse or an engineer, but there's a limit to our ability to support people, and it's not our job ultimately to replace the private sector. Or else you can work in the tunneling -- which has been a thriving business for the last year. And that fortunately from the point of view of cutting down on the arms smuggling, but unfortunately from a humanitarian perspective because most of the goods coming in have been essentials of daily live to support people. It looks as though that avenue will now be cut off. So once again another door will be closed. I would very much hope that the counter to that would be that there would be relaxations on the Israel crossings. I'm not sure that it will happen, but we must continue to argue and advocate that it should be

because clearly the alternative is going to be a continuing deepening sense of isolation, of frustration, or radicalization. And what has changed in the past year is virtually nothing in terms of the conditions on the ground except that Hamas is much stronger than before. Hamas is more entrenched in power. The population is more radicalized than it was. I am not saying Hamas is more popular, but it is more powerful and is more determined to exert its own authority over all aspects of life.

MR. SARBIB: This is again a very sobering picture, but there is a need to think a bit more specifically in this overall picture what is the potential for youth to find a way toward hope, employment? I think, Edward, I'd like to ask you to tell us a little bit what your research has been showing on these issues.

MR. SAYRE: Just to set the stage a little bit to think about, and coming back to some of the things Representative Ellison said as well as Mr. Whitley ...the situation even before the Gaza war in the Gaza Strip, especially for the youth. If you look back at what had happened in the previous 10 years, there is an average halving of the income from 2000 to 2008 already, and this is largely due to the blockade that had been in place for several years. But in addition to that, the dire situation for the youth of Gaza is much more severe than what is going on in the overall economy. Some basic statistics about this include the fact that over 75 percent of the population of Gaza is under the age of 30, approximately 30 to 32 percent of that between the age of 15 and 29 and the rest is under the age of 15. And every cohort, every new group of students that enters the school system, in Gaza is the largest one on record. On the other end of the educational system, these students are now going out into the labor force and they're going out and trying to get jobs and again every year there is a record number of job seekers. On average in the Gaza Strip in 2008 for example, 20,000 new job seekers entered the labor force. And this is in a situation where previously there were some release valves for

these new workers: they could go the Gulf to get jobs, or they could go to Israel to get jobs, or there [was] a possibility for more opportunities even in the West Bank than there might have been in the Gaza Strip. All of these opportunities have now been shut off.

Because of that, it is the lack of the ability to reach markets by producers, the ability to get raw materials by producers, and the ability to access your consumers as well for these manufacturers that really hold some potential for hope of creating a dynamic Gazan economy that has been completely shut off. Even before the war last year, the costs of some of the mobility restrictions, even when the borders were open, were putting a surcharge of roughly 50 to 60 percent on every good that was produced in Gaza. They would have to go through these security measures that would involve back to back trucking measures where they would have to be unloaded from a Palestinian truck, to be then loaded onto an Israeli truck and hand check everything that passed through Israel. These sorts of restrictions dampened the ability of manufacturers in Gaza to do much even before the war, and now after roughly \$2 billion of damage to the Gazan economy that has not been rebuilt, the situation is just much more dire than it even was then.

MR. SARBIB: Amjad, would you like to build on this picture? I'd like to start talking a little bit about what you think might need to happen, what are some of the possibilities to begin to think more positively about getting us out of that very, very dire situation?

MR. ATALLAH: I think we've had a very dismal picture presented of the situation on the ground. How would you make that worse? Link the United States directly to it and link the consequences of what's happening in Gaza specifically to American national interests and then it becomes not simply a theoretical problem about

what the Israelis and the Palestinians have to deal with, but I think it becomes a problem of what we have to deal with.

The president did a remarkable job in his Cairo speech almost a year ago in presenting a new narrative to the Muslim world of the United States as a partner, of the United States with a restart, with a new beginning with the Muslim world based on mutual respect and reciprocity. He did something no previous president as far as I can tell has done in which he actually equated the Jewish right to self-determination with the Palestinian right to self-determination and said that these were both equally necessary and equally in American interests, which was a very profound statement I think that a lot of Muslims all across the world grabbed onto. One thing he did was he specifically stated that the lifting of the siege on Gaza, and he did that in subsequent statements as well and he did it before the Cairo speech... was something that the United States was demanding and that needed to be done.

So now it's a year later. I was in Gaza with a congressional delegation last summer. One thing that was remarkable was that every Gazan we met, every Gazan we met, asked "when is the United States going to free Palestine" or "when is the United States going to free Gaza"? They didn't ask when Hamas was going to do it and they didn't ask when Fatah was going to do it. As a matter of fact, no Palestinian who we spoke with spoke about Fatah or Hamas. They spoke about the United States and they asked the congressmen when are you going to free Gaza?

The idea that the United States is impotent or completely unable to exercise influence over Israel or Egypt and that the United States cannot open the borders at all from either the Egyptian side or from the sea or from the Israeli side is something that no Palestinian in Gaza who we met believed. I suspect it's also something that no Muslim in the world believes. That puts us in a quandary because it

means that over the last year the United States has been specifically associated with the siege on Gaza which has become iconic of the Palestinian struggle as a whole for the Muslim world. This would be a perfect place for the United States to effectively begin. We are not hostage to the Palestinians or the Israelis. Sometimes it seems as we are, but we're not in fact. We have our own decision-making capacity. We have also our own ability to influence events independent of what Israel decides to do and independent of what the Palestinians decide to do. One place we could start is on Gaza. One place we could start is on lifting the humanitarian conditions that are affecting the people in Gaza.

We met a boy who couldn't have been more than 16 and he was telling us about a friend of his who had a son born in April who he named Obama because they had so much hope. If you went to a lot of Palestinian homes in the past you'd see pictures of Kennedy up on the walls. People would have these carpets like Afghan carpets up on the wall with pictures of Kennedy who had a kind of iconic status among Palestinians, and it seemed that the same thing was happening with Obama. At the same time, we met a woman who was standing in front of her home which had been bombed out during the war and she kept asking the congressmen and the congresswomen when are you going to rebuild my house? When are you going to rebuild my house? When are you going to rebuild my house? And nobody of course had an answer to that. The only concrete that's being shipped into the Gaza Strip is coming through the tunnels and Gazans can't afford that. The only glass that's coming in is coming in through Egypt from the tunnels. It's not coming in from the border.

I think the United States, on the one hand, the good news is that if the United States had the political will to actually make a statement and a stand on Gaza it could. The bad news is for a year we haven't and it's hard to see how there's going to be

a positive, constructive peace process moving forward if Gaza is not part and parcel of that.

MR. SARBIB: Daniel, what's the view from Israel?

MR. LEVY: I think the dominant narrative in Israel remains one of, as Jim Wolfensohn discussed earlier, Israel left in 2005, there was the continuation of rocket attacks. Where's the love? Where's the gratefulness for the withdrawal? The fact that most of the international community has not recognized an end of occupation because Israel continues to control the sea, the air, the border exits other than of course the Egyptian one, the conditions of that withdrawal, it's unilateralism there being nothing but entrenchment in parallel on the West Bank, the immediate imposition of a blockade, the nonimplementation of the access and movement agreement, doesn't really factor into the equation.

What I would argue in terms of how this affects Israel is if you take everything we've just heard and then reflect back on what Jim Wolfensohn shared with us earlier, this cohort of 15- to 25-year-olds, the under-15-year-olds, which applies even more so in Gaza than in the rest of the region, when you think about this act of deindustrialization that's taking place, it's not been about how do we create more jobs, but job creation has been discouraged and literally driven underground with the tunnel economy. How on earth can that serve the security of Israel living next door? How can a population seething with angry young people be in Israel's security interests? I think Israel is building a security nightmare, a future security nightmare for itself, with the conditions that have been created in Gaza.

Unfortunately, the combination of no Israeli being allowed in Gaza, myself and Amjad were together hosting a congressional delegation, I'm an Israeli citizen, I couldn't be part of that visit to Gaza. No Israeli, even journalists, has been

allowed into Gaza in the last 3 years. There have been some very creative and brave attempts by some of the human rights community. For instance, we have the representative of B'Tselem, an Israeli human rights group, Uri Zaki here with us. They have distributed video cameras to Gazans to record stories, I think this was reported in the "New York Times" that then have appeared on some of the most popular Israeli news websites to give Israelis some sense of the reality inside Gaza. But I think what you've seen, as has been discussed, if anything is a radicalization and today one sees Hamas as the bulwark against a phenomenon of al-Qaeda wannabes and al-Qaeda copycats emerging in Gaza. So I think the blockade is undermining rather than contributing to Israeli security. And of course security has to be considered more broadly, and in that respect, international legitimacy is a component of Israel's national security. I would argue that nothing has done more to dent and undermine and erode that for Israel than the actions that took place during Operation Cast Lead and then the ongoing imposition of the closure on Gaza. If I put it in the context of where we are today, this attempt to relaunch a peace process in the absence of addressing what's going on in Gaza, you're basically playing Russian roulette with any peace process that you attempt to launch. It's such a potentially destabilizing factor, as happened last year; Turkey was involved in Israeli-Syrian mediation efforts. That ended as soon as Cast Lead began. So I think the attempt to launch a peace process and kind of hope that no one will notice that Gaza is still there is not a smart way to go especially, and I'd just like to add one more point which is what Amjad really focused on which is if the humanitarian angle isn't good enough for you and if the Israeli security angle isn't compelling enough for you, then there is an American, I would argue, national security interest here. When Secretary Clinton goes to Cairo to a donor conference that took place last March, commits money to Gaza that can't be disbursed because you can't get stuff in, when there is a new American peace

envoy who has yet to set foot in Gaza a year into office, that doesn't do any good. By the way, when someone like Keith Ellison visits Gaza, I would say that does more for American security in the Middle East and your public diplomacy than virtually anything else we've seen this year. When Egypt is building a barrier on its side of the border which may even strangle the tunnel economy, there are American engineers involved and American is getting blamed for this in the Arab world. America is getting blamed for the Israeli actions in the Arab world. So if it's not high enough on the American agenda and if an envoy hasn't been there yet, and I understand there are State Department rules, but I guess an envoy would be in a position to at least question whether he can circumvent those rules, I think this is very troubling for the U.S.

MR. SARBIB: I think that what you said and what Amjad said, to me there is a real deficit of knowing what the situation is, and I'd like to ask you, Andrew, what do you think should be done or can be done to change the image of Gaza as a place that is full of Hamas-led terrorists to really emphasize the humanitarian and essentially the total lack of hope that exists there? What can we do so that people get a sense of the situation?

MR. WHITLEY: Voices of ordinary people [are] very important indeed and I'm delighted that Representative Ellison is going to have this brave Gazan doctor to be able to come and speak there. We've got a group of young people, ninth-graders, who are going to be coming to the United States supported by the U.S. government. These are human rights students who have excelled in our program of human rights, peaceful conflict resolution and tolerance, and as a reward they're going to be able to go to Atlanta to the Carter Center, come to Washington, meet the people in government, and then come to New York to the United Nations. These are a group of girls, 14- and 15-year-olds, as well as boys who will come a week later and people will be able to hear the

authentic voices of young people and what they see as their future. I find it remarkable that, despite everything that Gazans have gone through in the past years, that young people are still committed to the idealism of human rights and that they still can feel that there is something that's important and relevant to their lives rather than going in the other direction and becoming potential suicide bombers or militants in some group or other.

In addition to that, naturally I would like to encourage for more people to be able to get into Gaza whenever they can to see for themselves. I hope that more congressional delegations will be able to go back there. And I would like to be able to see more of the business elite who we hardly hear anything about, people who have a strong desire to reestablish ties with their Israeli counterparts because that was good business for them and it was something that they had known that they can do to be able to promote local employment in the area. Let's start talking about [how] companies can help to be able to reestablish those links to those Gazan manufacturers who can do such a good job for them and start to give people some meaningful sources of employment.

MR. SARBIB: Let's assume again that the blockade is lifted.

MR. WHITLEY: Absolutely. That's the precondition for everything.

MR. SARBIB: Just another number. The Palestinian Trade Authority estimates that in order for the economy to work, they need about 850 truckloads a day. At best there have been 127, at the very best, and sometimes none at all.

MR. WHITLEY: Probably only 20 percent and most of the range of goods is very limited. Israel has deliberately chosen an arbitrary, sometimes rather cruel fashion for things that can come in [and those] that cannot come in. We had long periods of months where there were [restrictions] on light bulbs that could be entered into Gaza, no batteries for hearing aids for young children. This is cruel and perverse.

MR. SARBIB: Congressman Ellison?

MR. ELLISON: Just wanted to add that after me and Brian Baird left Gaza, we met with a member of USAID, a very committed servant and a very committed public servant, and he asked a question that actually startled me. He said, what did you see there? What's going on there? I said don't you know? You must be here every day. He said, no, we haven't been there since 2003. There was a convoy that was attacked and instead of taking a tactical step back to figure out how we go in there, we simply don't go in there and we work through other agencies. So one thing we can do today, now, don't even need a piece of legislation, is to have USAID personnel reenter Gaza. That's something we can do now. You can write a letter and ask the secretary to do it and I think it's something that -- I've written a letter. I've even asked the secretary about this at congressional hearings and I hope that you all will join me in asking that that happen. Somebody is clapping.

Let me also say after we left that meeting we went and met with an Israeli military official who referred to [Gaza] as Hamastan. We can't do anything for Hamastan. It's Hamastan. And we had to say, my friend, 75 percent of the people are under 30 and another 60 to 58 percent are under 18, so they did not vote for Hamas. The majority of the residents didn't do that. We've got to help counteract this idea that anything goes in Gaza because it's Hamastan. And I think that that idea is operating. I think that whether or not the Israelis are deliberately doing this or not, I think the de facto policy is a policy of provocation. We need to help our friends reflect on what they're doing because I don't think that there's a real thoughtful idea about the overall impact of what the policy is.

Finally, we had to argue. Can they have macaroni in Gaza? He said I think they already have it. I said, no, they don't. They said they don't have macaroni

there and they don't have lentils and they don't have much of anything else. He said I'll check on the macaroni. Then a few days later I heard there's a little macaroni but I don't know if there's still macaroni or not. So we're debating macaroni here. And I think we need to reflect on that too.

MR. SARBIB: Before I give the floor back to Daniel, I'd like to ask you how much knowledge is there among your colleagues in Congress, I don't mean to put you on the spot at all, about what the situation is.

MR. ELLISON: If you want to know how much knowledge there is [among] my colleagues in Congress, all you need to do is look at the vote on the Goldstone Report where in the United States Congress voted to, what is the language, not in any way accept any of the findings of the Goldstone Report and the vote was something like -- only about 58 people voted either present or no and everyone else voted for it. One of our big objections to passing this resolution is that other than Brian Baird and I, I bet nobody read the Goldstone Report or even the executive summary. So we're ready to condemn a report which we have not read at all. That's how much we know about it.

MR. SARBIB: Thank you.

MR. ELLISON: Does that give you a good indication about how much we know?

MR. SARBIB: Daniel?

MR. LEVY: This reminds me of a conversation, perhaps close to an argument, that I often find myself in with my Israeli friends, and the line will be: why is this different to what America is doing in Afghanistan and Iraq? There is a civilian price. There are civilian casualties. It's horrible in any circumstance. I'm not a huge fan of the application of counterinsurgency doctrine everywhere, but the core of that is the idea that

in a conflict situation if you don't like a group of people in control of a particular area or a regime, you are trying to win over the civilian population. And I think where Israel has got it so horribly wrong in Gaza is it's punishing the entire civilian population. There is no distinction here drawn. In fact, if you open the border crossings, you'd be allowing the aid and assistance organizations who are committed to their assistance not going to governmental purposes in Gaza. You'd be allowing the private sector to rebuild, you'd be allowing them to rebuild the kinds of institutions of civil society. I'm not saying a regime change approach is a good idea, but there is an Israeli policy which is essentially, and this is what the Goldstone Report found that was so problematic beyond the individual acts, collective punishment. And not only is that in contravention of international humanitarian law, there's a reason you ain't doing that in the parts of the world that you're involved in and I think that's the conversation that I'm having with fellow Israelis, but the friends of Israel need to be having in a much more forward-leaning way with Israeli counterparts.

MR. SARBIB: On the panel earlier, Jim Wolfensohn was talking about the fact that there is an increasingly vocal and extremist religious growing force in Israel. Those arguments that you have just made, what echo do they have in Israel?

MR. LEVY: As I said, I think for the vast majority of the population, 'see no Palestinian, hear no Palestinian, think no Palestinian' is the best way to go about daily live. By the way, there's a human, understandable element to that. It's not that the information is not accessible, it's people would not rather access it. In governmental circles, I think one can have a sensible conversation with the current Israeli leadership. I think it's partly the mistake of the U.S. and the international community that they've gone along with what's known as a "West Bank first" policy which is show the Palestinians that if you live under a moderate P.A. Fatah regime it's good, and the corollary to that is if you

live under Hamas it's bad which means you're actually encouraging this policy. So if your meta-narrative is to encourage the policy, then you're at a weak place when you're trying to talk on a micro [level] with Israel about saying, no, let the macaroni in because your meta-policy is problematic. There's a very important report released by various international aid and assistance NGOs called "Failing Gaza" which is worth looking up by Mercy Corps, Oxfam and others, and it goes into what the international community has failed to do, and obviously there's the UNRWA material as well. So I think you could kick-start a conversation. I think there is a potential receptivity in Israeli official circles but I don't think it's being challenged enough.

MR. SARBIB: If I were to ask each one of you what you think needs to be done right now to get the situation unfrozen both in terms of getting information out and maybe finding points to restart a dialogue, after all, there is a need or willingness on the part of the U.S. government which came in very big in some of the interventions to do something new? So where do we start? Amjad, I'll start with you and then I'll go across the panel.

MR. ATALLAH: I think very simply the United States has to stop trying to identify what we want the Israelis to do and what we want the Palestinians to do and identify what we need to do. There are things that we of course ask the Israelis to do and we ask the Palestinians to do, but there are things we can do and those are the things we should identify and start doing right away. One of them for example is we can't possibly help Egypt build an iron wall to break off the tunnels until we've actually opened up the borders to humanitarian and reconstruction goods. So we can open up the borders to humanitarian and reconstruction goods, the mechanisms to make sure that Hamas is not the distributor and recipient of those goods has already been worked out. Andrew can go into detail about it, but it's already on paper. The details of how to do it are already there.

And Hamas will not be in the position of saying, no, don't open up the borders because we're not going to be allowed to be the ones driving the trucks or distributing the goods. That's an untenable position for them to be in so they can't say no to it. So the United States can begin opening up the borders even from Egypt even if we can't do it from the Israeli side and begin to be seen -- imagine the visual impact throughout the world of the United States being the liberator and the one distributing aid and freeing the children of Gaza. Imagine that optic as opposed to U.S. Army Corps of Engineers building a giant steel wall with Egypt to block off the last remaining candy bars that are coming in to Gaza. Those are the two competing narratives right now and I just don't see the benefits to the United States in being involved with the negative one.

MR. SARBIB: Daniel?

MR. LEVY: I'd say three things. First of all, move your policy to a position where you can be raising this issue in terms of the strategic long-term interests, the stuff in your chapter, the stuff that Jim Wolfensohn talked about, that Andrew has talked about. America has an Israel strategic dialogue, there's an incredible density [to the] relationship with Israel, so be moving that conversation. The second thing I would say is in terms of dealing with the practical problem, remove the pretexts. If part of Israel's predisposition vis-à-vis Gaza is related to the Shalit situation, to get the freedom of the Israeli soldier Gilad Shalit, and I hope he's freed, be encouraging that deal. America doesn't have the key role to play here, but certainly be encouraging that deal. If one of the pretexts is who can we deal with in Gaza, then I would say be encouraging Palestinian reconciliation for many, many reasons, but this can perhaps be one of them. So remove the immediate reasons for not doing that. And be demonstrating that you care. Gaza has to be right up there in the talking points. There was a very significant European foreign minister statement in December. Read the clause on Gaza in that

statement. If American leaders every time they spoke about the Middle East were beginning to use that kind of language, I think it would be important. Of course, eventually it would have to be translated into practice. Have USAID folks in there, have the special envoy, Senator Mitchell, in there.

MR. SARBIB: I'm going to jump over you and give you the last word, Congressman Ellison, because you are the one who can do something about it.

MR. ELLISON: One of 535.

MR. SARBIB: More than anyone else on this panel. Andrew next.

MR. WHITLEY: The previous speakers have addressed the main issues. I think don't take them in isolation. These issues can't be taken one by one. Yes, the prisoner exchange has to happen and we sincerely hope that it will happen soon, but the price of that is not simply to be able to transfer a number of prisoners over and simply say that's the end of the story. The population of Gaza need some relief. But if we're going to think a little bit longer term, we have to think about a way to be able to give young people some tangible sense of a better future. How are they going to have that? Where are they going to get some education from? Which educational institutions are they going to go to? How are their teachers going to be able to come in and out? You can't keep a million and a half people bottled up in a bottle for the last 3 years and throw away the key.

The political message that's being sent by Egypt of putting down this massive steel wall along the border is as much a message to Israel which is to say we're not going to have the problem pushed off onto us. Don't think that you can lock it away and let us deal with the consequences there. Because remember that Gaza, for many decades beforehand, that 90 percent of its imports and exports depended on Israel. Its future is there. And you can't imagine that it's simply going to disappear. So there has to

be a discussion between the U.S. government and others, with the Israeli government, to simply say you can't just wish Gaza away.

MR. SAYRE: I'd like to bring the focus back to the mobility issue that we've all been discussing at some level and I guess there are two specific things that if I had a wish list that I would ask to be put at the very top of the agenda. The first one has to do with broadening the focus a little bit, and although we've mostly been talking about Gaza, as Jim Wolfensohn had mentioned earlier, that the situation in the West Bank has improved. At the beginning of 2008 there were 600 or more roadblocks and blockades preventing free movement within the West Bank and that has been reduced tremendously. However, that reduction is still largely superficial. There's a main artery that's still cut off between Ramallah and Nablus. The blockades that have been removed are only generally, only temporarily, removed and it kind of comes and goes like the wind and no one knows it's going to happen. This is still having a horrible deteriorating effect on the West Bank economy even though it is shining in comparison to what's been going on in Gaza.

Then connected to that, in addition to not taking our eye off the ball with what's been going on in the West Bank and the mobility restrictions, I think the attention should again be paid to an idea that has been for a while that has been now dropped which is this West Bank-Gaza corridor. [I]n 1996 when I was working with a think tank in Ramallah, the discussion was about how expensive it would be to secure it properly, the construction costs, and such. Since that time we have now had the security wall built and since that time we now are seeing plans to build more walls along Israel's border, along with Gaza the southern wall near Eilat. From the U.S. perspective, there are real resources that we can put in toward assuring some access. We can't guarantee in the future for example if a Gazan port would be built that it wouldn't again be shut down like

the Gazan airport was bombed, but with real resources we should show our earnestness about opening up the Gaza Strip at least to the brethren in the West Bank.

MR. WHITLEY: A very brief word if I could, Jean-Louis, because it's something we haven't mentioned so far today. To her credit, one of the great achievements of Cond[olleezza] Rice was the 2005 Access and Movement Agreement, the last agreement which Israel, the Palestinian Authority and the U.S. signed off on. That is the reference point and we should be going back to that and saying you signed on to this, and it sets out in a timetable the steps that need to be taken to restore the links between Gaza and the West Bank and to restore normal movement in gradual stages. That is what's clearly needed because otherwise we're moving toward a three-state solution.

MR. ELLISON: Thank you. Again, this has been a phenomenal conversation. I am very excited about the energy in the room. I hope we all can stay focused.

I would say that in terms of specific action items we need to get USAID personnel in Gaza. We can do it. It won't be that hard. Two, the Congress needs to commit to UNRWA. UNRWA has been harshly criticized by certain elements in our Congress based on faulty information. But I will tell you that Chairwoman Nita Lowey and Chairman Berman have made very positive statements about UNRWA, but as a whole there is always this low hum where we have to defend UNRWA, and I think that that's a shame. We have to encourage Israel to deal forthrightly with the recommendations in the Goldstone Report that they engage in their own process so that we can stop any further diplomatic isolation and help them restore some credibility internationally. I think that's very important. The Goldstone Report is not asking for a lot. It's just asking for Israel to have its own credible process and I don't think that's too much to ask.

There was a bunch of students from Gaza who were held up for their Fulbright Scholarships. This is insane. We can't have these kinds of things, and we've got to be much more robust and dynamic diplomatically. This would be a political risk for the president, but I think he should go make a big speech in Tel Aviv or Jerusalem which can help the Israeli population understand that this is not to harm you. The relations are to help you. We want to improve relationships and your security is dependent upon Palestinian viability, statehood and security, and I think that that's something that I would hope would happen. For a while I know his approval ratings were down to the single digits there, but I think that in order to loosen the grip a little bit and get some real buy-in from the Israeli population, it's at least something to seriously consider.

Then when the call for Palestinian statehood is made, I hope Americans support it. I don't think it will hurt our ally Israel. I think it will help them, although I think there will be resistance, but I think that it's something that ultimately is going to happen and I think that we should be ready for it when it does and should be supportive of that effort.

MR. SARBIB: Thank you. I'm going to open up in a minute. I know people [are] anxious. There are two things that I'm taking away from this conversation. The one is really the need for information, that I think that, the way in which Daniel put it about the Israelis, is also true here. The only thing you want to hear about Gaza is what comforts you in a particular view of the situation. So I think that some information needs to happen and I hope that some of the people in the press here, we're very happy to provide you with all the information is needed. The second point that I am taking away is what Amjad said about the fact that it's not about what the Israelis ought to do, what the Palestinians ought to do, but what it is that the United States needs to do, and I think he

made a very strong case for the link between a deteriorating situation in Gaza and the security of the United States.

Now let me open up. I know this is a subject on which people love to make speeches. I want you to refrain as much as you can and ask questions because that is why we have people who have been very provocative. I will start in the very back there, the gentleman with the moustache. Please introduce yourselves.

MR. WEINSHAUB: I'm Leon Weinshaub, a former member of the Foreign Service of the United States. A few of our speakers mentioned about the Egyptian wall about the role of U.S. support for it and one particularly mentioned the Army Corps of Engineers. I haven't seen any of that in the press or in other sources and I'd like to ask you if that's based on specific information or ask our Representative from the State of Minnesota if you're aware through government sources perhaps through congressional inquiries if in fact there has been such support.

MR. ATALLAH: Actually I've only heard this in Arab press sources so I don't know if it's true, but it is being reported in Arab press sources that the United States is involved or that the U.S. Army Corps of Engineers is involved. The perception of it is [inaudible] the reality of it. If it's not true, we should correct it right away. If the United States isn't involved in it, the U.S. government should make a point of specifying that.

MR. ELLISON: I was asking -- if he knew the answer to your question. I can tell you this. I have heard no objection from the U.S. State Department or Congress about the Egyptian project, but I cannot confirm or deny that the U.S. Army Corps of Engineers is involved. We will look it up and get back to you if you give us a card.

MR. LAME: Michael Lame, Rethink the Middle East. This is an incredibly knowledgeable panel. However, there is one shortcoming in that there is no one on the panel even remotely supportive of the Israeli position, and the one Israeli is

legitimately and honestly critical of the Israeli government position, so it makes it sound as if it's simply irrational or counterproductive, everything that the Israelis are doing, and I would imagine that there is an argument on the other side.

Unfortunately, every humanitarian initiative has a political dimension to it, so I'd like the panel to address the politics of if the siege were lifted and the prisoner exchange occurred, what impact that would have on Hamas and its popularity not only in Gaza but in the West Bank, and I think this is a concern of the Israelis who if they do want to make a deal for a Palestinian state with Fatah find it much more problematic to consider doing a deal with Hamas.

MR. SARBIB: Who would like to take this question.

MR. ATALLAH: Rather than trying to channel the Israeli argument, I can tell you what they've told us because we met with the Israeli Army and we met with the IDF [Israel Defense Forces] and we met with Israeli politicians and Likud officials to ask them what benefit are you getting from this and why is this in your interests. I think Daniel actually said it right, and you alluded to it, which is that the pressure on the civilian population will effect political change or will accrue political benefits to the State of Israel.

We heard a counterargument, specifically for example from the Palestinian Minister of Economy and Trade at the time who said that Hamas is bringing in over a billion dollars worth of goods from Egypt, civilian goods, not counting whatever pieces for rockets or anything else is being brought in, that are coming in from Egypt. They collect a VAT. They collect a tax on that instead of the Palestinian Authority in the West Bank collecting a tax on it, and the families and the businesses that are running the different tunnel enterprises are making money off of it and the goods are being brought in to help complement the goods that UNRWA is able to distribute to the civilian population. But in all of that scenario, the Minister of Economy and Trade said this does nothing to

help moderate or help, it only strengthens, as Andrew said it makes Hamas more powerful, it doesn't achieve even the Ramallah groups' goals of replacing Hamas, it doesn't even achieve those aims. So it came back down to if you kept pushing and asking why not macaroni, why is Hamas a problem? Why is not Hamas not allowed in, et cetera? It always came back to needing to put pressure on the civilian population either for Shalit, either for punitive purposes, and this isn't unique. The Israelis have done this in the past with the West Bank as well.

If you're asking why we haven't heard that perspective, I would just simply say that in fact for the last year expect for the notable exception of a handful of very brave congressmen and congresswomen, that's the perspective you have heard every single day of the year, which is the Likud perspective on why we need to continue punishing the civilian population. I even heard it from American officials in the last administration that they were trying to follow a kind of Nicaragua policy from the 1980s, if you'll recall our Nicaragua policy. I think it's hard to justify. The Israeli Ambassador to the United States might be able to put a nicer spin on it than I can, but I think that if anybody has a better --

MR. ELLISON: I take your observation seriously. It might be a good way to pursue another forum and dialogue on this very topic. I think that Ambassador Oren is exceptionally articulate and would probably be glad to come in and offer the Israeli position. And I'd be here if I can work it with my schedule, I'll make sure that it does, but I can tell you that I talked to the prime minister, the new one, I talked with the foreign minister, the opposition leader, the defense minister, and many others as well and their answer is when you drill down and you start making the critiques about how it doesn't help Israeli security, they will after a little bit of dialogue say it's not really about security. They'll say it's a West Bank first policy to create political pressure to either

foment an uprising among the population in Gaza or perhaps if there's an election have the people have a different outcome in the election. So I thank you for your question. I think it's a fair one, but that's what we've received.

MR. LEVY: There is a restoration of Israel's deterrent capacity component, but that's more to the Cast Lead and responses to rocket fire. That has less to do with the closure policy. There is a dual-use issue in terms of allowing materials into Gaza. I'm not sure what second use macaroni could be put to. But in terms of reconstruction materials that argument is used. The aid and donor community have tried and I think a neutral observer would say effectively addressed that dual use where will the materials go. In fact, when there are a couple of incidents of material being taken from the U.N., the U.N. if I'm right had to briefly suspend.

MR. WHITLEY: Got it back.

MR. LEVY: It couldn't guarantee what was happening to its own material. There's the regime change component, although no one believes in it and you saw that during Operation Cast Lead that there wasn't the appetite to push on and actually physically remove the Hamas regime. My own conclusion is there is not a great deal of deep strategic thinking to it. I don't want to go through it. It's well documented that Israel is not in a place today where it does long-term Israel thinking. But there are political pressures. Certainly if it were to be opened up you would have members of this coalition who would say why, when Gilad Shalit is being held there, should we be allowing materials in? In other words, under pressure there's also a resort to openly saying collective punishment and Israeli officials have been called out publicly making that argument. So those are the factors.

MR. SARBIB: The gentleman here?

MR. NOYEV: My name is Dmitri Noyev. I'd like to return all of you to the theme of this meeting, the fate of Palestinians beyond discussion of the political struggle with 60 years of history with development (inaudible) so the Palestinians lost three generations for productive and healthy lives. It's a fact for 60 years. We don't need to lose the next generation. And the only way to do this is with education. The international community can and must support financially educated Palestinians until (inaudible) who is capable to be educated with all material supplied of this education but only for productive professionals. Water engineering, agriculture engineering and medicine. That's it. No political science, no social science and all this stuff. We need to be realistic, not empty dreamers. It will be a shame if the international community will lose another generation. My question is do you support this idea?

MR. SAYRE: Excellent question. One of the things that's unique about the Palestinian situation partially because of this 60 plus years of history is that they very rapidly became the most educated of all the Arab countries and this is partially due to UNRWA schools very rapidly expanding secondary education in the area and then following with that tertiary education expanded. I think a greater problem now actually though is what happens afterwards. In just less than 10 years the number of university students tripled from approximately 40- to 50,000 to over 150,000 and that was all in a very short period of time, about 7 or 8 years. The problem that we're now seeing is what is happening on the other end, and the average wait time for men once they graduate from university until they get their first job is almost 2 years. For women it's even longer. So although there is more that can be done with education, I think the more pressing concern really is the employment picture once they've finished their schooling.

MR. SARBIB: Andrew?

MR. WHITLEY: Let me pick exactly on where we've just left off.

UNRWA has five vocational training centers, three in the West Bank and two in Gaza. The second one in Gaza we started with Gaza disengagement took place in August 2006. We have 10 times as many demands for places in our vocational training schools as we can offer places for them. The demand is so great to be able to have a good skill that is marketable and that can lead on to a good job. That vocational training center in Khan Yunis in the center of the Gaza Strip that we started to do in 2005 was held up for more than 3 years because of the blockade and the subsequent politics and the attempts to try to stifle Gaza off. I personally raised the money for that from the donors to be able to do it and it was something that we really wanted to do, to show that Gaza disengagement would lead to something productive. UNRWA educates 200,000 children in Gaza. We have a summer school program of a quarter of a million children which acts as a real alternative to Hamas to create an alternative space for people to realize that there is not a single orthodoxy which is going to rule there, and we are really grateful that the U.S. government is our larger single supporter for it.

But I completely agree that education must lead on to jobs and clearly we have to find ways of being able to ensure that the link to the job market continues. The future of many of these young people depends on their being able to find a way into the job market if not in their own area then perhaps to be able to travel to the Gulf or elsewhere to get jobs.

MR. SARBIB: I think that dire as it is, the situation of educated young people unable to find jobs is not limited to Gaza. It is a phenomenon that is true throughout the region and it has a lot to do with what Andrew just said, the link between education and the job market, but also the nature of education, the very skills that are needed today so that there may be a tremendous increase in enrollment ratios, but the

quality of what happens in the classroom, the quality of the teaching, the development of the skills that are needed for the 21st century, that's what needs to change, and it's not simply true in Gaza, it's true throughout the region.

MR. ZAKI: My name is Uri Zaki. I'm the new Director of B'Tselem here in D.C., and as Daniel mentioned, we are now engaged in a project of distributing video cameras both in the West Bank and Gaza. This is probably the only way Israelis these days are seeing what's going on there. My question is to Mr. Whitley. As an Israeli who just moved here of course, I truly am worried about Israel's security. I believe that the siege, as was said here on the stage, is not helping Israel's security. But I would like if you may elaborate a bit about the alternative of how monetary or controlled regime would be in the gateways to Gaza from Israel look like?

MR. WHITLEY: Thank you, because this is a very practical question. The mechanisms by which there could be control of the crossing points [is] through international monitors, and the European Union has offered to do it, to extend the border monitoring regime that they already had established at Rafah to the other crossing points into Israel. [I]n principle [this] has already agreed, provided that one can guarantee to both sides, to the Israeli side that their security interests will be taken care of and to the Palestinian side that there will be predictability, that it won't be arbitrary, one day closed, one day open. Businesses need predictability. They need to have sense of perspective of where they're going to go and what kinds of goods can come in so that they can plan for their own future. That is very important indeed as a confidence-building measure for both sides and I believe that is practical and doable in a very short period of time, and I know that the United Nations will be happy to be able to support that. So that's very important.

And I think being able to give a sense of reassurance to the population that they can start to plan ahead for the future, that they can have something to be able to look forward to, that the kids whose education has been interrupted can complete their education, who have lost the opportunities to go abroad, this is important. Perhaps not everything is not going to happen overnight. We know that's unrealistic. But in a staged approach there has to be a relatively short timeframe because, as Jim Wolfensohn said earlier, we may lose this opportunity. The divisions are deepening between Gaza and the West Bank, they've been deepening for some years, and we need now to be able to start to knit them back together again. Otherwise I'm afraid we are moving toward a three-state solution and not a two-state one.

MR. SARBIB: I'll take two more questions.

MS. SINGERMAN: I'm one of those political scientists. I'm Professor Diane Singerman at American University and I've also been part of the [Middle East] youth initiative and have published a working paper. A comment and then a question.

MR. SARBIB: A brief comment.

MS. SINGERMAN: A small comment. I'm a little concerned that the way people are framing things has to do with the Middle East as a bomb and young people as a bomb and I think it's really important, the work of the initiative, [to look at] high unemployment, high youth unemployment, in places where there are not wars in the Middle East, in Morocco, in Jordan, in Egypt. Incredibly high female unemployment, and the growth of the informal sector. And what's been happening, certainly the horrific scenario in Gaza is incredibly important, but all of these trends are not limited to Gaza, and as Americans, as people organizing foreign policy and also international economic institutions, in some sense the United States has been pushing neoliberalism, privatization, structural adjustment so that we've had a free market without freedoms.

This brings me to the point that Mr. Wolfensohn brought up, there's a 1- or 2-year scenario in terms of leadership changes. What can the United States do? We have a Democratic president, lots of people are incredibly excited about him. His Middle East policies look very familiar to the last regime. So what can the United States do about questions of governance in the Middle East? Because there's a tremendous amount of wealth in the Middle East. There's a tremendous amount of private capital in the Middle East. What can we do so that our president takes a lead not only vis-à-vis Israel and Egypt, but also some of the large economic paradigms that aren't working so well here recently ...where young people are not a bomb, young people are not necessarily going to become extremists? Our concern about this is not just about young people become terrorists, and I think it's really important that there are fundamental issues that we have to talk about, and not talk about our interests in that question just because of this notion of suicide bombers.

MR. ATALLAH: Could I make a short comment? This book "Generation in Waiting" of which Ed wrote a chapter actually gives a fantastic and far more in-depth response to an assortment of several countries across the Middle East many of which have had problems made worse by war, one war or another, and some of which have not, but who all have the same underlying demographic issues and they treat the demographics of it exactly as you say, not as a response simply to a "war on terror" but they treat it from the perspective of development and they come up with some conclusions in the last chapter on what can be done. So I urge everybody, because I think the sell the book right outside, to actually have a look at that.

MR. ELLISON: May I make a quick comment?

MR. SARBIB: Please do.

MR. ELLISON: Let me tell you this. I think you're absolutely right and I couldn't agree with you more, we've got to stop looking at the Middle East, Africa, Asia, the whole rest of the world, through the lens of counterterrorism. We've got to broaden our understanding of the rest of the world. And if 'Obamaism' represents anything it is the idea that there's more to life than just worrying about your own security very narrowly defined. We've got to broaden it. So I think that in Congress right now we have a whole discussion on trade and that discussion which has been brewing for quite a long time is one in which we are going to say we've got to have human rights, environmental and labor standards, and if globalization is the reality, then that reality must go hand in hand with labor, environmental and human-rights standards. It's kind of a movement, but it's very disjointed and sporadic and let's work together on it.

MR. SARBIB: I think what Dan said about the importance of governance is absolutely fundamental. As somebody who has worked in the Middle East for a good many years, I can say that in fact part of the problem with Hamas and Fatah has a lot to do with governance. So I think that this issue is absolutely essential. You wanted to say something?

MR. SAYRE: I just wanted to say very briefly that one of the ways to think about the demographic challenges of the Middle East is instead of being a threat, there's actually an opportunity and I think that's an important way to think about it. As fertility rates are declining very rapidly we're going to have a very large population of working-age adults that can really benefit the rest of humanity by being engaged and being in the expanding economies of the Middle East if the right policies are in place, and it is a critical time.

MR. LEVY: And I would say that there is also at least a case to be made for a more limited American role. Don't prop up these regimes. You don't have to change them, but you don't have to prop them up.

MR. SARBIB: The last question.

MS. MACAULAY: I'm Fiona Macaulay, Director of Making Cents International. I'm just back from the West Bank where I was working closely with two of the leading microfinance institutions and NGOs working with youth to develop financial products specifically for young people as well as the accompanying training so that young people can effectively access and manage savings products like credit and savings. I know other colleagues are working with training and vocational institutions to make the curriculum more relevant, to prepare them to read market signals, to become the kinds of employees that micro and small and medium businesses want to hire as well as preparing them for entrepreneurship skills for those who are inclined toward self-employment. What is the advice that you have, what policies or activities do you know about, that are coming down the pike that would be useful for these teachers and for the youth themselves who are working so hard to acquire these skills and these necessary services in order to make themselves employable and contribute to their economies? What advice or information do you have that can be shared with them and for international development practitioners like myself who are working to develop access to these kinds of services?

MR. SARBIB: Edward, do you want to take this?

MR. SAYRE: I'll start with this. Another branch of what the Middle East Youth Initiative is doing is actually focusing on social entrepreneurship, and there is another effort surrounding a round table very shortly that's going to discuss tapping into the social entrepreneurs that exist in the Middle East. Currently, especially in the West

Bank, they have the tradition of restrictions on the banking sector that come from the occupation such that there isn't a lot of move to maneuver essentially. As general counsel with general advice, the idea of their doing it on their own and not looking toward the PA [Palestinian Authority] or any other outside authority is really the way that they're going to move forward with this. Of all the things that have saddened me over the past 15 years in thinking about the Palestinian economy, especially in the West Bank, is that there has been more and more of a shift on looking toward the government to solve all the economic problems for them and this sort of your effort that you're describing is really something I think that, if it's allowed to grow and breathe and such, can really make a huge difference.

MR. SARBIB: I think that we are going to stop here. I'd like to ask you to join me in thanking our panelists.

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