

**Mitigating Religious and Ethnic Conflict:
Preventing and Resolving Deadly Conflict
2006 Clinton Global Initiative Annual Meeting
September 21, 2006**

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[START RECORDING - PART 1]

MALE SPEAKER 1: Good afternoon. We are about to begin. We will start with the introduction of our panelists.

Please welcome Hanan Ashwari, The Palestinian Initiative for the Promotion of Global Dialog and Democracy, MIFTAH; Eival Gilady, Portland Trust, Tel Aviv; Ghassan Salame, CNRS CERI. Please give a very warm welcome to our moderator, George Mitchell, DLA Piper.

GEORGE MITCHELL: Well thank you very much, ladies and gentlemen, for your presence and your interest. The acronyms used to describe the distinguished panel don't do them justice. They each have vast experience and knowledge on the subject.

We want to get right into it because time is limited. It's a vast subject and the time really isn't sufficient to cover it all. So rather than elaborate on the introductions, I'm going to ask each of them to make a few comments at the outset. Inevitably when looking to the future, one must at least understand the past.

One of the problems in conflict areas that I've experienced in a variety of places is that people dwell on the past and ignore the future. So I'll ask my colleagues here to concentrate on the future and get involved in the past only to the extent that it's necessary to establish a context. So Ghassan, why don't I begin with you? What is the situation? What can be done?

GHASSAN SALAME: Well I think we have paid a very heavy price for unilateralism in the past few years and we should go back to a multilateral approach. Otherwise we will find ourselves in the

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situation where unilateral acts do produce externalism.

The Israeli withdrawal from South Lebanon six years ago produced not a weaker, but a very much stronger Hezbollah. The unilateral withdrawal from Gaza produced, not metrical, but a much stronger Hamas that won the elections last January.

What does this mean? It means, basically, that you cannot place genuine serious negotiations by unilateral acts, even if it's an act of withdrawal.

Why is it so? Because basically, through negotiation, you identify, you recognize, and you strengthen your [inaudible] on the other side.

If you do it unilaterally, this means that you are withdrawing only under the pressure of the most extremist elements facing you. And that is why unilateral withdrawal from South Lebanon in 2000, unilateral withdrawal from Gaza in 2005 has produced more extremists in the region.

So the first thing for the future in my view should be a return to negotiation, not unilateralism and to multilateralism instead of only. The second point is that of course there are different tracks, the Palestinian one, the Lebanese one, the Syrian one, et cetera, and each of them has its own personality, certainly the most important by far being the Palestinian one.

However, what we have learned in the past few months is the following in my view. Even if you concentrate on one of those tracks, say the Palestinian or the Lebanese or any other one of these tracks, you easily discover that if you do not have a clear

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plan for a comprehensive peace, the other forces who feel they have been somehow sidelined or marginalized, have enough spoiling power to, not to let you progress on the road to peace.

So that is why we should also go back to a basic issue, which is comprehensive peace. And the roadmap concerning the Middle East lacks a very clear and convincing commitment to a comprehensive peace.

If people who have problems in the Middle East are sidelined or are excluded from this vision of a comprehensive peace, what we have learned is that they have the means, they have the will to stop you from progressing on any of the various tracks. These are the two points I would like to make as a beginning.

GEORGE MITCHELL: Okay. Thank you, Ghassan. Eival.

EIVAL GILADY: I feel like you couldn't pick better panelists than the two of us who see the full opposite, one from the other. I will try to say for the future, if you want to see any progress, I would focus on three areas. One, economy, second, education, and the third is unilateral action.

I will go for unilateral plans. I'll get to it in a minute, but I'll make it very clear, I'm not looking only on an Israeli unilateral plan. I wish to see also, a Palestinian unilateral plan that both will be implemented in different levels of coordination and cooperation according to the issue.

Otherwise, if we go back and repeat the same process that we did before, we'll probably get the same results. And I don't see any good reason to go back where we didn't succeed, and no one knows

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better than you.

Senator Mitchell, you left for me a nice report to work with. Following you came George Tenet, the Chief of the CIA at that time. He left with me another work plan that I was trying to implement.

And then came General Zini [misspelled?] and he said, well George Tenet's plan is not self-implemented. Let's work it out. And following him was George, sorry, John Wolf, and General Beckie [misspelled?] and so forth.

I think we got to the point where the only way to move forward is to act unilaterally, but it needs to be done on the right way, fair, honest, balanced, with good opening for the future.

And this is what is being done on a moral ground. I think this is the only way to move forward. The alternative is to stay at the same point.

Now, let me get to the first two elements, economy and education. Economy, if you asked me, is the main area to work with at the moment. This is what we do at the Portland Trust. In very short I would say that we asked ourselves, Did we use the economy in a very effective way in the past?

And the short answer is, no. Can we do better on the economy? Can we help the Palestinian economy to grow in six, seven, eight-percent a year over time, seven, eight, nine years. Would this create a major change? I would say the answer is, yes.

If you look at the data, the Palestinian people, the literacy rate is 95-percent. It's higher than all Arab countries

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around. They are a very skillful labor force. They are very well-educated, and I think there is a very easy turnaround with this economy.

It's a \$4 billion economy, 3-1/2 million people. They can do much, much better. And I think there are many things to be done by this audience, the international community, the Israelis and the Palestinians themselves to develop their economy.

I would focus strongly on that. I can say in very short, what we are trying to do in the Portland Trust, we're developing different financial instruments, from loan guarantees, pension scheme, mortgage scheme, microfinance.

We're working now in cooperation with [inaudible] sitting here as the Center of American Progress on Risk Insurance plan, these kinds of things. All of those are in order to mobilize capital and create labor in these areas.

Second point or last point, is education. Very important, and we failed to understand the importance of this during the '90s and the last five years. During the '90s, let's take from [inaudible] on.

If you look, for example, at Israeli society, you see that no one in Israel supported the Palestinian independent state in the early '90s, not even the Labor Party. By the end of the '90s, the majority of the Israelis supported a Palestinian independent state.

I think this was a very important process that the leadership took the people through. I don't think this was done on the Palestinian side at that time and we failed to understand the

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importance of that during the '90s. Now I'm looking what happened the last five years of the current conflict, we'll call it the second Intifada.

On the Israeli side, the Israeli people formed Kadima. The only difference between Kadima and the Likud, is the desire to end the Palestinian-Israeli conflict and to get to a Palestinian independent state.

At the same time, the Palestinian people voted Hamas. I encourage you not to listen to the leadership statements, but listen every Friday for what is being said in the schools [inaudible] and mosques.

And I think this is something the Palestinian must do, not for the Israelis, forget about them. This is something very important, what I would call education for peace, to be done for their own future. Thank you.

GEORGE MITCHELL: Thank you Eival. Hanan.

HANAN ASHWARI: Thank you, George. It's wonderful to be here and I really have a tough job ahead following Ghassan and Eival.

But let me say, frankly, I agree with the concept that unilateralism is a failed policy. It has failed when the U.S. adopted it, globally, and it had to react by reverting to the United Nations and multilateralism.

It has failed also, when Israel adopted it as a policy of dictating facts and creating realities on the ground and negating the existence of a partner.

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And generally it is the tool of the powerful against the weak, unilateralism. Where the powerful has, you know, the power and the ability to impose a solution or to impose realities unilaterally because you don't need to pay attention to the weaker side.

And this is the cause of all sorts of problems and backlashes and the aggravation of the conflict. The Lebanese debacle has shown that unilateralism fails and backfires. It has shown that militarism fails and backfires, that there are limits to power.

You can use enormous firepower and you can bomb and shell from the air and tanks and so on. But that doesn't work when you have non-conventional forces and it doesn't work against a captive, largely civilian population in the situation of occupation.

Power has its limits and Israel cannot maintain that as a strategic base for policy. Three, I also think that unilateralism and bilateralism don't work, because there is an asymmetry of power, we need multilateralism.

For the first time in the Lebanese experience, we have seen Israel not just accepting third-party intervention but asking for third-party intervention, asking for a U.N. resolution and asking for the implementation of 1701 while historically, every single U.N. resolution ever adopted pertaining to the Palestinian question was totally denied or negated and unimplemented.

So now, for the first time, we see Israel sort of going back into the fold, Israel asking for third-party engagement but

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also asking for troops, forces on the ground. Granted, you asked for those troops in Lebanon, not in Israel. But you've asked for a certain intervention and a physical force, something that the Palestinians have been asking for, for a long time.

Let's have troops on the ground. Let's have international forces. If the state of proximity between us and the Israelis and of the occupation are generating more and more violence and hostility and distrust and escalating extremism and ideological extremism, then the time has come, really, to separate us by having a third party there literally, on the ground, not just politically and metaphorically.

Also, if the U.N. now is being activated, it is time to re-introduce the logic of peacemaking, not the logic of violence and not the dynamic of hostility. It doesn't, hostility and education, all these things do not emerge from a vacuum. They emerge as a result of very concrete situations, very concrete situation of oppression, of violence, of injustice.

I mean, we can talk about the Palestinian economy. It's miniscule. There is no Palestinian economy. That is only a process of redevelopment and a process of systematic destruction of the infrastructure and of the institutions. It is done as a result of several factors.

We can talk about this later, but right now, the Palestinians are facing a situation where they can, frankly, reconstruct what we can see our nation-building process, not just halted but reversed.

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And I'll go back to one of my major statements from the beginning, I said there are two processes that have to proceed simultaneously and are interdependent, the nation building process, institution building and the peace process, negotiations in order to end the occupation.

We said we need the devolution of occupation and the evolution of statehood. These have to proceed in order to put an end to the cause of conflict and instability throughout the region. You cannot do one without the other.

Instead, what we have seen, ironically, is the devolution of statehood in Palestine, the destruction of institutions and infrastructure and even the fabric of society. A state of siege with no freedom of movement, of people or goods, how can we talk about the economy?

And at the same time, we saw the evolution of the occupation to re-invent itself and become a system of control, probably long-distance control without paying the price of being an occupier and therefore being responsible in accordance with the Geneva Convention.

So all these things have to be addressed simultaneously, comprehensively. If there is no political will to intervene, and to jumpstart a peace process, that is viable, that is substantive, that is credible.

And to be able to give the Palestinians hope and to be able to bring regional parties on board, I think we may find ourselves ready soon without any chances of peace because the two-state

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solution, the vision of a two-state solution is rapidly disappearing along with the territoriality of the Palestinian State.

It becomes quite an academic exercise to talk about the two-state solution. I've been speaking all day, so I'm losing my voice.

GEORGE MITCHELL: I do want to ask...

HANAN ASHWARI: So it becomes absolutely academic because then you lose the possibility of a viable Palestinian State, territorially and economically and in every possible way, and then you say you want peace without a Palestinian State.

On the 1967 lines, you will not replace the occupation and this lethal proximity with good neighborly relations and you will not be able to re-introduce a logic of peace and non-violence and prosperity and development, rather than the logic of constant confrontation and violence. Thank you.

GEORGE MITCHELL: Thank you, Hanan. The questions will get a little bit longer and hopefully, the answers will now get a little bit shorter. Hanan, you mentioned a two-state solution.

Many Americans, myself included, have said many times over a long period of time, that despite all that has happened, there remain in both communities a majority which favors the two-state solution and the political process needed to bring it about.

Is that true, and does it matter? And I'll start, Eival, with you and then go to Hanan and Ghassan.

EIVAL GILADY: Let me say very clear, the Palestinians fight two struggles. I strongly support one, and I'm absolutely

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against the other. I strongly support the Palestinian struggle to end the occupation and I am absolutely for a two-state solution.

This is not my personal view. This is the majority of the Israelis, this is the formal government position.

I am against the other struggle, which is a one-state from the Mediterranean river, sorry, from the Mediterranean Sea to the Jordan River. This is the idea of the Hamas.

I'm absolutely against those who want to promote those ideas by violence, terror or whatever you want to call it.

It is in Israel's interest to have a Palestinian Independent State alongside Israel, and I think this is something very clearly understood.

But let me try and tell you something. The fear I have, the people trying to move away from unilateral actions, it is not because I love this strategy.

I know I've been accused of being the father of unilateralism in Israel, but I think this is the only available, this is the only possible strategy.

If we get back to the old story, to the old strategy, nothing will happen. And if you ask me, what is better? Are we better now as we pulled out of Gaza in the northern part of the West Bank, or had it been better as we were before?

have no doubt what the answer is, including Lebanon. You know, people are using the case of Lebanon in a way which I think is not very accurate. We pulled out of Lebanon to the very last inch.

We had the U.N. come in and certify the blue line. We

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moved the fence in Lebanon, in some places in nine meters, six meters. had a point that they moved the fence in 91 centimeters, including whatever was dug in the ground, intelligence, communication, whatever.

It cost money, but we did it. So to say unilateral action brought the Hezbollah, I think it's totally misunderstanding of the situation. We pulled out of Lebanon. There is a government there that is expected to govern. And I will say the same. We pulled out of Gaza. My proposal is that we use this government term. The current government on the Israeli side to pull out of most of the West Bank and I don't think this will create any damage.

You know I came to promise [inaudible] to [inaudible], okay, I understand. There is no way for final status agreement at the moment. But if we can't reach a final status agreement, are we in the best position, killing and dying everyday and bleeding forever?

Yes, we are stronger, we can kill more, but this is not what we want to do, or can we move to a better position, which is not perfect. It's not final status. But we pull out of Gaza.

[Inaudible] settlement all the military installation, the northern part of the West Bank, increase the day-to-day freedom of movement of good people, reduce the security, friction, isn't it better? But do it in a way that will keep all options open for the future.

Now if you ask me, the main point I don't find is the kind of leadership needs to be on the other side. It is not a

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[inaudible] is personal, everybody knows and trusts him including us. This is not the point.

Today, there were Kassam rockets launched from Gaza. And I have a very simple question, you know, I had to evacuate the building with three families. There were Kassam rockets [inaudible]. These Kassam rockets were not launched for [inaudible], I have no doubt about it.

My question is very simple. What does he do? If he sends down to Gaza, a team to arrest the guy who did it, investigate how did you get the rockets? Who funded the operation? Who give you the orders? Go to the next layer, there is a very clear message to be sent out.

Guys this is over and I don't accept it anymore, but when nothing is done it interpreted as if this is accepted. And I think this message must be out.

GEORGE MITCHELL: Hanan do a majority of Palestinians still favor two-state solution, which by definition implies the continued existence of Israel, and if so, does it matter?

HANAN ASHRAWI: Of course it matters. This is very important because a two-state solution, as far as I'm concerned, is the only possible solution and the only one that will work.

We may talk about it in terms of relative justice and has been said and so on, but we have share the land of historical Palestine and the Palestinians have accepted 22-percent of historical Palestine which is the West Bank in Gaza, the West Bank including East Jerusalem, of course.

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Now, if you look at public opinion polls, certainly you will find the majority of Palestinians in favor of a negotiated settlement and a two-state solution.

The election of Hamas did not mean that the Palestinians suddenly became ideological or adherents of political Islam, or extremists in [inaudible]. Election of Hamas is the result of many, many factors including the fact that there was no progress in the peace process.

There was no hope. The fact that there was corruption in the Palestinian authority. The fact that there were, as I said, no negotiations. And of course there was an escalation of violence and collective punitive measures and so on, and the siege and the sense of trauma.

So people reacted to pain, in a very irrational way, as I must say. But still, Hamas has been elected and therefore we have to deal with that fact regardless of the reasons.

But that doesn't mean that the commitment to the two-state solution [inaudible]. That's why Hamas is having a difficult time. Both Hamas and Fattah are having a difficult time, because Fattah is not used to relinquishing power and being in the opposition.

And Hamas doesn't know how to create a system of government and how to be a government and not be in the opposition as a military movement. And this has created serious problems with them.

But the real fact is that we do need third party intervention. We've always said that. Left to our own devices Palestinians and Israelis cannot make peace on their own.

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First of all it's not just the asymmetry of power. We're not equal. Definitely we're not. Israelis are powerful, the fourth largest army, the strongest army in the region. You can do what you want but there's a limit to that power.

It has been used against the Palestinians but the Palestinians are not defeated and will not accept even the concept, the idea of defeat.

The Palestinians are a people who have a cause and who say we want to be free. We want to end the occupation. We want to have a state. And it's important that this be recognized.

But there are limits to power, we all know that. And that's why you have to respond to the aspirations and the rights of the and the needs of the Palestinians, if there is to be a real peace.

Now if Israel continues to pay lip service and the same as, I think, George Bush has been talking about, the two-state solution, but doing nothing about it.

We are seeing the state, the Palestinian state disappearing. Territorially it's disappearing. Of course economically and institutionally in terms of infrastructure we have, as I said undergone, a serious regression and re-development.

But we must maintain our commitment to the two-state solution, because the alternative is horrible. The alternative is not just the perpetuation of the conflict, but the destabilization of the whole region. Those who are asking now for the one-state solution, are really doing both Palestinians and Israelis an

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injustice, because they're doing this on the basis of demography and to me anything based on demography is racist.

I don't think it's a question of how many Palestinians, Christians, Muslims or how many Israelis, Jews are there, and therefore this is a battle over the wounds of Palestinian or Israeli mothers, and how many children can they have.

No, the question is we have to share the land. And if you remove the possibility of a Palestinian state, there are people who will talk about the bi-national state.

But you can not bring the Palestinians to accepting staying under occupation until they reproduce more than the Israelis. And I don't believe that the Israelis will be neutral observers, watching the Palestinians who have become second, third class people, human beings, not even citizens. Losing everything, suffering from a [inaudible], unable to develop, whether educational services or anything.

And I can give you specific examples of how drastic and tragic the situation is in Palestine. It's intolerable, absolutely intolerable.

But, again, the Israelis have to understand as well, that the two-state solution does not mean what's mine is mine and I will share what is yours. It doesn't mean there are certain settlements that are legal and certain settlements that are illegal. All settlements are illegal. It's not just the settlement outpost that [inaudible] the roadmap was written and that are now 130 some. That's not it.

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It's the mentality of land acquisition and control. Sooner or later Israel has to understand that its security, its stability, its future, is dependent on the Palestinians.

It's dependent on the Palestinians, not because the Palestinians have military power, we don't have it. The Kassam rockets, we call them pipes. They're unlike all the bombs that are reigned on the Palestinians.

But still the Palestinians have negative power and this is something that must not be used negatively. We said we need to be able to address the Palestinian questions so the whole region can lose, of course, the excuse for extremism, and the excuse for violence.

And so, that there can be a substantive and just solution to a grievance, a long-standing grievance that has fed this conflict and fed the extremism and hatred and hostility for so long.

GEORGE MITCHELL: Well the time is up for the first phase, but Ghassan, I want to give you a chance to have a few wise words. So take no more than one minute to sum it up.

And then we're going to go to the format that you followed throughout this proceeding. Thirty minutes where you will think up questions that I'll put to them when we return. Go ahead, Ghassan.

GHASSAN SALAME: Apparently everybody is for the two-state solution. Why don't we have it? Why don't we have a two-state today, because the whole question is when? And I have come to the conclusion that a lot of people who say they are for a two-state solution are not really genuinely for it.

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Why is it so? Because we missed one opportunity in building that reality. So the whole question is when? Sometimes we hear people saying, well Arafat will be out of the picture. He's out of the picture. When Obama's in, we'll do this, and this and this. He has been doing a lot.

It is the same Palestinian people who elected with a massive majority of Aboomazin two years ago and then elected Hamas one year later. The same Palestinians. Why did they do that? Basically because during one year Aboomazin [misspelled?] was not given the ways and means to implement an additional staff that was a Palestinian state. So, it was a message, that yes, we are for Aboomazin as long as he can deliver a Palestinian state next year.

Or let's go into the economy and education, I am all for it. However you do not start discussing where to put the fridge and what to put in the fridge or where the kids are going to do their homework when you don't have a house.

The Palestinians do not, yet, have a house. In order to know where the kids are going to do their homework, and this house is called the Palestinian state.

So, yes, although everybody's now in principle for the two-state solution, I do not trust this. Sometimes it has to be democratic. It has to be led by anybody but Hamas. If Arafat should die first, everything, all these conditions, are only meant to, sort of, postpone, delay.

When does a Palestinian state need to exist? Yesterday. And if there is something that needs to be done immediately,

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otherwise the two-state option would be lost in three or five years from now, it's to establish a Palestinian state.

It is not the Palestinians who need it, in my view, the Israelis need it even more than all the peoples of the Middle East as well.

GEORGE MITCHELL: Go ahead.

MALE SPEAKER 3: Very shortly, because I want my bottom line to be very clear. I think we should stop blaming each other. I think each side should focus internally. This is why I so strongly support two unilateral plans.

All the blame for the Israelis doing this and that, and I take part of the blame. I don't justify everything we do. There are many things that I wish we didn't have to do and we hadn't done. But I think we need to get out of this language and we need to focus internally. When I talk about education, the economy, industry, great jobs, [inaudible], I think many things can be done on each side.

I think there are two governments there. One, that put on its agenda, a two-state solution and will do whatever it can to move toward it as much as possible, and the other one, who's against it, and I think this needs to be changed. Thank you.

GEORGE MITCHELL: Thank you. All right thank you all ladies and gentlemen. [Applause]. For those of you who have been here for the past day and a half, I think you'd recognize this was the most difficult we've had.

But, we knew that and I think President Clinton felt that

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it would not have been right for us to have this session about ethnic and race conflict, without addressing what may be the most difficult conflicts of all.

I think we've had a conversation that really reflects the strong feelings on the ground.

What I'd like you to know in the next 23 minutes, is to try to challenge the panel. Not so much, with a question that we had suggested, but based on what I just heard, and what we all heard.

If you could suggest things that you would put to them that you think that they should do. That they should bring each one of these, may not be in government but they all have very strong ties to the decision-makers.

Think of things that you would want them to do to bring back. Think of things that you would want people here to do. Let's be as concrete, as constructive as possible, in one of the most destructive areas that the world is witnessing today. Thank you, we'll be back in 23 minutes.

MALE SPEAKER 4: I just want to make one concluding comment. I've spent a lot of time in the region with a lot of people on both sides. A lack of candor conveys a lack of respect.

It's good to have people tell the truth to others even though it's in disagreement. And even though it's something that someone doesn't want to hear.

So, I don't know about the rest of the panelists here, because I haven't been in any of them. But, this is the kind of discussion that ought to be occurring more often in conflict

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situations. Because when you speak frankly with people, you reduce the likelihood that you will end up shooting at them. So, thank you all very much. [Applause].

[END RECORDING - PART 1]

[START RECORDING - PART 2]

GEORGE MITCHELL: Well, thank you very much, ladies and gentlemen. I've been given a lengthy summary of the questions asked. There are so many of them that it will be impossible to reach them all.

So, please don't be disappointed if your particular question is not asked. Several of them are overlapping and several of them deal with the issue of economic growth as essential to underpinning any process to end conflict. The same question is asked in a variety of ways. I picked out one as representative of a much larger group, and I'll address it to the panel.

If economic success is the foundation for Middle East peace, what are some concrete actions or policies that donors Israeli, Palestinian, and other can take to build the Palestinian economy?

I might say that present in the audience with us, right here, at the front table is Steff Wertheimer, who's been a long time advocate of this position and is one of those who asked the question. Steff has developed an industrial park in the Galilee and also in Turkey and has long taken this position and pursued

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it vigorously in the area. And he particularly wanted the emphasis on economic growth.

So, Hanan, why don't I start with you, this time. We don't have much time so you'll have to make more limited comments.

HANAN ASHRAWI: [inaudible].[Laughter].

GEORGE MITCHELL: No, that's for everybody.

HANAN ASHRAWI: I get used to Palestinian Israeli negotiations, so-

GEORGE MITCHELL: Yes. [Laughter].

HANAN ASHRAWI: You're giving me five hours.

GEORGE MITCHELL: Go ahead.

HANAN ASHRAWI: How much time do you-

GEORGE MITCHELL: Take a couple of minutes, no more.

HANAN ASHRAWI: A couple of minutes, okay. I'll try to be succinct. Without really being ironic what we need in order to jump start economic growth in Palestine is, first of all, to give back the Palestinian funds that Israel is holding back. The customs and [inaudible] money that used to go into paying the civil service.

And number two: to put an end to the boycott, or the sanctions against the Palestinians because they elected Hamas.

Number three, to lift the siege on the closure so there will be some freedom at least of movement of goods and people, which we don't have at all. So there's no sense talking about the economy. Although I do agree that the economy is the

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foundation of any type of growth and is a requisite for peace.

And number five, allow for the return of Palestinian know-how and Palestinian capital, before we even talk about international capital, because Israel controls all out crossing points, exits and entrances.

And not only aren't we able to benefit, now there are no Visas given to Palestinians who have foreign passports but don't have an ID. Even those who marry Palestinians who have IDs [inaudible] are not allowed to stay and are being made to leave. That is a deliberate process of strangulation, exclusion and isolation of Palestinians. Not only that but we have a process of a brain game.

We are not able to bring back the Palestinian know how on capital. We are also losing precisely those people we need in order to build the economy.

With the brains and the abilities and the experience that are essential to such a process. So, I would say that it is essential but the problem at the core, is political.

The control has to be lifted. The Palestinians have to be able to have their freedom, and collective punitive measures and sanctions cannot be used against the Catholic population and then say the economy is the issue and work attitude unilaterally. It's not unilateral at all. Thank you.

GEORGE MITCHELL: Khatan.

Khatan: Well, I see the sequence. You have 40 to 60-percent unemployment now among the Palestinians. You have a

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terrible social and economic situation, and you have also violence.

And you cannot produce a Palestinian state, so let's fix the economy and basically, you will not produce a Palestinian state but you will produce more quiet people. I don't agree.

I basically do not agree. I think that Islamic fundamentalism has grown in rather rich countries. Wealthy countries where growth has taken place. There is no clear connection between poverty and extremists.

There is no clear relation between violence and voting for the extremist forces. What is needed here is to solve first the existential problem. Unless, you feel a kind of ownership of your national economy.

When your economy becomes national because you own it. It does not with a lot of strings around, then you will defend it, and you will be, sort of, tempted to defend your achievements and not to go into violence.

As long as this economy is not national it's dependent on foreign aid. It's dependent on what the Israelis do, it's dependent on the generosity of the international community.

And to a large extent is not dependent on the existence of a sovereign Palestinian state. When it can not produce the kind of political effect, economic growth produces in other [inaudible].

GEORGE MITCHELL: Eival.

EIVAL GILADY: I will try to take a different approach

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and try to minimize the sensitivity to the political situation and truly focus on the economy.

Had I been in Bemani's shoes, I would establish a team to say forget about the Israelis. What can we do internally?

[Laughter]

At least, you could establish a [inaudible] to them. And had he created a team, I would start at the very basics.

I'm not going to go into, you know, the very basic law and order, and [inaudible] infrastructure necessary for business. Because, you know, if I sign a contract with you in Gaza, and I do not fulfill my part, there is no way you can enforce it. But I'm not going into it.

Let me give you an accurate example, which I proposed to my friend [Lafiyad?] when he was there [inaudible] finance. I would launch a major construction project in Gaza.

I looked at the Israeli economy in the 50's, and I tried to understand what was the great impact of the great housing project we had at this time. And I thought well, you know, the Palestinians left because of a few reasons.

A, let's understand that whether we like or not, whether we agree or not, the Palestinians lost the Israeli labor market. We must create jobs in Gaza.

A, They are experts in construction, there is no training necessary, they can start tomorrow. They've been building the entire construction, the last 30-40 years.

B, You get quick results. In six months time you're going

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to see all those bulldozers working with road, sewage, water, electricity, communication and so forth.

In a year's time you'll see all those skeletons, I call them beams of hope. That you can see there. It is very labor intensive. Gaza is great in all the secondary industry necessary for construction.

There is real need. There are 600-700 Palestinian refugees that [inaudible] much better homing. When I came to the promise to office at that time and I wanted, you know, green light, and warm shoulder from [inaudible].

Mr. [inaudible] as, most of you probably know, asked me "Well, how we going to work for the funding" I looked back to the Israeli economy in the 50's. To the mortgage system we had, which doesn't exist on the Palestinian side.

Mortgages for 20-25 years, now this is something were trying to do in the [inaudible], as I told you earlier, we are trying to develop financial influence to support.

So, this is one example of something that has nothing to do with Israel. I could commit the Israelis to have free access to whatever is necessary, for this.

If there is some knowledge necessary beside what there is in there. This can be provided by international companies.

I wanted to have no Israeli fingerprint in it. It is about time not for the Israelis to patronize what the Palestinians are doing. I would do it with the private sector.

With the private constructors. Forget about the

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government, they should know about it, support it, but, should not take the lead. And this is one example, I can give you a few.

I think there is a lot to be done, except of blaming the Israelis for whatever. The Israelis couldn't export around [inaudible] for 50 years.

I must thank the Arab world for helping the Israelis work hard to develop markets in Europe and around the world. I think it's about time for the Palestinians to understand that they have so much to do internally.

And if they focus inside, and I repeat what I said in the very beginning forget about the Israelis, let's see what we can do. I am Palestinian Prime Minister, what can I do for my own people? Forget about the Israelis.

Establishing law and order is something that needs to be done for us. Excess export, all can be done. If it is done on a security basis, I don't see any problem to keep on exporting the Israeli seaport until you have your own one in Gaza, which I hope and believe you'll have in the near future.

GEORGE MITCHELL: Ghassan, a brief comment in response and then Rob is going to come and Rob's right here.

Go ahead Ghassan, you can have a brief comment in response.

GHASSAN SALAME: Well, that's interesting. I mean that's an idea, that we should take care of the economy. But this kind of discourse, reminds me very much of Algeria in the 50's.

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Where Algerians were invited not to burn the French colonized farms because this is part of the economy. But there was no feeling of ownership of these farms.

That's why they kept burning these farms, despite the fact that, it had no economic sense to it. After our blocks are taken away, if Gaza port is not destroyed, if they attack [inaudible].

Well, possibly a national economic community could start to survive. But, without the political foundation of such an economy, it will always remain dependent on others.

GEORGE MITCHELL: Rob.

ROB: Well my job is to try to summarize the very intense discussions you all had and I guess, maybe to introduce some levity, I'll do it in a top seven things that we could do to change the situation in the Middle East.

Number seven would be to create incentives for neighboring [inaudible] countries to invest in territories.

Number six: find solutions to address the problems of youth. And address the youth in I assume both Israel and Arab countries.

Number five: involve religious leaders in the discussions which is something we devoted a lot of time last year, talking with Secretary Albright and we touched upon as well. Bring the religious leaders into the political dialogue.

And number four, sponsor dialogue between what we call extremists, as we discussed. It may not be the right

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term, but between people who may not be, those we recognize as moderates on both sides because we have to bring them. Again, something that Alice Decrook [misspelled?] spoke to us about yesterday.

Number three is passing that United Nations Security Council Resolution on final status. Incidentally, the Security Council is meeting as we speak on this issue, but probably not to do what people are suggesting here.

Number two is to mobilize the American Jewish Community in favor of peaceful solutions. I already mentioned that our sponsors here, Heinz Tobon [misspelled?] and Dan Abraham, who I think is here. I think I saw him earlier.

So, please thank him because he was, the other sponsor wasn't able to be here the other day [applause], examples of people who are doing just that.

And then, number one, my personal favorite, I think this is one issue on which we are going to get consensus from members of the panel, bring President Clinton back and try to resolve it. Thank you [applause].

MALE SPEAKER 2: Let me, I will ask another question, get around it and I will make just a closing comment in the time that remains.

This is again a compilation of several questions.

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People here, of course, are interested in the role of the United States, what can, should the U.S. be doing?

Would the U.S. be the most effective third party broker or would someone else? Give me your answers to those questions and comments related to that in no more than two minutes each.

And since time is limited, I am not going to cut you off if you go beyond. Ghassan I will start with you then with Eival and then with Hanan.

GHASSAN SALAME: I think the United States, you can't do against them. You can't do without them and it is very hard to do with them [laughter]. So, it is a real dilemma. It is a real dilemma, laughing at that [laughter].

I think what we have had in this summer in Lebanon could be a blueprint for something to be considered for Gaza and the West Bank and also for Iraq also.

That is you have an American agenda with an administration that is biased, is unacceptable in most of the region, that where the mere idea of sort of America as an honest broker has taken a lot of, has had regrets in fact, is unacceptable to a lot people for good or bad reasons.

But here we are. If we accept that there is an agenda that is not hostile to American interests, but which is implemented on the ground by, as it is now in South

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Lebanon, through UNIFIL 2, by Muslim countries and European ones, along an agenda which is in Resolution 1701 that is acceptable to the Americans.

So that the Americans feel there is nothing against their interest in it, though they are not directly involved in its implementation. This could be a model.

The other model is to have none intervening on the ground which was the case, as far as the Palestinians are concerned, or to have the big mess we are having in Iraq now where basically half of the Security Council went in one direction and the other half went in a completely different one.

I see a possibility, first of succeeding in south Lebanon as model where middle powers come and implement a policy that is acceptable to the large powers and more importantly, to the largest of them all.

But without the direct interference with concessions made by this power like America wanted to chuck the seven, we did not have that. America wanted also that the mission goes all over the territory, not only south of the Latini. A concession was made, etcetera.

So it is not contrary to American interest, but it is not directly implemented by [inaudible]. The problem with the American diplomacy, I will finish with that, is that it

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has shown in the past 15 years since the Madrid conference, that it is much more interested by the process than by peace.

Peace remains an important goal in the Middle East, process has become a dirty word because nobody wants an open-ended process.

And American diplomacy has been much more associated with the concept of process than with the concept of peace.

That is why waiting for this resolution to take place in American minds, I think the 1701 formula in South Lebanon could be promising for both Palestine and Iraq in the future.

MALE SPEAKER 1: Why do we go to Hanan next and then Eival. We give Eival the last word. It is okay.

HANAN ASHRAWI: Now when we were negotiating and Ed knows that, I said, by no stretch of the imagination can you ever accuse the Americans of being even-handed.

This has never happened. The U.S. brings to bear an [inaudible]relationship to the region, its strategic alliance with Israel as a major framing device in its relations with the other world, with Palestine, with peace-making, with whatever.

This strategic alliance can never be ignored. It is, as I said a major determining factor and a major motivation.

And when we talk about Israel as being a domestic issue and the U.S. says has nothing to do with anti-Semitism

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or whatever.

It is a fact of life. We know that. We do not have the lobby. We do not influence votes. We don't deliver campaign funds. We do not do any of these things.

And at the same time, we believe that progressively, there has been deterioration of American relations, standing and interests in the region as a result of a very shortsighted policy of supporting Israel right or wrong.

There has to be a policy where even in spite of this [inaudible] alliance, the U.S. can tell Israel that what it is doing is detrimental to U.S. interest.

It is detrimental to the cause of peace, the stability in the region and to Israel itself as well as to the U.S.

So there has to be an independent American policy in dealing with the region. An independent in the sense that it can step back, not in order to allow the dynamic of violence to take over and then both sides will be exhausted and then we will intervene.

But to step back and assess where it has to intervene effectively and positively. And I account [misspelled?] the region is perhaps a necessary evil as you said. There is not way in which there can be peace without the U.S., because Israel is not going to listen to any country unless it

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listens to the U.S.

It is true. And the Europeans have been sidelined out of all this, powerless and the U.S. is the major power.

Unfortunately, if the U.S. continues to maintain a distance and not to be engaged in a viable peace process, then the vacuum will be filled by greater violence.

If the U.S. continues to save Israel from accountability and divide that with a cover with immunity and allowing it to act with impunity, then there can be no peace.

The quartet is a strange creature as we said that has been created in order to show global involvement, but the quartet plays the game within the parameters of the U.S.

It does not stray from that. And the latest statement of the quartet shows that as well. So it is unfortunate that so far the U.S. has not seen fit to adopt a policy that would balance all its interests in the region, that would see that it is in Israel's interests and I agree that it is mostly motivated by interest not by ideology and all the Neocon agenda and all the shortsighted policy of exploiting the democratic revolution and all that nonsense [laughter].

That does not work. That is an escape from dealing with the other. The fact is there is a conflict. There are deep-seated grievances.

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There is a sense of injustice and that has been ongoing. That is a festering wound. The U.S. has to have the courage to step in and say, enough is enough.

If you have a vision, it is only as good as your will to implement it, to transform it into a reality.

Unfortunately, the U.S. has been selling us one vision after the other but with no will to bring about a serious transformation on the ground to redeem itself and the region and to be able to start a whole new era, which is there and waiting.

The era does not come as result of preaching democracy or having elections and then punishing those who are elected because you do not like them.

The issue is, if you are consistent, if you have a view of the region as a whole, as a totality with all its complexities, and if you understand that it is the U.S.'s interest to do justice to the Palestinians and, therefore, prevent the Palestinian cause from being exploited, from being hijacked, from being used by extremists.

I have always said ours is a cause with its own integrity and it should not be taken-over or hijacked by anybody in order to border our credibility or border the justice of our cause.

So as I said, no peace without the U.S., but

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unfortunately U.S. has not been even handed, and Madame Albright is here and I'm sure [laughter] you know what I'm talking about. Thank you [laughter]. [Applause].

MALE SPEAKER 1: Eival

EIVAL GILADY: I'll be very brief, I just leave the questions to the audience. Just imagine July 2000, Arafat had accepted the proposal that was in the table of if you want me to go even further the proposal that was put a little later known as the Clinton Parameters.

Just imagine where were we today if this was accepted by Arafat. I think we would have been in a totally different situation, even if we still had to argue for whatever was left aside.

I think the U.S. engaged intensively when there was a good reason to believe, that there is good reason to do that.

And, when the U.S. got to the point that the question was not what is offered and what is on the table, they disengaged. I think the role of the U.S. is to keep on developing positive dynamics in the region.

I think they should do whatever they can to promote moderation. I think they should keep on doing it with all those knowns and values that some people think that are not important. I think they're of great importance.

We call it democracy, free markets, civil rights and

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so forth. I think they should stay on the line of no violence, as a means to promote all those political goals, and once conditions mature they should be well prepared to jump in and cut a deal.

MALE SPEAKER 1: Thank you. [Applause]. I would like to now call upon former Secretary of State, Madeleine Albright. Madeleine, come on up. [Applause].

MADELEINE ALBRIGHT: Thank you, very much. If there ever was a chicken and egg problem, this is definitely it. And, I am often asked whether I'm an optimist or pessimist. I say I'm an optimist who worries a lot.

And, from that perspective, I think that one can say that because conditions are so bad now that offers an opportunity for some very serious action.

And that is the only way one can take advantage of what I think is one of the worst situations in this chicken and egg aspect.

But, that's also why I'm so excited about these commitments, because these are-take us out of the chicken and egg process and really put some flesh here on some ideas that really can make a difference.

So, let me first ask Buzz Carney, the managing director of Economic Cooperation Foundation to join me here. This commitment is to facilitate a substantial upgrade of the

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Gaza Strip agricultural processes, while building relationships between the Gazan's and the Israelis.

And the commitment is \$5 million over two years. The plan here is that the foundation will lay the groundwork to upgrade basic Gaza agriculture processes and facilities like green houses to those that are state of the art.

The foundation will forge Israeli Palestinian partnerships to secure passage for goods being brought into and out of the Gaza strip as part of that project.

The initial development focus will be on flora horticulture, growing flowers, fruits, and vegetables, since products from that industry are Gaza's leading overseas export and since the sector accounts for 70-percent of Gaza's cultivated land. There really is a very large global impact to this. The foundation estimates that returns from Gaza's flooring horticultural exports could grow from \$65 million to \$1 billion within three years. And, it's very important, because it encourages trade relationships and the project, because it is a functional project will promote normalized relations between Israeli's and Palestinian's.

Mr. Carney has really been an outstanding actor all along in this and so I salute you, and give you this certificate. [Applause]. Thank you for your leadership.

Could I ask that Robert Sager, founder of the Sager

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Family Foundation to join me. The project here is an organization that's involved is the President's Action Network-PAN.

And, the commitment is to connect business leaders in Israel and Palestine to pursue common economic opportunity as a motivation for lasting peace.

And, the value is \$200,000 over one year. Now, PAN is bringing together Israeli and Palestinian business leaders at a pair of networking conferences, one held in Tel Aviv this past June and the second to be held in Jerusalem in March.

At these meetings, business leaders can explore potential economic partnerships, but what makes the conference series so innovative is that the business leader's spouses also attend.

The participants therefore are really able to build some personal relationships between the families, as well as business ties.

The June conference was attended by the president of Israel's largest company and the president of Palestine's largest company.

I think that there's a very important impact to this, because PAN is basically partnering with the Young President's Organization and the World President's

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Organization.

These are global networks of prominent business leaders, to bring people together for this project. And, the conferences obviously also reinforce the idea that peaceful relations in the Middle East would improve business opportunities, trade, and the region's role in the global economy. So, one really substantiates and supports the other. So, I think this is a very good and interesting commitment and I salute you for that. [Applause]. Thank you very much.

I would like to ask Ann Hamen please to come up, and describe [off microphone]. This organization is our Al Hasa Shalom village project.

This family foundation through The American Jewish Joint Distribution Committee is the organization that's involved and the commitment is forming the Al Hasa Shalom village, a village for orphan children in Rwanda to give traumatized youth a safe and structured community in which to grow.

And the value of it is up in the range of \$250,000 for the first year. What's very interesting about this is that this village is modeled after the successful Yemen Orda [misspelled?] village in Israel, because that country obviously as we all know has dealt with the aftermath of

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genocide.

The Al Hasa Shalom village will be a complete community staffed by adults and designed to compensate children for their sense of abandonment. It's going to be a true home for the children. They can't be expelled, and they will always be welcomed there even after they've graduated from the program.

And this commitment involves actually building the physical village, forming a Rwandan NGO to administer it and training staff.

I think this is a very interesting project also, because it takes lessons learned from one part of the world to the other.

And, really by providing youth with this safe home, this family foundation and the American Jewish Joint Distribution Committee is going to help Rwanda in its reconciliation efforts and speed a return to normal life.

I also think it is very important, because it shows the commitment of the Jewish community to issues of ethnic problems in other parts of the world. So, I am very supportive and thank you very, very much. [Applause].

And, can I ask Nancy Aosse, President of the International Medical Core to join me. The organization involved here is The International Medical Core.

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And it is developing desperately needed health services to treat mental stress in three regions characterized by religious and ethnic conflict; Dart forth, Sudan and eastern Chad, Uganda and the Democratic Republic of Congo.

The value of this commitment is \$3.25 million over one year. The point of this is to help patients suffering from the stress of violence and uncertainty in the three conflict areas.

The IMC, the International Medical Core, will fully integrate mental health services into the primary healthcare it offers there. It will train primary healthcare providers to recognize, treat and refer cases of mental stress, especially the kind of stress brought on by conditions of conflict, child slavery, child soldiery and slavery and sexual abuse and forced marriage and the destruction of homes and livelihoods.

The mental health programs should be up and running in all three regions by June of 2007. The importance of this is that, we do have to deal with the various stresses of the fact when people are displaced, poverty and hunger prevents survivors of disaster and conflict from fully recuperating.

And in so many ways, by providing health services and health care infrastructure in underserved communities, IMC

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not only deals with the immediate problems but also helps in building communities and bringing people together.

So, I think it's a very, I'm very much obviously in favor of functional projects that help to solve problems where there are people working together to work on an issue which ultimately helps to build communities and help to resolve conflicts, so congratulations [applause].

MALE SPEAKER 1: Thank you Madeline, I would like to just make a brief comment in conclusion first to thank our distinguished panel.

I thought it was a very lively and informative panel, we really could have taken a whole afternoon or evening to give them a chance to say everything, but please, join me in thanking the members of the panel [applause].

Thanks also to Rob Maley and his colleagues for organizing and implementing it such an effective way, thank you Rob [applause].

I want to make a comment on one aspect of the discussion in the last phase and that is the issue of economic growth and how it relates to the effort to achieve peace in conflict situations. While some of the words spoken, may on first impression, appear to have been in conflict. In fact, I believe they are complementary and they underline the importance of that aspect of conflict

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resolution.

I recall very clearly my first day in Northern Ireland. Many years ago I was taken to the large wall which physically separates the two communities, Catholic and Protestant in the capital city of Belfast. In the morning, I met on their side of the wall with a group of nationalists, primarily Catholic.

In the afternoon with a group of unionists on their side of the wall. They are primarily Protestant. Although their messages were not coordinated, in fact, they had spent decades fighting each other, they were to my surprise almost identical.

A Protestant minister, one of the most powerful and persuasive orders I have ever heard in my life, brought with him two maps, which he laid one on top of the other.

The first showed unemployment in the urban areas of Northern Ireland. The second showed violence in the urban areas of Northern Ireland and you will not be surprised to hear that they fit each other like a hand in a glove.

But he took pains to say that the conflict there was not primarily or exclusively economic, but in fact, involved many other factors, religion, national identity, territory and many other.

And so also the conflict in the middle east is not

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primarily economic and involves those factors and more indeed far more complex and difficult to resolve than that which existed in Northern Ireland.

But the message also was, that you cannot concentrate solely on political and security matters, that you must reach to the hearts and minds of the individuals and the universal human craving for dignity and respect.

And the way that it is achieved in almost every society, is through work. What does one does in and with one's life to earn income to support one's family but also, to earn the respect that comes from being a part of and a productive contributor to a society.

It is very clear, as Ghassan emphasized, that if you simply did economic infrastructure job building by itself, that will not solve your problem.

It is equally clear, as Eival indicated, that if you simply established a political structure that had no economic foundation and perpetuated the massive unemployment and underemployment which now exists, the structure would be unsustainable.

And so, what I think particularly those of you engaged in business have to see is that, you have critical role to play as peacemakers by encouraging, not just the political leadership to take the steps needed to reach

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agreements on political and security and other matters.

But at the same time, to make those solutions sustainable over time, to insist that the economic component be considered as an issue of the highest importance within that context.

Economic growth without political independence is an argument for colonialism and nobody believes that, least of all the people in this room.

On the other hand, political structures without economic growth is an argument for a sham that will not stand.

And everybody here, if you do not do anything else, who can help in conflict situations, if it is within your capacity by encouraging the kind of trade, investment, and growth that creates jobs and opportunities, will in fact be, a peacemaker in that process without whose efforts ultimately it will not succeed.

So, thank you all very much for being here, thank you all [applause]. Thanks again to our panel.

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