

AFTER THE WAR: MARGINALISING THE ENEMIES OF PEACE

LFI POLICY BRIEFING

LABOUR FRIENDS OF ISRAEL

WORKING TOWARDS A TWO STATE SOLUTION

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BY

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EXECUTIVE SUMMARY: A FIVE-POINT PLAN FOR THE “DAY AFTER”

- Britain must now focus on how to build consensus between the Trump administration and European and regional partners on bringing the conflict to an end. But it should also now start giving attention to supporting a better future for Israelis and Palestinians, including by bolstering the case for moderates in Israel and marginalising the enemies of peace.
- For Britain, Europe and moderate Arab states, the foundational principle – that a negotiated two-state solution offers the only long-term prospect for settling the Israeli-Palestinian conflict – must remain clear.
 1. Britain should work with our allies in Europe and the region to promote immediate, practical steps to breathe new life into the Palestinian Authority (PA). Core to UK efforts to support Palestinian statehood must be a new partnership agreement with the PA and a commitment on its part to far-reaching reform measures. Crucially, the agreement must address officially sanctioned incitement by the PA. Britain should therefore lead a drive by donors to unequivocally demand that the PA's schools stop the promotion of antisemitism and “martyrdom” and that the PA ends its appalling practice of paying salaries to convicted terrorists. The UK should also consider sanctions targeted against those Palestinians in the West Bank who incite and promote violence.
 2. To strengthen its position and credibility among Palestinians in the West Bank, PA reform will need Israeli cooperation. In the short term, Israel should take immediate steps to improve the economic and security situation in the West Bank, including lifting the threat to suspend banking cooperation; allowing West Bank Palestinian workers back into Israel where the security situation allows; clamping down on the violence of extremist settlers; and reining in illegal outposts. UK sanctions targeted against violent extremist settlers, coordinated with international partners, are justified and should continue.
 3. The UK and its partners should develop the regional framework for peace to contain Iran and its allies and exclude their proxies from the Palestinian territories. In line with its manifesto commitment, the UK government should institute a ban on the IRGC as swiftly as possible. It should also underline its commitment to the normalisation process by appointing a special envoy for the Middle East with the status of an ambassador and a remit to work on the expansion of the Abraham Accords.
 4. Throughout this year, LFI has urged a Marshall Plan for the reconstruction of Gaza. Britain should work now with our international partners to convene a stabilisation and reconstruction summit, to envisage how international actors can help facilitate a transition to an interim governing authority led by Palestinians with international support, and begin reconstruction.
 5. Finally, the UK should begin building the civic society foundations for a future peace process by working to establish an International Fund for Israeli-Palestinian Peace. We welcome the prime minister's announcement at this month's LFI lunch that the foreign secretary will invite a broad and inclusive group of countries and international institutions for an inaugural meeting in London to coordinate support for civil society in the region as part of bolstering direct negotiations toward a two-state solution.

INTRODUCTION: ENVISIONING THE DAY AFTER

As the tragic conflict that began on 7 October continues, the Labour government is rightly focused on our shared desire to end the war, bring the Israeli hostages home and ensure a surge of aid into Gaza.

The atrocities committed by Hamas on 7 October – and the multi-front conflict it deliberately provoked as a result – underlines why, as foreign secretary David Lammy has suggested, Hamas can have no future role in Gaza.

Similarly, the prime minister has been steadfast in standing with Israel in the face of the aggression perpetrated by Iran – which funds Hamas to the tune of \$100m annually – and other members of its “axis of resistance,” including Hezbollah, the Houthis and, increasingly in recent weeks, Iraqi militias. Together, they have wrought violence and bloodshed across the Middle East and, by their common desire to destroy Israel, acted over many years as a major barrier to a two-state solution, as well as wider regional peace.

The government has been ramping up sanctions on the Iranian regime’s ideological vanguard, the Islamic Revolutionary Guard Corps (IRGC), which is responsible for the brutal suppression of dissent at home, as well as Tehran’s nefarious regional and international activities (such as the supply of ballistic missiles for Putin’s war in Ukraine). In line with our manifesto commitment, the government should institute a ban on the IRGC as swiftly as possible.

But Labour came into office with the US already in election mode, and in recent months the international diplomatic community has been treading water awaiting the outcome of that election. However disappointed and dismayed we are by the result, Britain must now turn its attention to working with the Trump administration on bringing the conflict to an end, and envisioning how, beyond a ceasefire, the international community can support a better future for Israelis and Palestinians alike.

TRUMP BACK IN THE WHITE HOUSE

During the transition period, various actors, including the Biden administration, may try to shape the terrain going forward, including at the UN security council. But the longer-term question is how the UK works with the new US administration that will be in place for most of this Labour government’s first term.

Despite the extremely hawkish tilt of his key nominations, it would be a mistake to prejudge Donald Trump’s policy direction in the Middle East and what might be possible, given the ambiguities of the president-elect’s rhetoric, his inherent unpredictability, and his transactional approach.

In his first-term Trump showered the Netanyahu government with diplomatic gifts and shattered US relations with the Palestinian Authority (PA). But the administration also launched what it touted as a “realistic two-state solution” which envisaged a Palestinian state on 70 percent of the West Bank plus Gaza. In reality, it was – for justifiable reasons – utterly unacceptable to the Palestinians, although it did mark a step forward from Trump’s previous flirtation with abandoning the US’ long-standing commitment to a two-state solution. He also blocked the Israeli right’s plans for annexing large swathes of the West Bank. Netanyahu was persuaded to shelve unilateral annexation in return for the Abraham Accords breakthrough.

Trump may be enticed by the possibility of building on the success of the Abraham Accords through expanding normalisation to include Saudi Arabia and other Arab and Muslim-majority countries. This goal could position his administration in support of Israeli concessions to Saudi demands on Palestinian statehood, putting pressure on Benjamin Netanyahu’s coalition. Trump’s hawkish rhetoric on Iran may also increase deterrence against the regional spoilers led by the regime in Tehran, building on Israel’s military successes, especially against Hezbollah.

In this context, the UK's focus should be on building a consensus between the US administration, European partners, and Arab states around a strategy to marginalise the Iranian-led enemies of peace in the region, reaffirm the two-state framework that was written into the Trump peace plan, and strengthen the case for pragmatism and diplomacy in Israel.

Netanyahu's government – a coalition of ideological extremism and narrow self-interest – will argue that committing to Palestinian statehood would be a reward for terrorism and incompatible with Israeli security, exposing the country to more Iranian-backed threats on its borders. But majority opinion in Israel has a more complex take. While united in their commitment to defeating Israel's enemies, most Israelis want to see an end to the war, the return of the hostages and a diplomatic path forward. While support for a two-state solution has fallen, most Israelis want to create the basis for solidifying Israel's relations with Arab states, including Saudi Arabia, and to strengthen moderate Palestinian alternatives to Hamas.

If Trump's desire to see the war ended can be harnessed and directed, it could improve the prospects for a ceasefire and a new stage for diplomacy. That, in turn, can hasten the move towards elections in Israel, with polls suggesting a high chance of an opposition victory over Netanyahu's coalition.

All that said, even with a ceasefire that ends the fighting in Gaza, brings the hostages home, and ushers in a more pragmatic Israeli leadership, a Palestinian state will be a long-term goal that has to be built over time. A comprehensive conflict-ending agreement is not achievable in the current context, nor can it be brought about through international declarations or symbolic unilateral actions on the part of individual states. Such acts in isolation won't advance the prospect of a two-state solution, aid the cause of Israeli progressives, or improve the situation on the ground.

Nonetheless, there is a lot that can be done to improve the situation. A ceasefire will, of course, transform what is possible. But even before this is achieved, there is vital and important work to be done now in building the framework for conflict-resolution in Israel and Palestine and at the regional level.

STRENGTHENING AND REFORMING THE PA

The first key element on the ground is to begin promoting more immediate, practical steps to breathe new life into the PA. The recent call between the PA's ageing president, Mahmoud Abbas, and Trump gives hope that the US will continue to oppose measures that threaten the very viability of the PA, such as threats from Israeli finance minister, Bezalel Smotrich, to stop banking cooperation. But deep reform and rehabilitation of the PA is not something on which the new US administration is likely to be willing or able to take the lead. Britain should thus work with our allies in Europe and the region to undertake the hard work that will be required.

There is no avoiding the reality that that the PA and Abbas have little to no credibility with both Israelis and Palestinians and struggle to govern those areas of the West Bank supposedly under their control.

But the PA is also the only show in town when it comes to constructing a moderate Palestinian alternative to Hamas.

The PA must be reformed and rehabilitated for it to play a role in the future governance and reconstruction of the Gaza Strip; to restore its standing among West Bank Palestinians; to gain credibility as a partner for Israelis; and to once again become the foundation of a Palestinian state.

Core to UK efforts to support [Palestinian statehood](#) must be a new partnership agreement with the PA. This must include a commitment on the part of the PA to far-reaching reform measures to strengthen the independence of the judiciary and press freedom, eliminate corruption, and shake-up the security forces.

Crucially, the agreement must address officially sanctioned incitement by the PA – this would be consistent

with a UK agenda to target incitement to violence on all sides. The PA's current practices are morally wrong, politically counterproductive and utterly detrimental to the cause of a two-state solution. They feed legitimate Israeli anxieties about the Palestinian leadership's commitment to peace, while militating against the values – such as trust, reconciliation and coexistence – which underpin any successful political process.

Britain should therefore lead a drive by donors to unequivocally demand that PA schools stop the promotion of [antisemitism and “martyrdom”](#) and its appalling practice of paying [salaries](#) to convicted terrorists. The UK should consider sanctions targeted against those Palestinians in the West Bank who incite and promote violence.

Second, to strengthen its position and credibility among Palestinians in the West Bank, PA reform will need Israeli cooperation. Serious commitment to reform by the PA, encouraged by the UK and our allies, will also strengthen the case of Israeli moderates that the PA is the best alternative to Hamas. In the short term, Israel should take immediate steps to improve the economic and security situation in the West Bank, including lifting the threat to suspend banking cooperation; allowing West Bank Palestinian workers back into Israel where the security situation allows; clamping down on the violence of extremist settlers; and reigning in illegal outposts. UK sanctions targeted against violent extremist settlers, coordinated with international partners, are justified and should continue.

In the medium term, there are many more steps Israel can take to strengthen the PA in Ramallah. These include improving movement and access, upgrading economic cooperation and facilitating international investment. Politically much harder but highly symbolic would be removing illegal settlement outposts and halting construction in settlements outside the major blocks (which about the 1967 Green Line and which, through “land swaps,” would remain part of Israel in a future arrangement). While impossible to envisage under the current Israeli government, such steps could be contemplated by a more moderate Israeli coalition as trade-offs for progress in regional normalisation.

DEVELOPING A REGIONAL FRAMEWORK FOR PEACE

Developing a regional framework for peace should be the third key focal point for the UK and its partners. We must face facts. Support in Israel for a two-state solution was waning before 7 October and has fallen further since. But [surveys](#) show Israeli public support for a (demilitarised) Palestinian state rises significantly when linked to the promise of expanding normalisation to include Saudi Arabia and the development of a regional US-led defence pact. Framing a reformed, PA-led Palestinian state as a part of a regional pact to contain Iran and its allies, and exclude their proxies from the Palestinian territories, is the incentive that could enable pragmatic Israeli leaders to recommit to a two-state framework. The more concrete and credible the prospects of regional cooperation, the more centrist Israeli opposition leaders can position their rivals in the current coalition as the barriers to a better future.

Iran and its allies will remain determined to stop this process, but Israel's achievements in dramatically degrading Hamas and Hezbollah and exposing the vulnerability of Iran create an opportunity to advance it nonetheless.

The UK government should underline its commitment to the normalisation process by fulfilling Labour's pledge – made by Lammy at the 2023 LFI annual lunch – to appoint a special envoy for the Middle East. That envoy should have the status of an ambassador and a remit to work on the expansion of the Abraham Accords. Britain must be clear, too, that Arab-Israeli normalisation must have clear benefits for the Palestinians baked in.

DEVisING A PLAN FOR GAZA

The fourth element is a plan for the [Gaza Strip](#) – one which addresses not just the impact of the present terrible war but nearly two decades of conflict, tight Egyptian and Israeli restrictions, and, most damagingly of all, Hamas rule.

A lawless, failed state in Gaza cannot attend to the needs of the people of Gaza or provide the security the people of Israel have the right to expect. Throughout this year, LFI has [urged](#) a Marshall Plan for the reconstruction of Gaza. Britain should now work with our international partners to convene a stabilisation and reconstruction summit, to envisage how international actors can help facilitate a transition to an interim governing authority led by Palestinians with international support, and begin reconstruction.

The infrastructure priorities will be water, sanitation, power, healthcare and shelter. Achieving this will take the close coordination of international stakeholders, including Arab and western states, Israel, the PA, and UN agencies. A key component is an international mechanism to ensure no permanent Israeli reoccupation and no Palestinian remilitarisation. This must include securing the Rafah border with Egypt and tight controls inside the Gaza Strip to prevent the diversion of construction materials. The costs of reconstruction will be immense and the process will take many years. Interim relief measures will be needed for the population during this time.

Re-establishing the authority of the PA in Gaza after 17 years is a formidable challenge that will take time. It will require reform, new leadership and newly trained security forces. The PA will need to draw legitimacy from a credible international commitment to reconstruction and eventual statehood. Britain should support the establishment of an interim governing authority led by Palestinians with international support. These transitional arrangements may require an international presence, possibly under an international mandate, and a local component that could include the business community, community leaders, and elements of the Gaza-based PA civil service that predate Hamas' rule.

The military destruction and disarming of Hamas creates the necessary opportunity for an alternative governance. That alternative is, in turn, required to fill the vacuum and stop Hamas or other terrorist groups from reconstituting. Britain, the US, and our key allies agree with Israel that Hamas cannot play a part in the future governance of Gaza. And neither the people of Gaza nor Abbas' PA want the Iranian proxy back either. Indeed, when asked which entity they prefer to govern Gaza immediately after the war, polling [shows](#) only seven percent of Palestinians in Gaza choose Hamas. This is hardly surprising given that as many Palestinians in Gaza (87 per cent) hold Hamas responsible for the current situation as they do Israel (85 percent).

If a new regime can take hold, it will make possible a sequence of long-term projects for energy, water, maritime access, and connectivity with the West Bank long envisaged – including by Israeli governments – but hampered by Gaza being controlled by Hamas, and Israeli ambivalence about Palestinian statehood. There is widespread hope (including in Israel) that Saudi Arabia and the UAE – each with a high stake in promoting stability, moderation and normalisation – will play a central role, alongside Egypt and Jordan. (For perspective, the budget for Saudi Arabia's NEOM Red Sea “city of the future” is \$500bn.) That said, any long-term commitment on the part of moderate Arab states to prop up a new Palestinian-led administration will – they insist – require an Israeli commitment to a political process leading to Palestinian statehood.

PROMOTING A CULTURE OF PEACE

Finally, the potential for which is inextricably tied to the other three, is a massive investment in promoting a culture of peace.

It's now time to begin building the civic society foundations for a future peace process by working to establish an [International Fund for Israeli-Palestinian Peace](#). Modelled on the [International Fund for Ireland](#), which was established in the darkest days of the Troubles in the mid-1980s, it is [credited](#) with laying the ground for the Good Friday Agreement.

In the case of Ireland, investments in peacebuilding projects – which ranged from sports clubs for children and young people to environmental, cultural, economic and interfaith groups – equated to \$44 per person per year. The equivalent sum received by projects in Israel-Palestine, which, academic studies [show](#), promote conflict-resolution values such as mutual trust, reconciliation and coexistence, is a mere \$2.

LFI has led the campaign in Britain for the International Fund for Israeli-Palestinian Peace. Devised by the Alliance for Middle East Peace, the case for an International Fund for Israeli-Palestinian Peace has been recognised by the [prime minister](#), [chancellor](#) and [foreign secretary](#). Earlier this month at the LFI annual lunch, the prime minister announced that Britain will take an important first step, with the foreign secretary hosting a broad and inclusive group of countries and international institutions for an inaugural meeting in London to coordinate support for civil society in the region as part of bolstering direct negotiations toward a two-state solution.

Given Labour's record in Northern Ireland, the government is uniquely placed to lead the drive to establish an International Fund. And, given the [backing](#) it receives from Israelis and Palestinians alike, it offers a glimmer of hope for the “day after” the conflict and a concrete way that Britain can help to marginalise the enemies of peace.

Whatever our feelings about the outcome of the US election, the focus of the government must be on what can be achieved given the political realities in Washington and in the region. Leveraging Trump's desire to see the war end could unlock the door to the opportunities described above, not least because a ceasefire will increase the pressure for elections in Israel. Against this backdrop, the UK can play a role in creating the context for the recovery of moderates within both Israeli and Palestinian societies.

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