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Article 1.

The Washington Post

**In State of the Union address, Obama lays out his second-term agenda**

Editorial

February 13, 2013 -- TWO DOMESTIC concerns towered above all others as President Obama addressed a joint session of Congress on Tuesday night on the state of the union. One was stubbornly slow economic growth. The other was the long-term threat to prosperity posed by the structural mismatch between the federal government's projected revenue and its spending commitments. A successful second term for Mr. Obama will require both credible proposals for overcoming those related

challenges and the determination to carry them through.

The president addressed the deficit and debt first, and at some length. This was fitting, giving that the most pressing piece of business facing Washington is what to do about the impending

\$85 billion across-the-board spending cut. He was forthright in

declaring that this so-called sequester threatens the military as well as domestic programs. But his plan to avoid it basically repeated the offer of a “balanced approach” — unspecified tax hikes and spending cuts — which Republicans have already rejected.

Somewhat more substantively, he called for a larger deficit-reduction deal built around loophole-closing tax reform and what he called “modest” reforms to Medicare and entitlements. In an apparent effort to rally Democrats to this cause, he called on “those of us who care deeply about programs like Medicare” to “embrace” reform.

Yet in promising the same amount of Medicare savings as the Simpson-Bowles commission proposed, Mr. Obama did not mention that this would be a mere \$341 billion over 10 years. All told, he envisions shaving an additional \$1.5 trillion off projected deficits over 10 years, which would leave the national debt at a historically aberrant 70-odd percent of gross domestic product. In short, he declined to push back against the mind-set within his party that considers acceptable “stabilizing” the debt at this level by the time Mr. Obama’s second term ends. At best,

that would buy a respite of a few years before the debt resumed its upward climb.

As for raising the economy's growth potential, the president was more persuasive. His emphasis on reforming the tangled and counterproductive corporate tax code was especially welcome, and relatively likely to draw GOP support. He offered several promising ideas on education, including a promise of "high-quality preschool" for all children, though how that would square with his promise not to increase the deficit by a single dime went unexplained. He sounded a ringing call for greater federal attention to college cost containment. "Taxpayers can't keep on subsidizing" spiraling tuition, he said, candidly and correctly.

As European trading partners had hoped, the president endorsed negotiations for a transatlantic free-trade zone, which would help America's export industries and the jobs that depend on them. Coupled with an agreement that Obama is promoting for the Pacific region, the proposal has the potential to make his second term fruitful for global trade. He also suggested raising the federal minimum wage, from \$7.25 per hour to \$9 — although the precise amount is less important, in our view, than the president's call for annual cost-of-living adjustments.

In keeping with Mr. Obama's theme of nation-building at home, foreign policy played a secondary role in his speech. He promised to bring home half of the remaining U.S. troops in Afghanistan within the next year. But officials said the withdrawal would be weighted toward year's end, leaving most of the troops to partner with Afghan troops for much of this year. The president said the United States would support

democratic transitions in the Middle East, “keep the pressure on [the] Syrian regime” and “do what is necessary to prevent” Iran from obtaining a nuclear weapon — but he offered no specifics.

Mr. Obama pressed his case for reform of immigration laws and for action to slow global warming — and, in especially moving terms, tougher gun laws. In each case, there may be measures he can take through executive action, but new laws will be needed for substantial progress.

Mr. Obama was right when he pointed to the survivors and grieving relatives of gun violence victims and insisted, “They deserve a vote.”

Article 2.

Foreign Policy

## **The world is no longer America's problem**

Aaron David Miller

February 13, 2013 -- If you want to know what an American president's foreign policy is likely to be, particularly in a second term, don't listen to his State of the Union speech. You'd probably have more luck playing with Tarot cards, or reading tea leaves or goat entrails. But not this year. Barack Obama's fourth such address left a trail of foreign-policy cookie crumbs that

lead directly to some pretty clear, if hardly surprising or revolutionary, conclusions. His first term contained no spectacular successes (save killing Osama bin Laden), but no spectacular failures either. And more than likely, that's what the president will settle for in a second, even as the Arab world burns and rogues like Iran and North Korea brandish new weapons. He's nothing if not a cautious man.

Behold: I am the Extricator in Chief

Afghanistan -- the "good war" -- has been pretty much MIA in Obama's speeches since he became president. He's alternated between spending a few words on the mission there (2009) or a paragraph (2010, 2011, 2012). If his words have been brief, the message has been stunningly clear: It's about the leaving. And tonight was no exception. Not more than two minutes in, the president spoke about America's men and women coming home from Afghanistan.

Obama's signature is indeed that of the extricator. And he broke the code early (the 2009 surge was designed politically to get in so that he could get out with a clearer conscience). He is the president who has wound down the longest and among the most profitless wars in American history, where victory was never defined by whether we can win, but by when can we leave. It is his legacy, and one about which he has reason to be proud. Obama has left himself and his military commanders plenty of discretion about the pace of extrication. But that's fine with the president so long as they're heading for the exits.

Not the Destroyer and Rebuilder of Worlds

Surprise, surprise: There was scant mention of Syria in the

president's speech -- just one throwaway line about supporting Syria's opposition. Obama did not disengage from Iraq and Afghanistan only to plunge America into new black holes in the Middle East.

Obama isn't worried about boots on the ground in Syria. That was never on the table. Instead the question is this: Given the uncertainty about the end state in Syria and the risks of providing serious weapons to the rebels (and a no-fly zone) that might alter the arc of the fight against the regime, the president saw and continues to see no purpose in America providing arms of marginal utility. That course would either expose him to be truly weak and ineffectual or lead to calls to do more. So he's going to provide non-lethal support and is apparently prepared to take the hits from critics who see the president's policy as passive, cruel, and unforgiving, particularly now that we know that members of his own cabinet clearly wanted to do more. The Iranian nuclear issue, the other potential tar baby in the SOTU, followed a pretty predictable rising arc of concern in the list of presidential foreign-policy worries. In 2009, in Obama's address to a joint session of Congress (a speech some regard as a SOTU), Iran wasn't even mentioned. In the 2010 SOTU, Obama threatened that if Iran ignored its international obligations, there would be consequences; in 2011, he did the same; and in 2012, he made it clear that he would prevent Iran from acquiring a nuclear weapon and take no option off the table. Obama repeated half of what he said in 2012 about preventing Iran from getting a nuclear weapon, but instead of saying all options were on the table, he spoke of the importance of diplomacy. I suspect he'll go to extreme lengths to avoid war, and won't greenlight an Israeli attack either until the arc of diplomacy has run its course.

And then Obama would likely act only if the mullahs push the envelope by accelerating their uranium enrichment program and other military aspects of the nuclear enterprise.

### Seizing the Nuclear High Road with Little to Lose

Even as he confronts a real bomb in North Korea (very bad options there) and a potential one in Iran (bad options there too), Obama is trying to make good on a longstanding commitment to reduce America's own nuclear arsenal. Backed by the military chiefs and likely by the public too (getting rid of nukes equals saving money), but opposed by Republicans in Congress, Obama will try to work around the political obstacles by seeking a deal with yes ... you got it ... his old friend Vlad Putin. It's worth a try. If Putin balks or Republicans get in the way, the president can always advocate unilateral cuts -- not something he wants to do. But if he can't have his way on nukes, he can always blame it on the Russians and the Republicans with little to lose. The road to getting rid of nukes is a long one. Let the next guy (or gal) worry about it.

### A Little Leg on Palestine?

Obama hasn't mentioned the Israeli-Palestinian conflict in a SOTU speech since 2009. And that's no coincidence. His own poorly thought-through initial effort crashed and burned, leaving the president pretty frustrated and annoyed with both Israelis and Palestinians, particularly Israeli Prime Minister Benjamin Netanyahu.

But hey, that was then. A second-term president has committed himself early in 2013 to a trip to Israel and has an Energizer bunny in Secretary of State John Kerry, who wants to do the

right thing and keep the two-state solution alive. Obama clearly kept his distance from the issue again on Tuesday night. He spoke of standing with Israel to pursue peace, but didn't mention Palestinians or the peace process. He mentioned his own trip to the Middle East, but missed an opportunity to give what might be a trip to the region by his new secretary of state higher profile. It's just as well. The paradox of the Israeli-Palestinian issue is that it's too complicated to implement right now and too important to abandon. It's in this space that Obama will be forced to operate. And while the odds of success are low, Obama will be tempted in his final term to do something bold, perhaps laying out a U.S. plan of parameters on the key final-status issues.

### It's the Middle Class, Not the Middle East

Spoiler alert: Barack Obama might still be a consequential foreign-policy president if he's lucky, willful, and skillful. But it's his domestic legacy that will make or break his presidency. Health care -- his signature legacy issue -- will look much better if the economy improves, driven by a revived housing market and rising employment, and of course if some broader deal can be struck on entitlements and taxes. Immigration reform and gun-control legislation driven by a functional bipartisanship would cement that legacy. He'd be an historic rather than a great president.

Two clocks tick down in a president's second term: the drive for legacy and the reality of lame duckery. Obama's political capital will diminish quickly. Where, how, and on what he wants to spend it is critical. The Middle East is violent and volatile and may yet suck him in, but if he can avoid it, he'll try. This was a

State of the Union address that stressed fixing America's broken house, not chasing around the world trying to fix everyone else's. The future of America isn't Cairo or Damascus; it's Chicago and Detroit.

*Aaron David Miller is a distinguished scholar at the Woodrow Wilson International Center for Scholars.*

Article 3.

Agence Global

## **Can the United States Strike a Deal with Iran?**

Patrick Seale

12 Feb 2013 -- Negotiations with Iran are once more on the international agenda. After an eight-month break, the five permanent members of the UN Security Council plus Germany -- the so-called P5+1 -- are due to hold a meeting with Iran on 25 February in Kazakhstan. What are the prospects of success? In a nutshell, that would seem to depend more on the climate in Washington than in Tehran. Iran is gesturing that it wants to negotiate, but Washington has not yet signalled any greater flexibility than in the past.

In a major speech in Tehran last Sunday, President Mahmoud

Ahmadinejad addressed the United States: "Take your guns out of the face of the Iranian nation and I myself will negotiate with you," he declared. Meanwhile, the Iranian ambassador to Paris told French officials that, provided a work plan was agreed, Iran was ready to allow inspectors of the International Atomic Energy Agency (IAEA) to visit Parchin, a military facility where Iran is suspected of having done work on atomic weapons.

Ahmadinejad himself has said repeatedly that Iran was ready to stop enriching uranium to 20% if the international community agreed to supply it instead to the Tehran research reactor for the production of isotopes needed to treat cancer patients.

The only recent encouraging word from the United States was a hint by Vice-President Joe Biden at last week's Munich security conference that the time may have come for bilateral U.S.-Iranian talks. Iran's Foreign Minister Ali Akbar Salehi responded positively to Biden's offer, although he added that Iran would look for evidence that Biden's offer was 'authentic' and not 'devious'.

The road to a U.S.-Iranian agreement is littered with obstacles -- grave mutual distrust being one of them. There is little optimism among experts that a breakthrough is imminent. For one thing, Iran is almost certain to want to defer any major strategic decision until a new President is elected next June to replace the sharp-tongued Mahmoud Ahmadinejad. To strike a deal with Iran, the United States would also need to assure its Arab allies in the Gulf that they would not fall under Iranian hegemony or lose American protection. Guarantees would no doubt have to be given.

Israel, America's close ally, poses a more substantial obstacle. It is totally opposed to any deal which would allow Iran to enrich uranium, even at the low level of 3.5%. Wanting no challenge to

its own formidable nuclear arsenal, Israel's long-standing aim has been to halt Iran's nuclear programme altogether. To this end it has assassinated several Iranian nuclear scientists and joined the United States in waging cyber warfare against Iranian nuclear facilities. Its belligerent prime minister, Binyamin Netanyahu, has for years been pressing Obama to destroy Iran's nuclear programme and -- better still -- bring down the Islamic regime altogether.

Faced with these obstacles, it is clear that any U.S. deal with Iran would require careful preparation. Obama would need to mobilize strong domestic support if he is to confront America's vast array of pro-Israeli forces. They include Congressmen eager to defend Israeli interests at all costs (as was vividly illustrated by the recent Chuck Hagel confirmation hearings), powerful lobbies such as AIPAC, media barons, high-profile Jewish financiers like Sheldon Adelson, a phalanx of neo-con strategists in right-wing think tanks, influential pro-Israelis within the Administration, and many, many others. The cost in political capital of challenging them could be very substantial.

Nevertheless, elected for a second term, he now has greater freedom and authority than before.

Obama is due to visit Israel on March 20-21, something he did not do in his first term. This visit will be the first foreign trip of his second term -- in itself a sign of its importance. Although the White House is anxious to play down suggestions that he will announce a major initiative, either on the Israeli-Palestinian conflict or on Iran, there are issues he cannot avoid. He may, however, choose to raise them in private talks with Israeli leaders rather than in public. His message is expected to be twofold: Israel should not delay in granting statehood to the Palestinians, however painful that choice may be, and it should

be careful not to make an eternal enemy of Iran. Both conflicts have the potential to isolate Israel internationally and threaten its long-term interests, if not its actual existence.

In his first term of office, Obama resisted Netanyahu's pressure to wage war on Iran. This was no more than a semi-success, however, since he managed to blunt Netanyahu's belligerence only by imposing on Iran a raft of sanctions of unprecedented severity. They have halved Iran's oil exports, caused its currency to plummet and inflation to gallop, severed its relations with the world's banks and inflicted severe hardship on its population. The key question today is this: What are Obama's intentions? Is he seeking to bring down Iran's Islamic regime, as Israel would like, or is he simply seeking to limit its nuclear ambitions? If 'regime change' is his aim then sanctions will have to be tightened even further and extended indefinitely. But if Obama's aim is to strike a deal with Iran over its nuclear programme then he must give it at least some of what it wants: such as sanctions relief; acceptance of its right under the Nuclear Non-Proliferation Treaty to enrich uranium to a low level for peaceful purposes; recognition of its security interests, of the legitimacy of its Islamic regime born out of the 1979 revolution, and of its place in the region as a major power.

The P5+1, which are due to meet Iran later this month, remain so divided that they are unlikely to improve substantially on their previous miserly offer, which was to provide Iran with some airplane spare parts if it gave up uranium enrichment to 20% -- its trump card. It is the paralysis of Iran's dealings with the P5+1 that has lent credence to the idea that the best hope of a breakthrough may lie in bilateral U.S.-Iranian talks -- perhaps even a summit meeting between President Obama and Ayatollah Khomeini.

For such a summit to be successful the United States would have to change its approach. Iran's supreme leader has made clear that Iran will not negotiate under threat of attack. There would have to be give and take. Above all, Iran wants to be treated with respect. This is the challenge facing Obama.

It is worth remembering that there is as yet no evidence whatsoever that Iran has decided to build nuclear weapons. Nor has it developed a reliable delivery system. Instead, it has focussed its efforts on medium-range missiles unable to reach Israel. It has no second strike capability. As President Ahmadinejad stressed during his visit to Cairo last week, Iran has no intention of attacking Israel. Its posture is purely defensive.

If Obama were to act with boldness and vision, he could defuse a nagging problem which has plagued the region for years. It is surely time for the United States to draw Iran into the regional community of nations and put an end to 34 years of unremitting hostility.

*Patrick Seale is a leading British writer on the Middle East. His latest book is *The Struggle for Arab Independence: Riad el-Solh and the Makers of the Modern Middle East* (Cambridge University Press).*

Article 4.

The Washington Post

## **What path now for Syria?**

David Ignatius

February 12, 2013 -- Syrian opposition fighters appear to be making significant gains on the battlefield this week, following an offer by their top political leader for negotiations with the regime of President Bashar al-Assad.

This military and diplomatic news may appear positive. But Syrian sources caution that the battlefield advances may accelerate movement toward a breakup of the country, as Alawite supporters of the regime retreat to their ancestral homeland in the northwestern region around Latakia. And there's no sign that either Assad or his Russian patrons are paying any more than lip service to a political settlement.

One potential game-changer is a request for U.S. help in training elite rebel units, which has been drafted by Brig. Gen. Salim Idriss, the new commander of the opposition Free Syrian Army. In a letter dated Feb. 4, he seeks U.S. assistance in "training for: (1) special operations; (2) international humanitarian law; and

(3) . . . in chemical weapons security."

Idriss requested various supplies for these elite units, including: "(1) combat armor; (2) night vision goggles; (3) hand held monocular and longer range spotting equipment; (4) strategic communications; (5) winterization packs; and (6) tactical communications."

This request for assistance was made just after the Assad regime

had rebuffed an offer by Sheik Ahmad Moaz al-Khatib, the head of a new opposition coalition, to negotiate with government representatives.

The rebels' recent military successes have come mostly in northern Syria; the attacks were made by different battalions that appear to operate with little central command and control. The gains include:

- The al-Jarrah air base, about 30 miles east of Aleppo, which appears to have been overrun by fighters from Ahrar al-Sham, a battalion based in Idlib. Videos posted Tuesday by the rebels showed them walking past derelict Syrian warplanes and inside a fortified hangar containing what appeared to be two Czech-built ground assault planes. On camera, the rebels displayed dozens of bombs racked in a warehouse, and other ammunition and spoils of war.
- The Thawra hydroelectric dam on the Euphrates, which is one of Syria's biggest power-generating facilities. Rebel sources said the Syrian army gave up the strategic dam after army positions there were overrun. The rebels negotiated a surrender with regime loyalists who remained. These sources said the dam continues to operate and provide power — a positive sign for those who worry that Syria's infrastructure would collapse if the rebels took over.
- The Aleppo International Airport, southeast of the city, is close to falling. Free Syrian Army sources said Tuesday that their fighters, including allies in the extremist al-Nusra Front, had captured an access point near the airport known as "Liwa 80." Syrian sources said rebels there had seized large amounts of

ammunition, including some shoulder-fired anti-aircraft missiles.

- Damascus and its suburbs, where the rebels are tightening their squeeze on access points to the capital. Syrian sources said fighters are converging on Damascus from different parts of the country, expecting a decisive battle there soon. “Regime forces are suffering from very low morale, whereas FSA soldiers have been encouraged by recent positive developments,” asserts one FSA report from Damascus.

The al-Nusra Front has been a catalyst and beneficiary of the rebels’ success. According to Syrian sources, al-Nusra is gaining strength in Homs, a city in central Syria where the group was never strong. One Syrian source told the State Department: “They have money, they are helping people with everything including daily living supplies. I heard that some fighters are leaving their [former] brigades and joining [Al-Nusra], some of them selling their weapons to feed their families.”

One Syrian who works closely with the Free Syrian Army explained how creating an elite commando force could help check Syria’s drift toward becoming a failed state: “We still believe FSA on the ground is still needed badly to tip the power and support other parallel solutions, including the political one.

But FSA [has] become a jungle. . . . My recommendation is . . .

to start working on elite [forces that can] . . . initiate key attacks

plus help as a buffer from potential warlords and fights among fragmented FSA factions. Plus, this unit can handle other key tasks, like securing chemical weapons.”

This Syrian strategist argues in another memo that the rebels must “speak to the silent majority, many who did not care about the revolution, and they want their life back.” He said that such a negotiated settlement requires more pressure on the United States, Russia and the United Nations “to find a way out of the deadlock.”

Article 5.

Foreign Policy

## **Why Does Europe Pretend Hezbollah Has a Good Side?**

Matthew Levitt

February 12, 2013 -- Bulgaria's interior minister announced on

Feb. 5 the result of his country's investigation into the July 2012 bombing of a bus filled with Israeli tourists in the city of Burgas, which killed five Israelis and the vehicle's Bulgarian driver. Two of the individuals who carried out the terrorist attack, he said, "belonged to the military formation of Hezbollah."

It was not by chance that his statement fingered only the military wing of Hezbollah, not the group as a whole. Within the European Union, the findings of the Bulgarian investigation have kicked off a firestorm over whether to add the Lebanese militant organization -- in whole, or perhaps just its military or terrorist wings -- to the EU's list of banned terrorist groups. But are there in fact distinct wings within the self-styled "Party of God"?

Hezbollah is many things. It is one of the dominant political parties in Lebanon, as well as a social and religious movement catering first and foremost -- though not exclusively -- to Lebanon's Shiite community. Hezbollah is also Lebanon's largest militia, the only one to keep its weapons and rebrand its armed elements as an "Islamic resistance" in response to the terms of the 1989 Taif Accord, which ended the Lebanese Civil War.

While the group's various elements are intended to complement one another, the reality is often messier. In part, that has to do with compartmentalization of Hezbollah's covert activities. It is also, however, a result of the group's multiple identities -- Lebanese, pan-Shiite, pro-Iranian -- and the group's multiple and sometimes competing goals tied to these different identities.

Hezbollah's ideological commitment to Iranian Ayatollah

Ruhollah Khomeini's revolutionary doctrine of velayat-e faqih (guardianship of the jurist), which holds that a Shiite Islamic cleric should serve as the supreme head of government, is a key source of conflict. The group is thus simultaneously committed to the decrees of Iranian clerics, the Lebanese state, its sectarian Shiite community within Lebanon, and fellow Shiites abroad.

The consequences of these competing ideological drivers was clear in July 2006, when Hezbollah dragged Israel and Lebanon into a war neither state wanted by crossing the U.N.-demarcated border between the two countries, killing three Israeli soldiers, and kidnapping two more in an ambush. They came to the fore again two years later, when Hezbollah took over West Beirut by force of arms, turning its weapons of "resistance" against fellow Lebanese citizens. When the chips are down, Hezbollah's commitment to Iran trumps its identity as a Lebanese political movement.

The ties that bind Hezbollah's political leadership with its international illicit activities are also unmistakable. According to a CIA document, even before Hassan Nasrallah rose to the position of secretary-general in 1992, he was "directly involved in many Hizballah terrorist operations, including hostage taking, airline hijackings, and attacks against Lebanese rivals."

Time and again, Hezbollah's political personalities have been tied to the group's terrorist and criminal activities. Consider a major case in the United States: In 2008, while Hezbollah operative Ali Karaki was planning a Hezbollah attack in Azerbaijan's capital, Baku, his brother, Hasan Antar Karaki, was helping lead a broad criminal conspiracy to sell counterfeit and

stolen currency in Philadelphia. Luckily, Hasan Antar Karaki sold his wares to an undercover FBI informant posing as a member of the Philadelphia criminal underworld. Hasan Antar Karaki proved to be a major figure in Hezbollah's forgery operations, and he provided an FBI source with fraudulent British and Canadian passports.

Meanwhile, in meetings in Lebanon and the United States, Hasan Antar Karaki's associate, Hassan Hodroj, a Hezbollah spokesman and the head of its Palestinian issues portfolio within the group's political echelon, sought to procure a long list of sophisticated weapons in a black-market scheme involving Hezbollah operatives across the globe. According to court documents, Hodroj wanted "heavy machinery" for the "fight against Jews and to protect Lebanon." But move forward with caution, Hodroj counseled an undercover FBI source, because someone in the United States could "go to jail for 100 years" if caught dealing with Hezbollah.

In light of cases like this one, in which people overtly affiliated with Hezbollah's political activities are engaged in criminal and terrorist activities, it becomes increasingly difficult to separate Hezbollah's overt activities from its covert behavior. "Little is known about [the Hezbollah military wing's] internal command hierarchy," a Western government report noted in 2012, "due to its highly secretive nature and use of sophisticated protective measures."

The structure and manpower of Hezbollah's terrorist operation, which is responsible for its financial and logistical activities as well as its terrorist operations abroad, are similarly opaque. We do know, however, that Hezbollah's terrorist network, the

Islamic Jihad Organization (IJO), was formally founded in 1983 when Hezbollah master terrorist Imad Mughniyeh fled to Iran after orchestrating the October 1983 bombing of the U.S. Marine Corps and French military barracks in Beirut with his brother-in-law, Mustafa Badreddine.

This much is clear: Since its founding, Hezbollah has developed a sophisticated organizational and leadership structure. The overall governing authority, the Majlis al-Shura (Consultative Council), wields all decision-making power and directs several subordinate functional councils. Each functional council reports directly to the Majlis al-Shura, which, as Hezbollah Deputy Secretary-General Naim Qassem wrote in his book, is "in charge of drawing the overall vision and policies, overseeing the general strategies for the party's function, and taking political decisions."

U.S. assessments echo Qassem's description. "Hezbollah has a unified leadership structure that oversees the organization's complementary, partially compartmentalized elements," reads a Congressional Research Service report.

The secretary-general, currently Nasrallah, presides over the Majlis al-Shura and functions as the group's leader under the authority of the "jurist theologian" Ayatollah Ali Khamenei, Iran's supreme leader. Five administrative bodies, organized around thematic responsibilities, run Hezbollah's political, military (jihad), parliamentary, executive, and judicial activities. The Majlis al-Shura considers all elements of the group's activities, including its political and military wings, as part of one holistic entity.

According to Hezbollah's top officials, this unity of purpose among the group's diverse activities is essential to its success. "If the military wing were separated from the political wing, this would have repercussions, and it would reflect on the political scene," Qassem told a Lebanese paper in 2000. "Hezbollah's secretary-general is the head of the Shura Council and also the head of the Jihad Council, and this means that we have one leadership, with one administration."

The Jihad Council is the functional council underneath the Majlis al-Shura responsible for all military matters. Qassem writes that it "comprises those in charge of resistance activity, be that in terms of oversight, recruitment, training, equipment, security, or any other resistance-related endeavors." To accomplish its mission, the council is divided into several smaller units in charge of protecting the leadership and carrying out internal and external surveillance, as well as overseas operations. The party's security branch is further broken down into three subgroups: central, preventive, and overseas security. In 2000, a dedicated counterintelligence branch was reportedly founded as well.

Under this structure, Hezbollah's militia and terrorist activities, along with its security organ, all report to the Jihad Council. Until he was killed, Mughniyeh was Hezbollah's top militant commander and reportedly led the Jihad Council himself. By some accounts, he also held a seat on the Majlis al-Shura, which would be typical for the party's standing military commander.

Unlike its sister councils, however, the Jihad Council enjoys strategic ambiguity. Neither the majority of Hezbollah officials nor the party's elected parliamentarians are aware of the details

of their party's covert military and terrorist activities, which are decided on by the most senior leadership. According to the U.S. government, these activities are "executed" by the leadership of Hezbollah's military apparatus, known as the Islamic Resistance and led by Badreddine, and by the IJO, led by Talal Hamiyah, and they are "overseen" by Nasrallah.

Europe's approach to Hezbollah has been varied. Many European governments have resisted international efforts to designate the organization as a terrorist group by distinguishing between Hezbollah's political and military wings. Britain distinguishes among Hezbollah's terrorist wing (the Islamic Jihad Organization), military wing, and political wing, and the country banned the IJO in 2000 and the military wing in 2008. The Netherlands, however, designated Hezbollah a terrorist entity in 2004 without distinguishing between the group's political and military wings. A 2004 Dutch intelligence report highlighted investigations that show "Hezbollah's political and terrorist wings are controlled by one co-ordinating council."

The European Union has taken action against Hezbollah's interests in the past. In May 2002, the European Union froze the assets of a non-European terrorist group for the first time by adding seven Hezbollah-affiliated individuals, including Mughniyeh, to its financial sanctions list for terrorism. It did not, however, sanction Hezbollah as an organization. On March 10, 2005, the European Parliament passed a nonbinding resolution recognizing that "clear evidence exists of terrorist activities on the part of Hezbollah" and calling on the European Council to take "all necessary steps to curtail them."

But the necessary steps did not occur. Instead, most European

countries preferred to make convenient distinctions between the different parts of Hezbollah, even when the group's own leadership does not.

Today, as European leaders consider whether to label Hezbollah a terrorist group, they should judge the group by the totality of its actions. Hezbollah cannot be forgiven its criminal, terrorist, or militant pursuits simply because it also engages in political or humanitarian ones. As the Burgas bus bombing demonstrates, the Party of God can and has mobilized operatives for everything from criminal enterprises to terrorist attacks well beyond Lebanon's borders.

And though Hezbollah is composed of multiple committees and branches, it operates as a single entity. Hezbollah, the U.S. intelligence community has determined, is "a multifaceted, disciplined organization that combines political, social, paramilitary, and terrorist elements" and is one in which decisions "to resort to arms or terrorist tactics [are] carefully calibrated."

Hezbollah's Qassem, speaking in October 2012, concurred: "We don't have a military wing and a political one; we don't have Hezbollah on one hand and the resistance party on the other.... Every element of Hezbollah, from commanders to members as well as our various capabilities, are in the service of the resistance, and we have nothing but the resistance as a priority," he said.

Maybe it is time Western leaders finally listened to him.

*Matthew Levitt directs the Stein program on Counterterrorism and Intelligence at the Washington Institute for Near East Policy. He is author of "Hizballah and the Qods Force in Iran's Shadow War with the West" and the forthcoming book Hezbollah: The Global Footprint of Lebanon's Party of God.*

Article 6.

The Atlantic

## **A Middle-Class Paradise in Palestine?**

Armin Rosen

Feb 11 2013 -- The sole outlet to Rawabi sits off a dizzying two-lane highway flanked by round, scraggly hills. In this part of the West Bank, just north of where the Jerusalem suburbs thin into a dry, granite-gray wilderness, the mountains seem to aid in the illusion that Israeli and Palestinian spheres of authority can remain perfectly, even harmoniously separate. Arabs use the road to get to the Palestinian-controlled cities of Bir Zeit and Ramallah; for Jewish Israelis, the road connects the Jerusalem area to settlements deep inside the northern half of the West

Bank.

Ramallah's skyline is barely discernible on a hazy day. Ateret, a red-gabled settlement of about 90 families that sits high above the Rawabi junction -- a community which would likely either be vacated or incorporated into a Palestinian state under a future peace agreement -- flickers in and out of view with every delirious knot in the road. Even a concrete pillbox looming over the highest point along the highway is abandoned, its connection to the territory's oddly invisible occupying army marked only by a tattered Israeli flag that no one has bothered to steal or replace.

Last year was the first since 1973 in which no Israeli citizen was killed in a terrorist attack originating from the West Bank. As on the newly-pacified Gaza-Israel border, a tense quiet pervades things here, although a bright red sign at the junction reminds one category of motorist not to feel too complacent. "This road leads to Area 'A' Under the Palestinian Authority," it reads in Arabic, Hebrew, and broken English. "The entrance for Israeli citizens is forbidden, dangerous to your lives and is against the Israeli law." At the Rawabi junction these warnings of latent danger are almost comically off-base, partly because of the only other marker at the turnoff: a light-green arrow sagging off of a nearby post.

No one lives at the end of the road, which is every bit as wavy and disorienting as the adjoining highway. It empties into a scene that seems engineered for maximum bewilderment: three high-rise cranes, topped with fluttering Palestinian flags, tower over massive stone and concrete building frames. Cement-mixers, painted the same shade of light green as the arrow at the turnoff and marked with the project's logo -- a wiry oval with a

cute little convex loop at the end, like a child's drawing of a heart that could also be a tree -- line up to receive material from a buzzing, state-of-the-art plant. The construction site, a couple turns up-road of the cement factory, is swarming with workers in green hardhats. Spotless SUVs with the Rawabi logo on the door speed from one side of the site to another.

Rawabi, which will be the first Palestinian planned city in the West Bank, runs from the top of the mountain to the valley below, with its highest point sitting at an elevation slightly higher than Ateret, which is now constantly visible. In contrast, the chaos of Ramallah, stronghold of an insolvent and sclerotic Palestinian Authority, feels distant in more senses than one.

Rawabi represents something totally new -- a visionary Palestinian-directed private sector project, with support from both Israeli businesses and a major Arab government. It has the potential to shift the conversation on the region's future on both sides of the Green Line. It could convince Palestinians -- and the rest of the world -- that the future of the West Bank shouldn't be shackled to Ramallah or Jerusalem's vacillating willingness to hash out fundamental issues. It could prove that there's an appetite, both among Palestinian consumers and foreign donors, for the creation of a social and economic existence in the West Bank that's de-coupled, insomuch as currently possible, from the Middle East's tense and labyrinthine politics.

It would also help solidify the benefits of the current cessation in hostilities. Indeed, Palestinian leader Mahmoud Abbas's progress in fostering the end of violent resistance in the West Bank in the years after the bloody Second Intifada, coupled with Palestinian Prime Minister Salaam Fayyad's widely-respected

institution-building initiative, could get a crucial private sector assist through Rawabi's eventual success.

And Rawabi gets at something even more fundamental. "It touches upon all of the core issues of control and sovereignty," says Robert Danin, a fellow at the Council on Foreign Relations who, as head of the Quartet mission in Jerusalem from 2008 to 2010, witnessed some of the political discussions that accompanied the project's creation. "This could be a huge, iconic victory for the whole strategy of building Palestine from the bottom up rather than trying to build it at the negotiating table," he says.

Its success would prove just how much power Palestinians can, and indeed already do, have in shaping their future. And its failure could prove the exact opposite.

I visited Rawabi two weeks ago with a group of national security professionals, as part of a trip organized by the Foundation for Defense of Democracies, a Washington, DC-based think tank. (All of the photos in the body of the article are mine.) We were taken around the construction site by a young Palestinian engineer who conveyed the vast ambition underlying the project: When the city is completed, she said, it will house 45,000 people in 23 distinct neighborhoods with innocuous, nature-based names like "Flint," and "Hard Rock". (Rawabi is Arabic for "Hills".) There will be eight schools -- some of them built with the help of the U.S. Agency for International Development -- a "huge park," a convention center, an 850-seat indoor theater, and a 20,000-seat amphitheater carved into a hillside.

Most ambitiously, there will be a commercial center that

developers hope will bring in between 3,000 and 5,000 permanent jobs within the next five years -- hopefully, we were told, in the informational technology sector (an aspiration that might imply a certain cooperation with the burgeoning tech industry on the other side of the Green Line). The engineer said that Rawabi had already created 3,000 construction jobs for West Bank Palestinians. The city is Palestinian-designed and Palestinian-built -- making the surfeit of Qatari flags at the construction site somewhat puzzling at first. And while the project does not purchase materials from Jewish settlements in the West Bank, the engineer was hardly shy in explaining that Rawabi would add an estimated \$85 million to the Israeli economy.

As we drove around the construction site, the engineer's talk made few demands on the imagination. The sheer scale of the project is already obvious. Within the next 18 months, the first phase, which includes six neighborhoods, a mosque, the amphitheater, and two-thirds of the city's commercial center, will be complete, and 3,000 people are scheduled will move into Rawabi by the end of 2013. Apartment blocks built of a local white stone -- "Rawabi stone," the engineer called it -- are already rising out of a network of concentric ring-roads centered on the top of the hill. Most of these roads have already been paved, and there are terraced retaining walls, built out of thick stacks of local sandstone, running all the way to the bottom of the valley. No bleachers have been installed in the amphitheater yet, but it's fairly far along, with the future seating area fanning into a wide notch in the mountainside. There are attractive stone signs bearing the stylized Arabic names of neighborhoods that haven't been built yet.

The future commercial center is also well on its way to completion. Situated on a shelf slightly below the summit of the hill, the complex of office buildings, hotels, theaters, and a convention center will huddle around a broad outdoor plaza, which will be connected to the lower neighborhoods through a wide flight of stairs. The stairs, plaza, and central buildings are already past their skeletal phase, and the high-rise apartments ringing the city center look like they're almost complete. For now, the commercial core is a jumble of dust and brutal concrete surfaces, but in the future, someone lingering in the cafés near the staircase will enjoy phenomenal views of the rugged hill country, and perhaps even glimpses of the Jordan River Valley on a clear day.

It is still possible to remain unconvinced of Rawabi's reality -- doubtful as to whether that café will ever be built, or whether any middle class-Palestinian desirous of a generic middle class existence will ever linger there. There's abundant reason for skepticism. The project's future depends on the Israeli authorities' willingness to allow for the construction of access roads in "Area C," or West Bank territory under the direct control of Israel. The sole existing route into the city only exists because the Israeli government, after years of bureaucratic and high-level diplomatic wrangling, granted Rawabi's developers a permit for a "temporary" road. Technically, they will have to destroy the road when the current permission expires. And even if the Israelis agree to make the road permanent, one two-lane route is hardly adequate for a city of 45,000 people. Developers claim it isn't even adequate to the needs of the current construction site.

Water is another challenge. Negotiations with Israel and the

Palestinian Water Authority are ongoing, and developers say they have held in excess of 100 meetings with Israeli officials on water-related issues alone. Developers admit that they aren't sure where the city's water resources will eventually come from, and the construction site only got running water two months ago.

And they'll admit that attracting jobs to the site is an even bigger challenge than Israel's West Bank regime. Rawabi isn't meant to be a bedroom community of Ramallah. It's meant to be a self-contained city, with office and retail space. The jobs haven't quite materialized yet (although the developers have a slight head start: between 200 and 300 call center-type jobs currently based in Ramallah are scheduled to move into Rawabi when the first phase of construction is complete). If the political or security situation seriously deteriorates -- if the checkpoints return, if the Israelis are forced to re-occupy urban areas ceded to the Palestinian Authority under the Oslo Accords, as happened during the Second Intifada; if Hamas wages a violent takeover of the Palestinian government -- all bets are off. The developers don't seem to be bothered by those possibilities right now. At the showroom, built at the very top of the hill, the future is nothing but bright.

I chatted with another site engineer as we walked through a scale-model mock-up of a typical Rawabian street, where happy families in western dress waved from little video screens inset in plastic apartment windows. I asked her about the Qatari flags I had seen around the construction site. Qatar's state investment fund is footing two thirds of the nearly \$1 billion project bill, she said. "This is the biggest investment in the history of Palestine," she explained as we stepped over a fake valley in the next room, walking past a mock-up of a stunning hilltop view

contained inside a mock-up of a future apartment suite. The Rawabians will apparently own large flat-screen TVs and stylish coffee tables, and their living spaces will be kept mercilessly clean.

What, of that \$1 billion investment, was going to Israel, I asked? Israeli companies were providing cement powder and sand, she said, and the project had consulted with "Israeli experts." "In some cases, you have to do that," she said, alluding to the comparative difficulty of importing building materials through neighboring Jordan. In other words, working with the Israelis was a necessary business decision for a project this large and complex.

The fake street, fake valley, fake apartment-display ended in a pleasant sky-lit lobby, where representatives of the Cairo Amman Bank, Arab Islamic Bank, and Arab Bank sat in logeod glass cubicles, available to discuss financing for future purchases. And for the still-skeptical, there's a six-minute 3-D movie, where the city appears in its completed glory -- a place where families picnic, men in business dress greet each other amid bustling plazas, and fireworks crest over soaring apartment towers topped with solar panels. The architecture is tasteful. These aren't dachas plunked on fake islands off the coast of Dubai. It's the kind of place where I, or just about anyone in the world with middle or even upper-middle class aspirations, would want to live. And it looked weirdly familiar.

The group had a chance to visit with Bashar Masri, the Nablus-born founder and CEO of Massar International, the Palestinian conglomerate financing a third of Rawabi. Massar and Qatar Diar, the real estate investment arm of the government of Qatar's

sovereign wealth fund, jointly created Bayti Real Estate Investment Company -- Palestine to build and market Rawabi. But if two-thirds of the project's money is coming from Qatar, the vision behind Rawabi is Masri's.

Massar owns a private equity fund that invests in Palestinian agriculture and natural gas distribution. It runs travel agencies in Jordan and brokerage firms in Serbia. Massar invests in Harvest Export, which sells Palestinian produce to consumers in Russia and Western Europe -- as well as in Israel. Two years ago, Masri made headlines when he attempted to purchase a bankrupt Jewish housing development in East Jerusalem. He helped create an online trading and brokerage platform for Palestine's stock exchange.

Masri has lived outside of Palestine for periods of his life, and is, by all accounts, largely untainted by connections to the PA's notoriously rent-seeking inner circle. He's a trim middle-aged man, smartly-dressed, friendly and approachable. There seemed no more appropriate a place to talk to him one-on-one than on a wide terrace overlooking the construction site, with hills, valleys, and rising apartment blocks -- the future he was in the process of building -- stretched out in front of him.

"On a good, clear day, you can see Tel Aviv, Ashdod, and Ashkelon," he told me. "One-third of Palestine and Israel." Rawabi is in the second-largest, yet most sparsely-populated Area A in the West Bank -- from the terrace, which faces away from Ateret, you can see expanses of mostly-empty hills. Perhaps in Masri's mind, they are awaiting Rawabis of their own. When I returned to Washington, I asked him in a phone interview if he viewed his project as the first of many such

planned cities in Palestine. "I always say our success is measured not by how many homes we sell. It is measured when a second Rawabi is established," he told me.

Standing on the terrace, I asked him if his willingness to undertake such a massive project reflected any optimism about the coming years -- no one invests this much time, money, and energy into something if they expect war is on the horizon. "This project is built for today's politics," he replied. "If it gets a little worse, or a little better -- fine. If it gets really bad, we're in trouble. If it doesn't, then great. We're not waiting on a breakthrough."

He estimated that Israeli obstruction had delayed the project by a year and a half. The bureaucratic inertia could continue: For instance, developers were surprised to find out that, by a quirk in the West Bank's notoriously Byzantine and palimpsestic legal codes, they required the approval of a joint Israeli-Palestinian water commission created through the Oslo Accords to build a sewage treatment plant in an Area A, approval that they recently received. There's also the still-unresolved matter of the access road. But thus far, Rawabi had flourished in spite of delays and inconveniences.

Could it survive its isolation, though -- could this hilltop off of a two-lane highway get enough water and electricity to support 45,000 people living at a middle class standard? "There is nothing here at all. We're out in the boondocks," he conceded. "We're building everything from scratch." One needed only to glance at the busy construction site below to understand that Masri considers this a point of pride, far from a potential death-sentence for his project.

I asked Masri about something that had jumped out at me during the 3-D video. The finished Rawabi, I'd noted, had the same terraced garden parks, stoic, modular apartment design, and concentric hilltop roads that I had seen in Talpiyot Misrach, a new neighborhood on the fringes of West Jerusalem. His city looked very, well, Israeli.

"This place is influenced by Reston, Virginia," he said -- Masri is a Virginia Tech alumnus, and had lived in the Washington, DC area earlier in life. It was, he said, influenced by planned suburbs outside of Cairo. "And it's influenced by Modi'in," he added, explaining that the site's engineers and designers (who were entirely Palestinian, we had been told earlier), had traveled to the Israeli city, which is built around similar topography, for inspiration.

Palestinians have long understood that a western-style standard of living was possible in their part of the world. They knew that places like Rawabi already existed minutes from their own homes, but didn't think that the quality of life epitomized by hilltop settlements and cities in Israel -- places they weren't allowed to visit without an official permit from the military -- was accessible to them.

During our phone interview, Masri talked about the astonishment that Palestinians feel when they visit the construction site. "When [Palestinians] come to Rawabi, and they go through the showroom and they see what we have planned for them, and they see it actually being built, they say, 'Wow, this can't be for us. This is not for us. This is too high of a standard for us because we are supposed to live miserably under the occupation'. Then they come to the other side of the

showroom and see the city being built, and reality starts sinking in."

It's a type of living closely associated with the Palestinians' neighbors in Israel. "They know very well that just a 20-minute drive away, there's a community with a much higher standard of living. And that community happened to be one representing the occupier, quote-unquote the 'enemy.' But they would love to live like that. And that's why when they come to Rawabi some of them don't believe this is for them initially. The first thing that goes through their mind is that this could be for the Israelis."

But it is for them. Rawabi's significance could lie in something more mundane than basic issues of sovereignty and control in the West Bank. It lies in the common, human desire -- powerful on either side of the Green Line -- for a comfortable and dignified existence.

In some quarters, this idea of working within the present and less-than-ideal political and economic framework to achieve this goal is nothing short of inflammatory. The U.S.-based, anti-peace process website Electronic Intifada has smeared Masri as an Israeli collaborator, and there have been scattered accusations that the project actually legitimizes Israeli control over the West Bank.

Danin says that Masri is faced with a difficult balancing act. "On the one hand you're denying the occupation, and you're saying you do not accept its legitimacy," he says. "But that doesn't mean you won't work with Israel in order to improve the Palestinian situation with the goal of removing the occupation. That's a difficult message to convey successfully."

Masri rejects the notion that he is abetting a problematic status quo. "The vast majority of Palestinians understand and know reality," he said. "There is no home in Palestine without Israeli cement and parts. Every construction project in Palestine must have components from Israel. So it's not like I'm doing something different."

Of course, he doesn't like that Israel has so much control over Palestinian imports, and the West Bank economy in general. "This is the occupation," he said. "I'm not happy about that and that's why we strive for a state of our own." But he likened boycotting Israeli products to boycotting products from the United Kingdom, the United States, or other countries supportive of Israel -- something he wouldn't consider. The only people he won't buy from are the West Bank settlers.

Luckily, Masri's vision has the backing of a powerful regional government -- one that does not officially recognize Israel, and whose actions have often had the effect of strengthening some of the Jewish State's sworn enemies.

The Gulf kingdom of Qatar has done more than simply buy into the Rawabi paradigm: It's also funding two-thirds of the project, to the tune of over \$600 million. This is enough money to single-handedly finance the Fatah-dominated Palestinian Authority -- which is effectively broke, thanks to penalties imposed by the Israeli and U.S. governments after Mahmoud Abbas's successful push for a U.N. General Assembly vote on Palestinian U.N. membership, and a freeze in financial aid from Gulf State donors, most notably Saudi Arabia -- for the better part of a year.

Instead, the Qataris have not only bypassed the PA, but channeled money into a project that seems to prove the PA's uselessness. "It's like an island inside the traditional infrastructure of the PA," says Jonathan Schanzer, vice president of research at the Foundation for Defense of Democracies and author of a book on Palestinian internal politics. "It shows everyone what you can do if you don't go through the PA. The PA receives \$600 million a year [in foreign aid] and they have not done something like this."

Masri says that the leadership of the PA has been fully supportive, but that Rawabi has been hurt by the Palestinian government's lack of capacity. "We should not be building public schools. We should not be building a waste water treatment plant or waste water networks or water reservoirs," he told me. "Unfortunately we have to do that because the Palestinian Authority does not have the funding and the donors let [the PA] down."

There might be a political calculation behind Qatar's decision to throw an amount of money equivalent to two years of U.S. financial aid to the PA behind a single private-sector figure like Masri. Qatar recently announced plans to invest nearly \$400 million in the Hamas-controlled Gaza Strip, and in October of 2012, Qatari Emir Sheikh Hamad bin Khalifa al-Thani became the first head of state to visit the Strip after the Islamist militant group's 2007 takeover. Hamas politburo chief Khaled Meshaal lives in Doha, and Qatar Diar is financing a major development in Sudan, whose cash-strapped government enjoys close relations with Iran, and has facilitated the transfer of long-range rockets to Hamas. In short, Qatar supports an E.U. and U.S. listed terrorist organization bitterly opposed to both Israel and

the current PA leadership. And it also has no problem investing in Rawabi.

According to Kamran Bokhari, vice president of Middle Eastern and South Asian affairs for Stratfor, Qatari support for Hamas is part of the sheikhdom's larger, post-Arab Spring strategy of siding with the Middle East's Islamists, and specifically the Muslim brotherhood, whom the Qataris view as the region's rising power. "The Qatari strategy is that the situation has changed, and we need to fend for ourselves and ensure that the regional anarchy is not going to impact us," says Bokhari. The Qatari investment in Rawabi -- which feeds an \$85 million investment in the Israeli economy, and which could not have happened without some degree of official Israeli approval -- is an example of this larger geopolitical strategy, which is driven more by perceived self-interest than by an ideological affinity for political Islam.

"Investments in the region are about the return on political influence," adds Gregory Gause, a professor at the University of Vermont and a non-resident senior fellow at the Brookings Institution-Doha. He noted the presence of a large American airbase in Qatar, and the country's close relations with the United States.

In the Palestinian territories, as in the broader region, the Qataris are supporting secular and religious forces in a way that will maximize their influence and keep the regional balance as favorable for them as possible. In a sense, the same strategic calculus that convinces Qatar to support Hamas allows them to cooperate with Israel and the West Bank private sector as well.

"I think Qatar is going by the ground reality," says Bokhari. "Fatah, the ruling faction of the PA, is essentially tanking. It's really in a state of decline because of corruption and charges of embezzlement. It's got an aging leadership. There's no dynamism left in the group. There's a lot of factionalism. It's almost like an oligarchy."

Rawabi could be Qatar's way of encouraging the currently-calm status quo in the West Bank, but without obviously upgrading their ties to Israel, or throwing their money behind a political establishment that they don't fully trust. "On one end they need to make sure Fatah does not completely collapse or weaken to the point where they're no longer coherent," says Bokhari, "and Hamas needs to be shaped and contained and shepherded in a way that it doesn't grow into anything larger."

Though there are politics underlying Qatar's investment in Rawabi, it is still, inevitably, a financial decision. "You have serious people who have a lot at risk here," Danin says. "Their goal is not primarily to make a political point. Their goal is to recoup their investment and make some money." Even resource-rich Qatar, which wants to diversify its holdings in order to hedge against long-term shifts in the oil and natural gas market, cares whether its investment choices pay off.

Danin believes that Rawabi's Palestinian and Qatari investors made a wise decision. Housing in Ramallah is expensive, and Danin says that there is a sizable and highly-educated Palestinian middle class in need of an alternative to the West Bank's de-facto capital. He expressed little doubt when I asked him if the West Bank economy could support Rawabi. "This is a Palestinian national project," he said. "It is the best of what is

possible in that it's private sector-led, and it's profit-making led."

And it has supporters in high places. When President Barack Obama met with Israeli officials in Washington in September of 2010, Rawabi was on the agenda.

From one perspective, Rawabi is a historic investment in Palestine, as well as an unusually open point of cooperation between Israel and an Arab government. It could improve the lives of Palestinians, while convincing Israelis that they have nothing to fear from their neighbors' prosperity. But any attempts to change the status quo in the West Bank are fraught with difficulties.

There's Israeli bureaucracy to overcome. "In Israel, if the Minister of Defense says I want something, it's not that the system thwarts it. But the system is so decentralized that ultimately it takes a lot of steps to get it translated into action," says Danin. Israeli officials are positively disposed towards Rawabi, but it's still taken years to resolve sovereignty and governance issues around necessities like water, and a single access road. Such Israeli inertia was apparently at the heart of Obama's concerns back in 2010, and sources say that the president has discussed the issue of the access road with Israeli Prime Minister Benjamin Netanyahu on multiple occasions.

Back in Washington, I asked Masri if he believed the Israelis understood the potential importance of Rawabi. "I really don't know," he said. "Their statements are neutral to positive. But their actions are neutral to negative."

And then there's the larger inertia. What meaning does a place like Rawabi have if it sits in the middle of a still-unresolved

conflict, or if Palestinian economic self-improvement stands in contrast to an all-pervading political stasis -- or even political backsliding? Today, Rawabi is significant because of its novelty. But if there's a breakthrough in the Israeli-Palestinian peace process, perhaps enabled by a growing West Bank economy and a permanent end in terrorism, it could take on an importance much larger than itself.

On the drive out of the valley, where the highway swerves past the pillbox with the beaten Israeli flag and past the turnoff for Ateret, the picture is still mixed.

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