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CONSIDERATION OF THE TAYLOR FORCE ACT

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CONSIDERATION OF THE TAYLOR FORCE ACT

WEDNESDAY, JULY 12, 2017

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:04 a.m., in Room SD–419, Dirksen Senate Office Building, Hon. Bob Corker, chairman of the committee, presiding.

Present: Senators Corker, Risch, Rubio, Johnson, Gardner, Young, Paul, Cardin, Menendez, Shaheen, Coons, Murphy, Kaine, Markey, Merkley, and Booker.

Also Present: Lindsey Graham.

OPENING STATEMENT OF HON. BOB CORKER, U.S. SENATOR FROM TENNESSEE

The CHAIRMAN. The Foreign Relations Committee will come to order.

We had planned to have a very brief business meeting, but we need a quorum to do so, so I would suggest we start the hearing, if that is okay. That business meeting should take about 12 seconds.

So why do not the witnesses go ahead and step up?

Out of extreme respect for the Senator from South Carolina, who wants to say a few words at the opening, Senator Cardin and I will refrain from making our comments until you do so.

We thank you so much for being here to introduce Taylor Force's dad. Also, we thank you for your leadership on bringing forth legislation to deal with this most difficult issue.

So thank you so much for being here. The floor is yours. Take as long as you would like to say whatever it is you wish. We know it will be very brief.

Senator CARDIN. I just want to join the chairman in extreme respect for the Senator from South Carolina.

STATEMENT OF HON. LINDSEY GRAHAM, U.S. SENATOR FROM SOUTH CAROLINA

Senator GRAHAM. And you want to amend: Don't take as long as you would like.

I will not take very long, and I like the fact that you invited me here and allowed me to do this.

We are confirming the FBI Director. We are having a hearing about his confirmation, so I have to run back.

But I wanted to be here because Stuart has become a really good friend. Stuart Force is the father of Taylor Force. His mother,

Robbi, could not be here. She is sick. His sister, Kristen, is watching the committee. And all of them appreciate this committee.

I do not know how you all do it, but you are working together in a bipartisan fashion to produce substantive legislation. Hats off to this committee, the chairman, and ranking member.

The Taylor Force Act. Who is Taylor Force? His father can tell you better than I can, but I think he represents everything good about our country. If you had a son, you would be proud to call him your son.

He was 29 years old when he was killed. He was a graduate of West Point in 2009. He served a tour of duty in Iraq and Afghanistan as a field artillery officer.

He had just gotten out of the military. He was going to Vanderbilt to study in a graduate school program in Israel studying entrepreneurship. He was with his colleagues, enjoying a night out in Jaffa at a restaurant. He walked outside, and he was stabbed to death by a Palestinian terrorist.

It is a pretty short summary of a well-lived life.

And his death has to matter. It has to mean something. And this committee and Congress has the chance to make sure it means something.

The Forces are South Carolina residents, Stuart and Robbi. I do not know how things happen the way they do, but the fact that they live in my state has been a blessing to me, because I get a chance, with your help, to do something about the death of their son. That is what I enjoy so much about the Senate.

The man who killed Taylor Force was Bashar Massalha. He stabbed him to death, and he stabbed others at the dinner. He was shot to death by the Israeli police.

Fatah celebrated the murder of Taylor Force and other victims of the attack, praising him as a historic martyr. It named him and two other terrorist attackers as the pride of all the young Palestinians and urged future terrorists to go on killing in their name.

The Taylor Force Act is to stop a practice that I find reprehensible, which is the payment by the Palestinian Authority to people like Mr. Massalha, who will kill innocent people and get rewarded for it by their government.

So this law, which you understand very well, will stop American payments to the Palestinian Authority unless they stop paying their kids to kill other people.

Taylor Force is not Jewish. He is not Israeli. He was an American at the wrong place at the wrong time.

So here is what Abbas said last week, the President of the Palestinian Authority. "Even if I will have to leave my position," he declared this week, which is last week, in response to U.S. and Israel pressure, "I will not compromise on the salary of a martyr or a prisoner."

So that is his position. I have no animosity against the Palestinian people. I wish them to have an independent state, living peacefully side-by-side with Israel, and the dignity that comes from charting your own destiny. But I insist that they stop paying their young people to become terrorists. And I do not want our tax dollars used to support any government that would do that.

It has to hurt for Stuart and Robbi to know that the taxes that they pay go to a Palestinian Authority who rewards the killer of their son.

There is no good explanation for this, and this committee has an opportunity to send a signal to Mr. Abbas and everyone else that this position of the Palestinian Authority, Mr. Chairman and Ranking Member, is inconsistent with the two-state solution, is inconsistent with peace, and we need to stop our emboldening of this practice.

I have been working on this for a year. This committee is making some changes to the law that I think are very constructive. I look forward to working with the committee to make more changes, if necessary, to get a strong vote.

But I want Mr. Abbas to know our displeasure. I want the Palestinian people to understand that we will stand with them in search for a peaceful solution, but we will not empower them to kill people like Taylor Force.

Thank you very much.

The CHAIRMAN. Thank you. I do not know if anything could have been better said. I think it lends tremendous momentum to this effort. We thank you for introducing this legislation.

Obviously, having the relationship that you have with Mr. Force and the family, and working with us, I thank you. I know we had a conversation last night late. We have had a couple meetings with you and Matt, and I think we are getting to a place where we can have an overwhelming bill to do exactly what it is you just said.

So thank you so much. I know you have other business. But, again, you are welcome here any time. We thank you for your leadership on this issue.

Thank you so much.

With that, I would like to adjourn the hearing briefly. [Recess.]

The CHAIRMAN. We will re-begin the hearing. We have some outstanding witnesses today. Thank you for bearing with us.

I would like to again recognize Taylor Forces father, Mr. Stuart Force, who has been in our office and who is with us today. I know your wife was unable to be here but has been here on many occasions.

Taylor, a West Point graduate, a veteran of the wars in Iraq and Afghanistan, and an MBA student at Vanderbilt University, was killed over a year ago by a Palestinian terrorist while in Tel Aviv studying entrepreneurship.

Mr. Force, again, thank you for being here. Thank you for the work you have done in the hope that other parents will not have to suffer the grief that you and your wife share. We are deeply sorry for your loss.

Again, I want to thank Senator Graham for his work, and I think he stated well, and I do not need to restate, the reason for this legislation and why we are having this hearing today.

The Palestinian Authority as a government has created a system in law that pays Palestinian prisoners in Israeli jails more money the longer their sentence.

I read an affidavit that shared testimony by prisoners. It made it clear that they attempted to commit crimes that were more hei-

nous in order to serve more time so that they would get more money for their family.

The laws do not stop there. Depending on the length of the sentence, the PA will pay for tuition, health care, and even offer government positions to these prisoners.

For example, if you are a Palestinian sentenced to 2 years in Israel jail for committing violence or acts of terrorism, you get paid $400 a month. If you get sentenced to 30 years, you get $3,500 a month. If you serve 5 years or more and are released, you get a lifetime salary.

Rather than welfare, this is a Palestinian Authority-sponsored program that incentivizes terrorism.

The problem we face is that the Palestinian Authority and the Palestinian people also benefit from U.S. economic assistance, assistance that has helped millions of people and has long been supported by the Israeli Government.

But assistance is money, and money is fungible. And although we do not provide direct budgetary assistance to the PA, we do pay their debts. We also pay for a range of projects that the PA would otherwise fund themselves. That money frees up resources that are being used to incentivize terrorism.

The PA has an easy option to stop compensating terrorists and their families. I believe they have not taken that path, because, from the Palestinian perspective, these payments recognize an individual's commitment to resistance. But when a government recognizes terrorism as a valid form of political resistance, how can they possibly be ready for peace?

So we face a fairly basic question: Should U.S. taxpayers support a government that incentivizes terrorism? I believe the answer is no.

Understanding how we effectively eliminate financial support for the PA by tailoring our assistance is a little harder. We are going to have testimony to that end today.

I hope our witnesses can help us consider different options to ensure assistance that goes directly to the Palestinian people does not also benefit their government.

So again, I want to thank Mr. Force, Senator Graham, and our outstanding witnesses for being with us today. I look forward to your testimony and responses to questions.

With that, my friend, the ranking member, Senator Cardin.

STATEMENT OF HON. BENJAMIN L. CARDIN,
U.S. SENATOR FROM MARYLAND

Senator CARDIN. Mr. Chairman, thank you for convening this hearing. Thank you for your opening statement, which I completely concur in.

I want to thank Senator Graham for his passion on this issue. And I concur in his statement.

To Mr. Force, our deepest condolences. Your son served this Nation with great distinction. It is a tragedy that we all share. We know, as a father, how it hits you the rest of your life.

The brutal death at the hands of terrorists while your son was studying in Israel is unacceptable. And we will take action.

The Palestinian system of prisoner and terrorist payment must end—must end. It is an incitement to violence.

President Trump helped convene a meeting in Saudi Arabia to stop the financing of terrorism. Well, what the Palestinian Authority is doing is financing terrorism. That must end. And the United States must use every opportunity to bring that to an end.

I agree with the chairman. The U.S. economic assistance to the Palestinian people is very important. It helps provide economic stability and deals with humanitarian needs.

I remember many years ago meeting with the former Prime Minister Peres in Israel as he talked about his vision of Israel security with two peoples living side-by-side in peace, the Palestinians and the Israelis. And he talked about a key ingredient being the economic future for the Palestinian people, and that the United States needs to be engaged with Israel in making that a reality.

That is part of the future for the Palestinians and the Israelis. We understand that. We get that.

So Congress in the past has taken steps to make sure that our programs, that much of the funds go directly to Israeli creditors, much of the funds go directly to Israeli ministries that do work in the Palestinian area.

But the chairman is absolutely right. Monies are fungible, and we have to use every opportunity we can to make it clear to Mr. Abbas that we are not going to be supporting directly, indirectly, or any sort of way these payments that go to prisoners and terrorists. We must make it clear that families of terrorists are not to be rewarded for their terrorist activities in their families. That must end.

So I agree, Mr. Chairman, we must use every opportunity we can to make this a reality that the United States moves forward in ending these payments.

And I also agree with you, we have two very, very distinguished witnesses with us, two individuals who have served this Nation with great distinction, who understand the Middle East and are students of these issues and can help us.

I do want to express one disappointment, if I might. It would have been nice to have an administration witness here, so that we could get the views of the administration on this important subject. I hope that opportunity will present itself as we work our way through legislation, which I also hope will receive overwhelming support from our colleagues.

The CHAIRMAN. I will say, not having the administration involved does allow us to move the legislation much more quickly. [Laughter.]

The CHAIRMAN. So there is a plus. I would not be complaining too much.

Our first witness is the Hon. Elliott Abrams from the Council on Foreign Relations. Mr. Abrams previously served as Deputy National Security Adviser to President Bush.

We all respect and admire you, and thank you for being here.

Our second witness is the Hon. Dan Shapiro from the Institute for National Security Studies. Mr. Shapiro previous served as our Ambassador to Israel.

We, again, thank you and respect you and appreciate you being here.

With that, if you all would just begin in the order introduced? I know you have been here many, many times. If you could take about 5 minutes to summarize, we would appreciate it. Then we will look forward to questions.

Go ahead, sir.

STATEMENT OF HON. ELLIOTT ABRAMS, SENIOR FELLOW FOR MIDDLE EASTERN STUDIES, COUNCIL ON FOREIGN RELATIONS, WASHINGTON, DC

Mr. ABRAMS. Thank you very much, Mr. Chairman, members of the committee. Thank you for the honor of inviting me here today.

What is the problem that led to the introduction of this act and to this hearing? The murder of Taylor Force and the Palestinian practice of making payments to individuals convicted of acts of terror, or their families and survivors, in accordance with the severity of their acts.

The predictable effect is to reward and incentivize acts of terror. The length of sentences reflects, of course, the gravity of the crimes committed. So the more harm you do, the more money you and your family get.

These are not welfare payments. I had hoped that, in the face of this controversy, the prospect of reducing American assistance, the Palestinian leadership under President Abbas would adopt a system of welfare payments. That would be payments based on the number of dependents, the number of children, for example. I think a system like that would be acceptable to us. Prisoners in the United States, no matter how terrible their crimes, do not find that their families are ineligible for Medicaid or welfare payments or food stamps.

But the Palestinian leadership thus far has rejected that approach, so that escape route from this problem is not open.

Cutting all the funds but allowing a 100 percent national security waiver, I think, achieves almost nothing. You would be handing the problem to the executive. You would get 100 percent waiver, probably. And you would not have any impact on this practice of paying terrorists for their acts.

The idea of looking the other way because Palestinians will suffer from the aid cut, think again. It just ignores the problem.

This notion that, well, we cannot do this because there will be disorder in the West Bank or the Palestinian Authority would collapse, I think it is a reasonable concern, but it is not going to happen. They have a $4 billion GDP. They get money from tax revenues that are turned over to them. There are other foreign aid donors. They are not going to collapse.

So all these concerns do not outweigh the logic behind the Taylor Force Act. As long as the Palestinian Authority is, in effect, rewarding terror, we need to make our views, our repugnance, known. That means the assistance program has to reflect it.

How? Since the Hamas victory, USAID has divided our aid into two categories, aid to the PA, aid to other recipients, like NGOs, municipalities. And I do think that aid that goes to the PA should now stop.

There may be some good programs there, but money is fungible, as you both have said, Mr. Chairman, Senator Cardin. So those payments have to stop now.

That would cut the assistance maybe in half. But there is a context here.

You have tremendous pressure on the foreign aid budget. There are a lot of ways that foreign assistance could be used for excellent programs elsewhere.

Why not cut every cent right now, today? It would have greater impact, but I think that would directly affect programs that benefit people unrelated to the Palestinian Authority and those payments for terrorism.

I think by cutting off the direct payments now, you would be sending a very clear message to the Palestinian leadership that this is intolerable, and the other aid is going to be cut off at some point in the future unless they address this problem. And it gives them a little bit of a chance to do that, or one can hope that, once this legislation is passed, they will do that.

There is one other issue I would like to just mention, and that is, some of this money actually goes to Augusta Victoria Hospital in Jerusalem, an excellent, venerable institution in Jerusalem started by the Lutheran Church. And I do think that I would make an exception for that. I would not, I think, cut that institution off right away.

I do not think we should be under the illusion that we are going to solve this problem overnight. We have heard President Abbas say he was not going to change this. But I think that once this legislation passes, they may change their minds.

And even if they do not, I think this legislation has to be passed. We have to be sure, as you have said and as Senator Graham said, that aid money does not even indirectly sustain the current system. I would say that is a matter of principle whether the Palestinians like it or, frankly, whether the Israelis like it. It is our assistance money.

I wish we had done this years ago, including the time I served in government. We may have had the excuse then we were not all clear on the facts and the implications and the reverberations, and they are complex. But the moral point is crystal clear, and now is the time to act.

Thank you for permitting me to testify today.

[Mr. Abrams's prepared statement follows:]

PREPARED STATEMENT OF ELLIOTT ABRAMS

Mr. Chairman and members of the committee, thank you for the honor of appearing before you today to discuss the Taylor Force Act.

Since the establishment of the Palestinian Authority in the 1990s, U.S. assistance has totaled more than $5 billion. In recent years, aid from the Economic Support Fund (ESF) has amounted to over $300 million per year. Those figures do not count assistance we give through the United Nations agency UNRWA, which is now approaching $6 billion since that organization's founding. The United States is the largest donor to Palestinians, year after year.[1]

What's the problem that led to introduction of the Act, and leads to this hearing? It is the Palestinian practice of making payments to individuals convicted of acts

[1] U.S. Library of Congress, Congressional Research Service, U.S. Foreign Aid to the Palestinians, by Jim Zanotti, RS22967 (2016), 2.

of terror, and their families or survivors, in accordance with the severity of their acts and the length of their sentences. The predictable effect of this practice is to reward and incentivize acts of terror.

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The length of sentences of course reflects the gravity of the crimes that have been committed. Accordingly, the more harm you do, the more money you and your family get. There are cases of unemployed and desperate men who commit acts of terror in order to get these payments—which can amount to a permanent government salary. Inevitably, the Palestinian government and society are by this scheme glorifying and honoring acts of violence, no matter how depraved. They are rewarding terror. There's no way around that conclusion. And it does not really matter whether the payments are formally made by the Palestinian Authority or the PLO.

Nor, I would add, does it matter what the original intention of these practices was. I have heard it argued that the original goal was just to assist prisoners while in prison and take care of their dependents, and to assist them in readjusting and reintegrating after serving their sentences. But when you give assistance in accordance with the severity of the crime committed, the effect is unavoidable: to incentivize and reward acts of terror.

These are not welfare payments. I had hoped that, in the face of this controversy and the prospect of a reduction in American assistance, the Palestinian leadership under President Abbas would adopt a system of welfare payments. That is, payments to prisoners, families, and survivors would be based on the number of dependents—the number of individuals being helped. Such a system would be acceptable to us, I think, and here in the United States we understand that the families of prisoners in our correctional institutions must be eligible for general assistance-welfare, Medicaid, food stamps, and so on. But the Palestinian leadership appears to have rejected that approach. And according to the most recent poll I have seen, so do the Palestinian people (although of course the exact question asked may have affected the outcome).[2]

So that escape route from our problem is not open. Another proposed escape route is to cut all funds but allow a national security waiver.[3] I oppose that suggestion, because it achieves almost nothing. Congress would be handing the problem to the administration without actually having any impact on the Palestinian practice of paying terrorists for their acts.

There are other suggestions. Some argue that we should simply look the other way and allow this to continue because many Palestinians would suffer from cuts in U.S. assistance. In Israel, there has long been a concern that cuts in aid to the Palestinians would lead to disorder in the West Bank or even the collapse of the Palestinian Authority.

These are all reasonable concerns, but in my view they do not outweigh the logic behind the Taylor Force Act: as long as the Palestinian government is in effect rewarding terror, we need to be sure we make our objections—our condemnation—known, and that cannot be merely in words. Our assistance program must reflect our feeling of repugnance.

How do we do that? Since the Hamas victory in legislative elections in 2006, USAID has distinguished between assistance to the Palestinian Authority and aid to other recipients, such as NGOs and municipalities. In my view, all the payments that give assistance to or directly benefit the PA itself should be stopped. Some of those payments no doubt support good programs and worthwhile goals, but money is fungible. So the payments must stop. I believe this would cut our assistance roughly in half, but there is a context here. Considering the very great pressure on the foreign assistance budget right now, how could we justify continuing all these programs and payments to the Palestinians, while they continue to use money to reward terror? Surely the money can be better spent elsewhere. Moreover, these huge expenses on prisoners who have committed acts of terror are not the only example of PA financial mismanagement. A poll taken last year found that 95.5% of Palestinians think the PA is corrupt, and that was the highest rate ever.[4] Given

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[2] "Public Opinion Poll No. 64," Palestinian Center for Policy and Survey Research, July 5, 2017.

[3] Daniel Shapiro and Ilan Goldenberg, "For U.S. Aid to the Palestinians, Don't Use a Sledgehammer When a Scalpel Would Do," Foreign Policy, June 29, 2017.

[4] Karin Laub and Mohammed Daraghmeh, "In Tough Times, Most Palestinians View Government as Corrupt," Associated Press, May 24, 2016.

the amounts of U.S. assistance, the whole issue of PA financial management and mismanagement should get a good deal more attention.

Why not cut every cent right now? That step would have a greater impact, to be sure, but might directly affect people or programs unrelated to the Palestinian Authority and its payments for terrorism. The Taylor Force Act would, in any event, require a determination that the PA is taking credible steps to end acts of violence by individuals under its jurisdictional control. I do not see how that certification could be made if the PA continues to pay for terror. Moreover, cutting payments in half, or thereabouts, would show the Palestinian leadership that Congress is serious about ending aid unless this intolerable situation is changed. That would make it more likely that the issue might be addressed. If it is not, you can come back in three or six or nine months and cut some more, or cut everything. Ideally, during such a period there could be discussions between the PA, Israel, and American officials, and the scaled payments that reward greater acts of violence and terror could be eliminated. If not, the Palestinians will in any event have been warned what is coming.

I want to deal with one other issue, which is that about $75 million in aid is paid to cover debts owed directly to suppliers of power (which is most of the $75 million) and to hospitals, reducing amounts owed to them by the Palestinian Authority. Cut those payments, it is said, and you just hurt the suppliers of power and of medical care. I would make an exception for those hospitals, which account for perhaps a fourth of the $75 million in debt reduction payments. In fact, by far the largest part of the medical payment is to Augusta Victoria Hospital in Jerusalem, and I would not wish to see it cut off.

Power is different. There our money does not support a renowned and venerable institution like Augusta Victoria. In fact, for obvious reasons it encourages a kind of corruption. There are cases where commercial users of power in the West Bank simply do not pay their power bills, because everyone knows the Americans will cover the bills from our aid budget and send checks to the Israeli companies. The current system really encourages irresponsible behavior. We all watch our power consumption in our homes and businesses because we pay the bills. But we now underwrite a system for the West Bank where the United States pays the bills, not the users, and that's not smart—and not worth continuing in the context of the Taylor Force Act, the need to confront Palestinian rewards for acts of terror, and the competition for scarce U.S. assistance dollars.

Mr. Chairman, we should not be under the illusion that passage of this legislation and a large cut in aid to the Palestinians will immediately solve this problem. We should not expect that the Palestinian leadership will quickly react by ending their rewards for terrorism. We can hope that they will address this issue, and in negotiations with Israel and the United States come to an agreement-but that may very well not happen. I think you should pass this legislation nonetheless. We need to send a clear message to the Palestinian people and leadership that we find the current system unacceptable and in fact repugnant. We need to be sure that our aid money does not even indirectly sustain that system. We should do this as a matter of principle—frankly, whether the Palestinians like it or not, and whether the Israelis like it or not.

I wish we had done it years ago, including the time I served in government. We all may have had the excuse then that we weren't exactly clear about the facts, and indeed the facts and implications and reverberations are complex. But the moral point is crystal clear, and now is the time to act.

Thank you for permitting me to testify today.

The CHAIRMAN. Thank you so much.

Ambassador?

STATEMENT OF HON. DANIEL B. SHAPIRO, DISTINGUISHED VISITING FELLOW, THE INSTITUTE FOR NATIONAL SECURITY STUDIES, TEL AVIV, ISRAEL

Ambassador SHAPIRO. Mr. Chairman, Ranking Member Cardin, members of the committee, thank you also for the opportunity to appear. I know we submitted a written statement, which I hope will be made a part of the record.

I want to begin by expressing my strong support for the goals of this legislation, as Senator Graham has outlined them, and you have reiterated.

And I want to also add my condolences to Mr. Force and the Force family. Taylor Force was murdered about a mile from where I was taking part in a meeting between Vice President Biden and former Israeli President Peres at the time. His death is an outrage and pains me deeply, as it has ever since it occurred.

Among other forms of incitement that we in the Obama administration raised repeatedly with the Palestinian Authority was this indefensible practice of providing payments to Palestinians in prison for terrorist attacks and to their families. It helps fuel waves of terrorist attacks that Israelis and, of course, also Americans like Taylor have suffered from. And, indeed, the way the payments are structured does incentivize worse crimes by providing greater payments for longer sentences.

It is an abominable practice. President Abbas' defense of it is indefensible, and it needs to stop.

So I commend Senator Graham and the committee for the taking the lead on this legislation designed to bring about an end to those abhorrent payments, and I think it would be a fitting tribute to the life and service of Taylor Force.

My colleague on the panel, Elliott Abrams, has written about the need to change Palestinian political culture, so that it ends the glorification and encouragement of violence that occurs. That is a very worthy goal.

And so I think the question before us, as you all consider exactly how to craft the legislation, is, what is the most effective means of pursuing that goal, and how can it be pursued without harming other U.S. and Israeli interests or the well-being of innocent Palestinians?

A related question is, what is the value of the leverage of our assistance programs? Indeed, since fiscal year 2015, Congress and the Obama administration have already made reductions on the basis of these payments, leading to a reduction of the overall assistance program from about $400 million to about $260 million.

Unfortunately, it has not had the desired goal of persuading President Abbas to change the policy. Now, it is possible that a total cutoff of Economic Support Funds would do that. It is also possible it would lead him to dig in his heels. I do not know.

I think the moral point is very clear. Direct funds, because of fungibility, mean that we have an obligation either way.

But there is a question about the leverage, how much we can use legislation like this to leverage the change we seek. It may be that the threat of it has greater leverage than the actual cutoff itself.

It is also worth bearing in mind the value and the purpose of our overall assistance program, since the legislation, as currently drafted, would cut the entire ESF budget for the West Bank and Gaza. Much of that assistance is in the form of projects that support investments in the West Bank economy, which improve the quality-of-life for Palestinians and help generate private sector activity, which helps keep the West Bank stable. While that is, of course, in the Palestinians' interests, it may be even more in Israel's interests.

I say that because of the strong support that these projects receive from the Israeli Government and the IDF leadership. Every project is coordinated carefully with COGAT, the Israeli Coordi-

nator for Government Activities in the Territories. All of its implementation is carried out under their rigorous oversight.

The reason is that stability in the West Bank serves Israeli security interests by dampening the atmosphere in which more Palestinians might be drawn to extremism. At least, that is how the Israeli officials I worked with as Ambassador explained it to me. They even extended that logic to the solvency of the PA itself, which is not going to be affected by this legislation, but it could be affected by Israel's own measures.

So despite years of complaints, justified ones, about Palestinian incitement, the Israeli Government, to this point, has not cut off the steps it takes to ensure that the Palestinian economy remains viable and that the Palestinian Authority remains functional, such as the transfer of the customs revenue it collects on the PA's behalf.

Now, the Israeli Government can speak for itself, and there is legislation in the Knesset that is advancing that may touch on that issue, and obviously, they will convey their own views to the administration and Congress. All I would add to that discussion is that, until I left government service about 6 months ago, the Israeli officers charged with maintaining security and stability in the West Bank were very clear with me that they did not welcome a sustained reduction of that type of project assistance, to maintain stability in the West Bank.

Our assistance programs are also consistent with goals laid out by the Trump administration, as it has undertaken its initial forays into Middle East peacemaking. The President and his team have spoken consistently about the need for improved economic conditions for Palestinians in the West Bank. Those are high priority under any scenario, even as they also correctly seek to bring an end to Palestinian incitement and payments to prisoners.

The legislation also will touch our humanitarian assistance programs in Gaza, which are also strongly supported by the Israeli authorities. After every round of conflict in Gaza, the Israeli Government has strongly supported a surge of U.S. assistance to provide aid and assistance to thousands of homeless Palestinians in Gaza, including many children. And the United States has always responded with bipartisan support.

So the legislation should advance. It should be targeted to prevent the use of any funds, even through fungible means, of paying terrorists. But let me just offer a few ideas for the committee's consideration.

One is forms of flexibility. The administration will, in its time, provide its own views on the legislation, but some form of flexibility in implementation, whether it is a national security interest waiver for some or part, all or part of the cutoff, could provide the administration the ability to apply the tool with greater precision, and to respond to either a breakthrough in talks or to a crisis, such as another conflict in Gaza.

Additional targeting rather than the current draft of the bill, which covers all of ESF for the West Bank and Gaza, and I think Elliott Abrams and I are in close agreement that the money going directly into PA coffers, such as for—or to cover their debts to electricity companies, may be a better way to target the cutoff.

Another option would be to set the funds aside in an account, perhaps interest-bearing, perhaps not, but to make clear the money is available once the changes to the Palestinian legal codes are made.

Or set a date certain by which time the cut will take effect, if the legal changes do not occur. Create a limited window of time and a clear incentive for the Palestinian Authority to make these changes.

Fourth, there are other forms of assistance that perhaps the ESF money could be applied to that do not in any way benefit the Palestinian Authority but may advance some of our goals.

One is the Conflict Management and Mitigation program. For the last 9 years, Congress has provided $10 million for grants to NGOs that do people-to-people programs between Israelis and Palestinians, and between different groups within those societies. They are very impactful in breaking down barriers and building bridges. Perhaps more ESF funds could be applied to those programs.

And the second is perhaps redirect ESF funds to a program designed to boost the Palestinian high-tech sector. Here, I refer the committee to an article in the current issue of Foreign Affairs magazine by Yadin Kaufmann. It is called, "Start-Up Palestinian: How to Spark a West Bank Tech Boom."

The idea would be to provide grants to Palestinian startups paired with established U.S. partner companies for R&D costs. And it is modeled on the U.S.-Israel BIRD Foundation, the Binational Israel Research and Development Foundation.

The Palestinian high-tech sector is a very moderate, very productive sector of society, not infected, that we know of, by terrorism.

The last is to use other tools besides assistance, such as diplomatic leverage. The Palestinian leadership, I think, in many ways is more sensitive to its international reputation than to suspensions of aid. So Ambassador Haley, who has been very outspoken at the United Nations, should raise this issue in the Security Council. European and Arab governments should be lobbied to raise the same concerns about prisoner payments in Ramallah, so that the Palestinians are hearing a chorus of calls for change, not just American voices. The Quartet is a valuable vehicle to communicate those messages. And there is an upcoming meeting in September of the Ad Hoc Liaison Committee, the group of donors where this issue should be raised, and other donors should be encouraged to establish their expectations for an end to Palestinian payments to terrorists in prison.

I know the committee has always found bipartisan solutions to these types of problems, so I encourage you and commend you for taking up this issue and finding a way to stop these payments to terrorists while protecting other U.S. and Israeli interests, and supporting the Trump administration's peace efforts.

Thank you very much, Mr. Chairman.

[Ambassador Shapiro's prepared statement follows:]

PREPARED STATEMENT OF DANIEL B. SHAPIRO

Mr. Chairman, Ranking Member Cardin, members of the committee, thank you for the opportunity to appear before you to discuss the Taylor Force Act.

I want to begin by expressing my strong support for the goals of this legislation, and relate to the American hero for whom it is named.

On March 8, 2016, I was participating in a meeting between Vice President Biden and former Israeli President Shimon Peres at the Peres Center for Peace in Jaffa. During the course of the meeting, we heard the sounds of sirens and were informed about a terrorist attack nearby. It was at that very moment that Taylor Force was murdered by a Palestinian terrorist less than a mile from where we were meeting on the Jaffa boardwalk.

As the U.S. Ambassador to Israel, I always made the safety of American citizens my highest priority, and I know Vice President Biden did the same. There had been other American victims of terrorism during my tenure, and we always did everything we could to ease the burden on the grieving families. As we learned more about Taylor, and reached out to offer comfort and assistance to his family, every detail was only more heartbreaking and infuriating. Taylor was a West Point graduate and U.S. Army veteran who had survived combat in Iraq. He was in Israel as part of a Vanderbilt University Business School delegation seeking to build connections with the vibrant Israeli technology sector. He had come to Israel only to learn and build and grow, and he was cut down in the prime of life.

The terrorist who murdered Taylor was shot dead at the scene by police. Vice President Biden forcefully condemned the attack, and added that the United States "condemns the failure to condemn these acts." That remark foreshadowed a very difficult conversation he had later in the visit with President Abbas of the Palestinian Authority. And a condemnation was not forthcoming, as it clearly should have been.

Throughout the Obama administration, we had on many occasions raised the issue of incitement in its various forms with President Abbas and had spoken out publicly about it. The unacceptable messages of tolerance for, glorification of, or even encouragement to violence by Palestinians against Israelis that are part of Palestinian political discourse help fuel the waves of terrorist attacks Israelis have suffered from. So does the indefensible Palestinian Authority practice of providing payments to Palestinians in prison for terrorist attacks, including those who killed Israelis, and to the families of those who died carrying out such attacks. Indeed, the Palestinian system actually provides more money to those who serve longer sentences, meaning the worse the crime, the greater the financial compensation.

This is an abominable practice, and it must stop. Palestinians who seek to win the confidence of Israelis that they will need if they ever hope to achieve their own political aspirations through negotiations must understand both how immoral this practice is and the grave damage it does to their own goals.

Palestinian leaders say it is not as politically easy as we would like to put an end to this practice. In Palestinian culture, prisoners who have committed violent acts against Israelis are revered as freedom fighters, and acting against them comes with high political cost. But this is not an acceptable excuse. While one can understand the need to provide welfare payments to families that are struggling economically and have lost a breadwinner, similar to other families in that position, there should be no extra bonuses for someone who attacks Israelis. It incentivizes the killing of innocents, and it is just wrong.

So I commend Senator Graham for taking the lead to introduce legislation designed to bring an end to this abhorrent practice. It is a worthy goal, and it is a fitting tribute to the life and service of Taylor Force.

To truly get at the problem we are trying to solve, our goal must be, as my colleague on this panel, Elliott Abrams, has written, to bring about a change in Palestinian political culture. We must promote a change that ends any glorification of or encouragement to violence. And so, the questions before us are, what is the most effective means to pursue that goal; how can we pursue it without causing harmful unintended consequences to other U.S. and Israeli interests, or to the well-being of innocent Palestinians; and what is the role of U.S. assistance in that calculus?

To briefly review what this committee knows well, the U.S. assistance program under Economic Support Funds (ESF) to the Palestinians includes several elements: 1) project assistance carried out by USAID, through vetted NGO partners, to build schools, roads, health clinics, and similar infrastructure projects in the West Bank; 2) debt payments paid directly to Israeli fuel and electricity providers on behalf of the PA, and to the Israeli-run East Jerusalem Hospital Network to pay bills incurred by the PA; and 3) humanitarian assistance through vetted NGO partners to Palestinian civilians in Gaza. Barring a one hundred percent reversal by the PA on the prisoner payments, all of these streams of assistance would be cut off under the legislation as it is currently drafted. Assistance for training provided to the Palestinian Authority Security Forces not under the ESF account would not be affected.

The total of the ESF program has declined in recent years from approximately $400 million to approximately $260 million in the last fiscal year. One reason for

the decline is that the Obama administration negotiated reductions in the program with Congress to overcome previous Congressional holds by metering out the program in smaller amounts. Furthermore, starting in Fiscal Year 2015, Congress directed a reduction in the economic assistance program to the West Bank and Gaza "by an amount the Secretary determines is equivalent to the amount expended by the Palestinian Authority as payments for acts of terrorism by individuals who are imprisoned after being fairly tried and convicted of acts of terrorism, and by individuals who died committing acts of terrorism during the previous calendar year." It should be noted that the actual reduction amount and methodology used to calculate that figure are submitted to Congress in a classified report each year. Similarly, beginning in Fiscal Year 2014, budget support that used to be provided directly to the PA Ministry of Finance is now paid directly to Israeli creditors, so the money literally never reaches the PA's hands to ensure it cannot be misused.

So one question this history raises is, how effective is this tool as leverage on the Palestinian Authority to get them to change their policies about payments that reward terrorists? We have already made reductions on this basis, and it seems not to have persuaded President Abbas to change the policy. It is possible that a total cutoff would be more persuasive. But it has not been our experience that assistance cutoffs—indeed, those Congressional holds I cited, which at times have lasted many months—have had the desired effect of changing Palestinian Authority policies. The political posturing likely by Palestinian leaders in response to a cutoff might, in fact, lead them to dig in their heels and declare that they will make do without the assistance. Indeed, there may be more leverage in the threat of a cutoff, than in the implementation of it. But that is an important question that members of the committee should consider.

A second question is, what is the purpose, and what is the value of our assistance programs? What interests are advanced by providing them in the first place? As I mentioned, much of assistance takes the form of projects to benefit Palestinian civilians in the West Bank that are not carried out by the Palestinian Authority. These investments in the West Bank economy, which improve the quality of life for Palestinians and help generate private sector activity, help keep the West Bank stable.

It is, of course, in the Palestinians' interest to receive this assistance. But it may be even more in Israel's interest. I say that because of the strong support these projects receive from the Israeli government and the IDF leadership. During my time as Ambassador, with USAID operating under my chief of mission authority out of Embassy Tel Aviv, we ensured that not a single dollar was spent on West Bank projects that did not have the express approval of the IDF leadership. Every project was coordinated through COGAT, the Coordinator of Government Activities in the Territories, which is the IDF body that supervises civil activities in the West Bank, and all implementation was carried out under their rigorous oversight. I believe that is still the case today. The leaders of that organization, and other members of the IDF General Staff, were enthusiastic supporters of USAID's work, as I believe they have briefed Members of Congress on a number of occasions. From time to time, when an issue required me to raise a matter related to our assistance projects to the political level, I found equally strong backing from Ministers for the continuation of our efforts.

The reason for this, I believe, is well-understood. Stability in the West Bank, both economic and political, serves Israel's security interests by dampening the atmosphere in which more Palestinians might be drawn to extremism. At least that is how the Israeli officials I worked with explained it. They even extended that logic to the solvency of the PA itself. So despite years of complaints about Palestinian incitement, the Israeli government has not cut off any of the steps it takes to ensure that the Palestinian economy remains viable and that the Palestinian Authority remains functional. For example, the Palestinian Authority does not have the capacity to collect their own customs revenues. So under the Paris Protocol, which has governed Israeli-PA relations since the 1990s, Israel collects revenue on the PA's behalf and then transfers the money every month to the Palestinian Authority. On occasion, when Israel has gotten frustrated with Palestinian actions, it has temporarily halted these transfers. But Israel has always resumed them after a short hiatus, often under the urging of IDF leaders and Israeli Ministry of Finance professionals, because it consider the risks to Palestinians stability, and therefore to Israel's security, to be too high.

And despite intense feelings and justified anger in Israel about the prisoner payments, the Israeli government has never stopped transferring the customs revenues it collects on behalf of the Palestinians to the PA over this issue either. Now there is a debate underway in Israel about whether supporting a complete cutoff in US economic assistance will achieve the desired objective of compelling the PA to stop the prisoner payments. Retired Israeli generals and security commanders can be

heard on both sides of the issue. Some Members of Knesset have advanced legislation to withhold tax revenue transfers commensurate with prisoner payments, although it is far from clear that it will reach final passage. Certainly, the Israeli government can speak for itself on its views, and I trust it will do so with the administration and Congress. I would simply add that until I left government service six months ago, the Israeli officers charged with maintaining security and stability it the West Bank, who had repeatedly affirmed to us that they would not welcome any sustained reduction of assistance to the Palestinian Authority, had indicated no change in their attitude.

Our assistance programs are also consistent with the goals laid out by the Trump administration as it has undertaken its initial forays into Middle East peacemaking. While some aspects of the administration's approach to negotiations are still evolving, it has been a consistent theme of statements by President Trump, Secretary of State Tillerson, and Special Envoy Jason Greenblatt that improved economic conditions for Palestinians in the West Bank are a high priority in any scenario. They, of course, have also been clear that they seek an end to Palestinian incitement, glorification of violence, and payments to prisoners. But I think it is clear that they want to see both those goals advance, and it would seem that they associate our assistance programs with that effort.

U.S. humanitarian assistance programs in Gaza are also strongly supported by the Israeli authorities, as they relieve suffering among Palestinians who have lived through three wars and endure hardships under Hamas' terrorist regime, thereby helping prevent a humanitarian catastrophe on Israel's border. While some of these programs are ongoing, they have been particularly important in the wake of conflicts, when damage is greatest and suffering is most acute. After each such round of conflict, Israel has strongly supported a surge of U.S. humanitarian assistance to provide basic food, medicine, blankets, and shelter for thousands of homeless Palestinians in Gaza, including many children, and the United States has always responded with bipartisan support.

Finally, it is worth mentioning the potential impact of any cutoff in our economic assistance on the security assistance programs. In recent years, the United States has provided between $40 million and $75 million in assistance to support training of the Palestinian Authority Security Forces, which all agree perform effectively in combatting terrorism. President Trump has spoken about the excellent security cooperation between Israel and Palestinian forces, to which the IDF commanders also attest. This is perhaps the most positive story of the past ten years with regard to the Israeli-Palestinian conflict. But the Palestinian public often views these security forces as puppets of the Israelis, even as the Palestinian Authority and these forces remain deeply committed to the mission because they fear the threat posed to them by Hamas. But if security assistance is the only U.S. support that remains, then it becomes politically much more difficult for the Palestinian leadership to accept these funds and continue the program. Any weakening of that program could contribute to a deterioration in security cooperation between the two sides, which would benefit no one except Hamas.

So we face the two imperatives that I mentioned earlier: effectively advance the goal of ending Palestinian payments to terrorist prisoners, while avoiding unintended harm to other U.S. and Israeli interests and supporting the efforts of the Trump administration. With those goals in mind, I recommend consideration of the following measures:

1. *Provide Flexibility:* The Trump administration can certainly offer its own views of the legislation, but my experience working in the Executive Branch leads me to believe that providing the administration with greater flexibility ensures that they can apply the tools in the legislation with greater precision. One option is a national security interest waiver that would allow the President or the Secretary of State to waive, in whole or in part, the requirement to cut off aid to the Palestinians if they judged that it was in the national security interest of the United States to continue the aid. The Trump administration has already prioritized the prisoner payments issue and is pressing the Palestinians, but the waiver would also give it some flexibility and not completely tie its hands, enabling it to respond to either a breakthrough or a crisis.
2. *Be More Targeted:* Another possibility would to be more precise in designating the ESF funds that would be subject to a cutoff. For example, cutting off only the budget assistance that goes to the Israeli companies providing electricity and fuel in the West Bank would have the most meaningful effect on the Palestinian leadership's calculus and impact the Palestinian Authority's budget without cutting off aid that goes directly to the Palestinian people, provides humanitarian relief, or bolsters stability and security.

3. *Set Funds Aside:* Rather than simply cutting off whatever funds are impacted by the legislation, consider explicitly setting them aside, perhaps even in an interest bearing account, and highlight that they remain available to be drawn upon at such time that the Secretary of State can certify that the Palestinian Authority has ended the objectionable payments or put in place a more credible social welfare system that does not reward terrorism. This approach, rather than being strictly punitive, would provide a strong incentive for the Palestinians to implement the reforms we seek. A variation of this approach would be to set a date certain when the restriction on assistance would take effect, giving the Palestinian Authority a limited window of time and a clear incentive to end these payments.
4. *Consider Alternative Forms of Assistance:* There are potential uses of assistance dollars outside the scope of our traditional West Bank and Gaza ESF program that could strongly counter the negative influence of incitement and prisoner payments, regardless of the actions of the Palestinian Authority. For nearly a decade, Congress has appropriated $10 million a year to provide Conflict Management and Mitigation (CMM) grants, which support NGOs that build people-to-people ties between Israelis and Palestinians, and between different groups within each society. In my years as U.S. Ambassador, I was deeply impressed by the impact of these programs in changing attitudes and building bridges. Any reduction in our West Bank and Gaza ESF program could be used to increase funding for CMM grants. Another option would be to direct some of our ESF funds to a program designed to boost the Palestinian hi-tech sector. I refer the Committee to the article, "Start-Up Palestine: How to Spark a West Bank Tech Boom" by Yadin Kaufmann in the July/August 2017 issue of Foreign Affairs, which proposes establishing a Palestinian equivalent of the highly successful U.S.-Israel Binational Industrial Research and Development (BIRD) Foundation. Under such a program, Palestinian start-ups would be paired with established U.S. partner companies and receive grants to support R&D costs. The result would be to promote some of the most pragmatic, least ideological, and highly productive elements of Palestinian society, creating jobs and economic opportunities for Palestinians, and even potential linkages between Palestinian and Israeli hi-tech entrepreneurs.
5. *Use Diplomatic Leverage:* Arguably, the Palestinian leadership is far more sensitive to its international reputation than to suspensions of aid. It may be more effective to undertake a concerted diplomatic campaign on this issue. U.N. Ambassador Nikki Haley, who has staked out strong positions supporting Israel and opposing terror, would be well-positioned to try to get others at the United Nations, and perhaps the Security Council itself, to call for the Palestinians to end these payments. She might start with a briefing to the Security Council on the subject. The issue should also be raised at the ministerial level in our bilateral discussions with European and Arab governments, including those who participated in the Riyadh Summit, urging them to echo our concerns in Ramallah so that the Palestinians are hearing a chorus of calls for change, not just American voices. The Quartet remains a valuable vehicle through which to communicate such messages. The July 2016 Quartet Report, which sharply criticized the Palestinian Authority on incitement to and glorification of violence (among other causes of the political stalemate) produced a very sensitive reaction on the part of Palestinian leaders, who chafed at the criticism from such a broad group of international actors. And the upcoming meeting of the Ad Hoc Liaison Committee in September, the gathering of donors who support Israeli-Palestinian peace efforts, presents an excellent opportunity to get other influential players and donors to establish their expectations for an end to Palestinian payments to terrorists in prison. Sustained multilateral messaging to the Palestinians may be more effective than U.S.-only initiatives.

Making clear that it is unacceptable to incentivize or reward terrorism in any way is completely appropriate, and it is a worthy goal of the Taylor Force Act. Doing so in a way that preserves stability and security in the West Bank would be consistent with the goals of the Trump administration, which has already devoted considerable energy to the cause of Israeli-Palestinian peace. And finally, as this committee so often has, finding a way to convey bipartisan support for all of these priorities invariably results in stronger, more effective, legislation.

Thank you.

The CHAIRMAN. Thank you.

Thank you both for being here.

Just to set a little context, first of all, the payments that go to prisoners are not all made to terrorists. So I think people should understand there we understand there are going to be welfare payments to people who are standard prisoners.

The problem we have here is that there is an incentive program, passed into law, that pays people more for committing terrorism. And the more heinous the crime, the more they get paid for a longer period of time. So that is the aspect that we are looking at.

The way the Graham bill was first crafted, it cut off all ESF payments, and then gave a national security waiver. So there has been some concern that what you would really do is do nothing, because the likelihood is an administration would use the waiver. So you end up actually doing nothing to push back against this issue.

So we have talked with Senator Graham about doing exactly what you have said, and that is separating the two. Payments that go directly to the Palestinian Authority, we would cut off, period, without any waiver. The payments that actually go to the Palestinian people, the humanitarian aid and those kinds of things, those would continue.

In addition, I think we will reach agreement on the hospital issue. I think that is the one exception relative to the money that actually goes to the Palestinian Authority.

Interestingly, this would cut off $50 million a year to Israel, I think you all understand that, because we actually make debt payments. We give the money to the Palestinian Authority, and they give that money to Israel. Israel is very aware of that, by the way.

To my knowledge, in speaking directly with their Ambassador, they support the fact that they are going to be cut off from $50 million a year.

So I think we are getting to a place where we are going to have a very effective piece of legislation. We have been working with Senator Cardin to get to that place.

I guess my question is: If this has been going on for a long time, why did it take the death of Taylor Force to bring this issue to the forefront? I do not understand why Israel has not taken action.

Could you just give us context as to why this would be going on this long? People have been aware that this has been happening, and I know, Elliott, you mentioned you wished you had done something about it under President Bush.

Why is it just now that we are beginning to take action on this issue?

Mr. ABRAMS. Mr. Chairman, I think there was a lack of information and lack of clarity. If you ask me, did I know in 2002, for example, 2003, 2004, 2005, this was the setup, my answer would be I did not. I think there is also more attention now than there has ever been to the glorification of terrorism in the Palestinian media and the naming, by the PA, the naming of schools and parks after murderers.

So I think there has been a steady accretion of attention. Some of the European countries, the British, for example, have also stopped paying the PA directly in cash, because they do not want the money used in this way.

So we have been learning more. We have been paying more attention. And this terrible death of Taylor Force is what really got

people to stand up and say, wait a minute, now we understand it, and it is intolerable.

Ambassador SHAPIRO. I would obviously agree with your observation, that it has been going on for a long time but has not received the attention that it deserved. Most of our discussions—in fact, of course, the committee and the Congress did respond to this by reducing, with the Obama administration's assistance, the overall assistance program in a manner that was designed to be dollar-for-dollar what was assessed to be the payments to these terrorists in prisons. So already, there has been an adjustment to it.

I have to say, most of our discussion with the Israeli Government during my service as Ambassador on the issue of incitement, and it was raised frequently, we actually raised it with each other, did not deal precisely with this issue. I am not saying it was never mentioned, but it was not the area of emphasis. The area of emphasis was on messaging, on glorification, on naming schools and squares after terrorists, on the use of social media.

And it may be because they, too, were struggling with how to respond and try to end that form of incitement without creating unintended consequences for the stability of the West Bank and the Palestinian economy.

The CHAIRMAN. Let me just close with this. There has been an evolution concerning the laws themselves that has occurred. Sander Gerber came to our office and did an outstanding job laying out the steps that had been taken.

I do not know if committee members have seen it, but what has happened through the years is that the Palestinians have continued to develop this language in such a way that has made it clearly defined now. The language now actually lays out a chart of how they are going to pay people who kill innocent civilians. So I want to thank Mr. Gerber for helping to bring light to that.

I want to thank both of you for your testimony, and I hope the committee will take action on this very quickly.

Senator Cardin?

Senator CARDIN. Mr. Chairman, I am convinced that we will take action, and that we will come together on legislation.

But we are here having a challenge. I think these are defining moments for what this committee needs to do. Generally, we give, pretty much, a blank check to the administration on how they use foreign assistance. There is $260 million appropriated. Those decisions are primarily made between the executive branch of our government. The Israeli Government is very much involved in those decisions. And within certain categories, the money is allocated.

So some of the money goes to Israeli creditors for fuel and energy. Some goes to projects for schools within the Palestinian areas. Some goes for hospitals in Israel. As I understand it, there are hundreds of different projects that are funded out of that $260 million.

The time has come, Mr. Chairman, where we are going to have to be much more prescriptive. I am hearing that from the testimony here today. We are going to have to be very prescriptive.

The question is, do we just want to make sure the $260 million goes to safe projects, such as hospitals and energy payments? Or do we want to have a punitive impact of stopping monies going to

the Palestinians with a carrot-stick approach that could be released if they give up their payments to prisoners and terrorists?

I think we want to have a positive impact, so we are going to have to have some real stick approach here of cutting funds in order for this to work, and we are going to have to take that responsibility as the authorizing committee as to how we draft that.

It is not going to be easy. It is going to have to be, in some cases, rough justice, because I do not think we can name one hospital, but we may say hospitals are fine. We will have to figure out how we figure this out.

The other point I would bring up, we should not be surprised—Mr. Abrams, I think your comment about not knowing, we were all in that category. We sort of ignored that. We see textbooks that are in countries that we give significant financial assistance to that preach anti-Semitism, and we wonder why that leads to violence and leads to the situation where the Palestinian Authority now is sponsoring terrorism by giving these payments.

So it has been a slippery slope. I am a strong supporter of U.S. foreign assistance, and we need to have even more monies in our foreign assistance budgets. But I am very much in support of this committee exercising our appropriate role to make sure that we do not allow any U.S. support to go to that type of conduct, whether it is the Palestinians on payments to prisoners and terrorists or whether it is text books being printed in Egypt that are anti-Semitic. We should be much more directed to make sure that does not happen. And we can, I think, take that appropriate role.

So I have two individuals who have served in the executive branch. What you seem to be saying to us is that you want Congress to be more prescriptive. You want this committee and Congress to say that the administration does not have discretion that could undermine our desire to make it clear that there will be a penalty if this practice continues.

Is that what I am hearing?

Mr. ABRAMS. Yes. I think where you stand depends a little bit on where you sit on this question of executive branch discretion. But there are too many incentives for any administration always to use the discretion you give them to keep the money flowing. If you are serious about stopping it, you have to stop it.

Ambassador SHAPIRO. I have proposed a number of ways that the committee and the Congress could be precise about how to use the tool. You could use the other alternative approach, which probably most executive branches will advocate for, cannot speak for this one, which is to say, give us the authority, the waivers, let us decide how to be precise about it.

But I have no problem with the Congress being very prescriptive to say no U.S. funds can go into the coffers of the body that is paying, or even to pay its debts, that is paying these prisoner payments because of the issue of fungibility. If you, then, choose some of these other methods to be precise about what to cut but what also to allow to flow, to not allow unintended consequences to occur, I think that is just as effective.

Senator CARDIN. We might have to take it to the next step and say what they need to do to get funds released, not what the ad-

ministration can do, but spell out in statute what is required for that type of flow of funds to continue.

Ambassador SHAPIRO. I do think the clarity of what is required to change the approach or to meet the requirements of Congress is useful, because then there is an actual incentive structure built into the legislation to get the result we want, which is to end those payments.

Senator CARDIN. And I would point out, as the chairman and I worked very hard on the Russian sanctions bill that passed overwhelmingly on the floor of the Senate, that bill is more prescriptive than we have been in the past on how we desire sanctions to be imposed for two reasons: one, to make it clear; and, secondly, so there is no ambiguity in the administration of the statute.

I think we are going to have to take a very similar approach as we deal with the Taylor Force law.

Thank you.

The CHAIRMAN. Thank you.

If I could, the most recent draft does explicitly what you just said, and that is, it lays out that they have to repeal the law and stop making payments, and then the money can flow again. So they have to repeal the law that says they are going to pay terrorists, and they have to stop making payments. So the proposed legislation is very prescriptive.

And if I could, just as it relates to the committee, I think we have broken new ground over the last several years over the congressional review issue. I am a strong proponent of congressional review and us having a say, especially when it is going to affect, in a significant way, foreign policy.

I had a member of the Banking Committee come up to me yesterday who is offering sanctions legislation on another matter, and this is beginning to take hold in other committees where people realize that our ability to have an effect on executive decisions is appropriate.

I just want to say, in my opinion that is a big win for America, and a big win for the United States Senate. And I thank everybody for working with us in that way.

With that, Senator Rubio?

Senator RUBIO. Thank you, Mr. Chairman.

These so-called welfare payments, I think you all have described sort of a system where we are not rewarding specific acts, in the amount of just welfare payments to help people who are coming on tough times.

Let me ask, do we know if there are any such payments to the families of other deceased Palestinians who did not commit violent acts? Is any sort of funding provided to families who have someone who has died but not as a result of violent acts?

Mr. ABRAMS. I am not aware of any.

Ambassador SHAPIRO. I do not know the answer to that question.

Senator RUBIO. And in 2015, the Congress directed the administration to deduct from our aid to the Palestinians in relation to the terrorism-related payments. The provision in the Consolidated Appropriations Act reduces by the amount the Secretary of State determines is equivalent to the amount expended by the Palestinian Authority, the PLO, and any other successors, et cetera.

To the best of either your knowledge, is this law being enforced?

Ambassador SHAPIRO. Yes, the law is being enforced. The Obama administration for fiscal year 2015 and 2016 did reduce the assistance. That largely accounts for the reduction from the $400 million to around the $260 million, almost all of it in what is called the budget support category, which the only thing left, I think, in that category is the debt payments to the electricity company and to the hospitals, around $70 million.

So, indeed, it was done. There was, I believe, a classified report provided to the Congress to explain the methodology and the amount by which that reduction occurred.

Senator RUBIO. And as far as the general relationship and our interaction, perhaps you, Ambassador Shapiro, having recently served in the region, what is your assessment of how active the United States has been in pressing the Palestinians to end the practice of paying prisoners and their families? Is this something that is being brought up as sort of a pro forma, we have to say it?

Can you describe a little bit more in depth the efforts that we have made in the past to drive this point, and more importantly, whether, in fact, in your view, they actually believe that we would ever do more than what is happening now?

Ambassador SHAPIRO. Sure.

It has certainly been part of our discussion with the Palestinians. The broader issue of incitement, which includes other forms of encouragement or glorification of violence, has been a major part of that discussion raised in virtually every meeting that I am aware of between officials in the administration I served, I am sure in the current one, as well. The current administration has clearly, at least according to reports, elevated the issue of the prisoner payments as well.

But I can tell, as the administration was working to implement that mandated reduction in that sort of dollar-for-dollar approach for prisoner payments, a big part of that preparation for the reduction involved conversations with the Palestinian Authority to tell them this was coming, and there was going to be a hit unless they did reduce or end those payments. Since they did not, the implementation of the reduction occurred.

So the conversation has been going on for a long time. As I said, it encompasses other aspects of incitement, which I think got more emphasis in the Israeli dialog with us on incitement. But as awareness has risen, there has been more focus on this.

Has it worked? Unfortunately, I do not think we can say it has achieved the desired objective.

Senator RUBIO. I guess my final point, and this is not a policy proposal, because this is an issue that we need to understand a little better, but both of you have said that it would be acceptable if this was just a system of welfare to help families who have a relative who is imprisoned.

My question is, is that, in and of itself, not incitement? So even if there is not a reward, per se, an additional amount for an attack, if, in fact, you are considering becoming involved in a terrorist act and you know that your family is going to get taken care of if you do, is not a welfare system, even that, in and of itself, an incentive to at least—maybe you will not have a windfall but you most cer-

tainly would consider that as a factor in determining whether or not to go carry this out, knowing that your family is going to be taken care of? In essence, it is a pension for terrorists, or at least for their families.

Mr. ABRAMS. I think that is correct, Senator. I think people should be eligible for whatever general support may exist in the society, if a breadwinner is taken out of the picture. But if there is anything extra, anything special for the family of someone who has committed acts of terror, it is a reward.

Ambassador SHAPIRO. I agree with that.

The CHAIRMAN. Senator Menendez?

Senator MENENDEZ. Thank you, Mr. Chairman, for holding this hearing.

To our witnesses, the legislation we are considering today addresses a twisted and brutal policy that incentivizes violence that impacts our allies and our own American citizens.

And I appreciate Senator Graham, who has talked to me quite a bit about the legislation, doing this on behalf of the family of Taylor Force, who was a brave, honorable, young American, whose life was stolen in the name of false martyrdom, introducing the legislation to start what I hope will be an ultimately meaningful result.

It is outrageous and unconscionable that any government anywhere in the world in the 21st century would codify, openly write into legislation, incentives for harming and killing innocent civilians.

Many of us have long been concerned about political leaders inciting violence against innocent civilians, but the detailed codification of providing financial assistance not only to those who commit acts of violence and terror but also provide payments to their families if they are convicted through due process, is much more than incitement. It is incentivizing.

Incentivizing these heinous and brutal acts in law sends a clear message to the Palestinian population, in general, and to the world that the leadership of the PA values those who commit violence, and encourages individuals to perpetuate it.

This practice and the recent insistence of the Palestinian Authority leadership to publicly defend this atrocious system serves to indoctrinate Palestinian youth and teach them that pursuing so-called martyrdom is a valuable path forward for them and their families.

Now, I know that over the past few years, the United States has tried to take measured steps to stop this practice. To that point, as some of my colleagues have pointed out, no direct dollars go to the Palestinian Authority. And, therefore, when the administration submits its budget request to Congress, by law it reduces the amount of money that is ostensibly being spent on this program. And yet, Palestinian leadership seems unmoved, which leads me to my questions.

Ambassador, and I appreciate your service to our country, when you raised these issues with the Palestinian leadership, what was their response? What did you get from them in terms of the actions that we took when no direct payments were taking place anymore? And what do you believe will be necessary for us to do in order to

get the Palestinian Authority to stop this practice both in law and in action?

Ambassador SHAPIRO. Of course, in my role as Ambassador to Israel the last five-and-a-half years of the Obama administration, I did not work directly with the Palestinian Authority, so I will not be able to describe my own conversations with them.

I think the frustration we have had throughout the time we have served, and other administrations have had as well, has been a Palestinian leadership that is captive to certain narratives in which martyrdom is glorified, is seen as something that is essential to their national struggle, and where they do not put it in the same category as incitement or incentivizing of violence as we do.

And so there are various circumlocutions and various excuses that are given. Some of it may have to do with simply what they consider to be politically viable. Some of it may be more ideological.

Regardless of the excuse, it is an unacceptable phenomenon, as we have told them many times, as we now demonstrate in the reductions, and as you are considering——

Senator MENENDEZ. So what do you think—and I actually pose the question to both. What is necessary to move them away from this type of action? Because I cannot imagine any place in the world, much less in this particular circumstance, that we would permit or allow any of our resources——

Ambassador SHAPIRO. I think they are, in some ways, more susceptible to concern about their international reputation, so there may be a kind of name-and-shame aspect of this. And to the degree that this legislation is crafted in a public debate in which their legal codes, which have not been well-understood, are exposed, I think that is actually quite useful.

But it also should not be only—and then we will make the necessary adjustments to the programs, but I do not think it should only be a United States and only a congressional and only an assistance-based approach. It should be diplomatic. It should involve many other countries, those countries that sat with President Trump in Riyadh, those other donors from European and elsewhere who also support the Palestinian economy.

The Palestinians should hear this. They should hear it publicly and privately from many, many other voices. And I think they may be more responsive to that.

Senator MENENDEZ. Mr. Abrams?

Mr. ABRAMS. I would agree with that. I think you need to cut off some funds. I think the naming and shaming is important, particularly coming from Europe. And some European countries have begun to cut off at least budget support.

But I think what is really tragic here is the complete lack of leadership by President Abbas, who is defending these payments. I think he has an opportunity to explain this to the Palestinian people. And he has, instead, dug his heels in and is defending this system.

Senator MENENDEZ. You cannot seek peace while you pay people to kill.

The CHAIRMAN. Senator Young?

Senator YOUNG. Thank you, Mr. Chairman.

I first want to thank Mr. Force for his presence here today. I am so sorry for your family's loss. And thank you for helping us draw attention to this important issue, sir.

Thank you to our witnesses. Clearly, you are both here in the spirit of recognizing that these terrorist payments to murderous individuals by the Palestinians must end. You each have different approaches to effecting this change.

Ambassador Shapiro, in your prepared testimony, you suggest that a number of diplomatic steps could be taken at the U.N. to persuade the Palestinians to end these terror payments. You mention that Ambassador Haley should bring this up at the Security Council, for starters.

What other specific steps do you believe our mission at the U.N. should take to persuade the Palestinians? And do you believe those steps would be successful?

Ambassador SHAPIRO. The U.N. is a difficult environment to raise this issue. I am well aware of that. And I commend Ambassador Haley for already being very forthright in calling attention to incitement and incentivizing of terrorist attacks.

She will have opportunities to shape the debate in the Security Council, both by perhaps calling in witnesses and experts to brief on this issue, so that some of these other governments are exposed to it. There will be the period when the U.S. maintains the presidency of the council and can set the agenda. And there are the monthly Middle East discussions, at which she can encourage others to raise this issue.

Whether one could do enough education and overcome enough bias there to actually raise this to a level where you can get the Security Council to speak to the issue, which would be the most effective, a statement or even a resolution, in which the Security Council would actually echo what all of us are saying here, that this is an unacceptable practice, to me, that would be extremely, extremely impactful. Very difficult, but very important to try.

Senator YOUNG. Thank you, sir.

Mr. Abrams, what is your assessment of our prospects for success at the United Nations, if you could be concise, in addressing this issue through that forum?

Mr. ABRAMS. I would agree with Ambassador Shapiro. I would add, I think, there is a lot that can be done privately, particularly focusing on the aid donors. There are not 100 of them. There are probably a dozen countries that we could get to privately, and then get them to speak to the Palestinians.

Senator YOUNG. Mr. Abrams, since we have you and your expertise here at the table, I would like to bring up an issue. It pertains to actually something brought up by the chairman earlier, the importance of congressional review, and increasing importance of that by this committee.

Have you had a chance to review the National Diplomacy and Development Strategy legislation, S. 1228, that I and Senator Shaheen have introduced, sir?

Mr. ABRAMS. I have.

Senator YOUNG. And what are your thoughts about this legislation, which, I should say, Chairman Corker and Ranking Member

Cardin have included in the fiscal year 2018 authorities bill, to my pleasure.

Mr. ABRAMS. I am very supportive. I thought it was very interesting, because we have a lot of requirements to think about the goals, the objectives of American policy. We do not very often match the capabilities with the goals.

We do not get analysis and reporting on, how are you going to get there? Do you have the tools that you need to get there? Does the State Department have the tools and AID?

So I thought it was a really helpful addition. It is an assignment to the executive branch that I think they should be undertaking.

Senator YOUNG. Yes, existing authorities require State to produce a strategic plan, and I think there are probably a number of members of the committee and their professional staff that are not even aware this exists. It is a good attempt to produce what Congress asked of the administration, which is a list of goals. But it does not match your ways and your means.

It is also unclassified. And if we are really going to dig into strategy, the strategy of our diplomacy and our aid deployment and so forth, we also need to have a classified version of this.

Would you agree what that assessment?

Mr. ABRAMS. I do. I think, as you say, the ways and means, or the capabilities, in a classified version, it is something that is not done often enough.

Senator YOUNG. What about integration with other departments? We have a military strategy—Treasury has its own version—all subsets of your National Security Strategy. Is it important for this document to be integrated and coordinated with those other strategic efforts?

Mr. ABRAMS. It is. I think we all know that we need to avoid stovepiping and just thinking about what State can do, what AID can do. But we do not see enough of it. And the encouragement to do that I think is very valuable.

Senator YOUNG. Thank you for adding your sanction to it. You join National Security Adviser Stephen Hadley and Madeleine Albright and other luminaries in your field.

I yield back.

The CHAIRMAN. Senator Shaheen?

Senator SHAHEEN. Thank you, Mr. Chairman.

Thank you both very much for being here to testify.

Mr. Force, thank you for everything you are doing behind this legislation.

The idea that a state authority would support and actually incentivize terrorism is abhorrent. And we need to really galvanize the international community, not just on this issue but in so many other ways.

I wanted to address the Arab world, because that, it seems to me, provides the best opportunity to pressure the Palestinian Authority.

Can both of you speak to how we can better encourage the Arab world to stop supporting terrorism, and to help us as we try to address this, not just with the Palestinian Authority, but in other parts of the Middle East and Asia, in particular?

Ambassador SHAPIRO. I think President Trump created a solid foundation to make that effort with the summit he convened in Riyadh, which, if I am not mistaken, President Abbas attended. And at that summit, many, many Arab leaders, other Muslim nations pledged themselves to combat terrorism and the funding of terrorism, and the propaganda and the incitement that goes behind it as well.

Some of them have work to do at home. Some of them have work to do in neighboring countries or in Syria or other venues.

Somehow, too often, the Palestinians are not put in that category, and they get a bye on the issue of terrorism, when, in fact, these nations who rightfully, in their view, support Palestinian aspirations for statehood, could actually be extremely influential, if they were to break that taboo and say, in this case, we are going to say this Palestinian activity, this incitement, this incentivizing, is unacceptable.

It would also be, I think, in keeping with the spirit of their new, if still somewhat nascent relations with Israel, to demonstrate to the Israeli public that they are willing to call out Palestinians on this unacceptable activity.

Senator SHAHEEN. And is there more that we can be doing to support the foundation that was laid in those meetings in Saudi Arabia?

Ambassador SHAPIRO. Some of these nations are also donors to Palestinian Authority. They are certainly all supporters diplomatically, and they have their channels and they meet regularly with President Abbas and other Palestinians.

They have many opportunities to express this in many ways through funding streams and through diplomacy.

Senator SHAHEEN. Right. I am really asking what we can do here to try to continue to encourage them to make those views known.

Mr. ABRAMS. I would also add, Senator, I think they need to be called out on what they are doing. I think it is useful for, frankly, the Saudis and Emiratis to be calling out the Qataris.

Last week, in London, the Henry Jackson Society, named after a member of this body for whom I had the honor of working, Scoop Jackson, did a report on Saudi support for extremism in the U.K.

So there is a lot of work that all of these countries need to do to get out of the business of supporting extremism that leads to terrorism.

Senator SHAHEEN. Well, you are absolutely right. Saudi efforts in Indonesia, I think, are another example that should be called out, for their effort to move that country, which has been a moderate, secular, Muslim country, in a different direction. And we should point that out.

Let me ask, I understand that there are 270 retired Israeli generals who have expressed their opposition to this legislation. Can you all speak to why they are opposed, and what they think, and what Israel—I know you talked about the legislation in the Knesset, Mr. Shapiro. Can you talk about how we can better work with Israel to address this?

The CHAIRMAN. If I could, I think they are opposed to the legislation as it was.

Senator SHAHEEN. In its original form. Yes, I understand that.

The CHAIRMAN. It is going to change. If I could, I think their objections will then be overcome. But anyway, go ahead.

Senator SHAHEEN. Right. My question really is not about their objections as much as it is about how we can work with Israel to better coordinate efforts to try to address the fundamental issue here.

Ambassador SHAPIRO. Right. I think, indeed, there is a debate within that community of retired security officers. Some express themselves. There are others, including at the institution I work at, who have expressed themselves in another view.

In any case, they are all responding to the original draft of the legislation, which is now going through its various amendment processes.

I think my experience working with the Israeli Government and the Israeli military leads me to believe that they will be very supportive of anything and any leverage and any pressure we can use to encourage the Palestinian Authority to end these payments. And at the same time, they want to ensure that U.S. assistance and other international assistance can continue in the way that it provides stability in the West Bank, provides a private sector activity that can draw Palestinians out of terrorism and into something more productive that deals with humanitarian challenges in Gaza.

So I think they very much want to see that happen. I mentioned a couple other funding streams, the Conflict Management and Mitigation programs, and a program to boost the Palestinian high-tech sector, which would not touch the Palestinian Authority at all but, in fact, strengthen the very sectors of society that are most open to people-to-people connections and nonviolent activity.

Senator SHAHEEN. Thank you both very much. You have been very helpful.

The CHAIRMAN. Before turning to Senator Paul, regarding your comment about terrorism, I was really disappointed to see what Saudi Arabia did after having a great summit and bringing everybody together. I think this is quite possibly is a rookie mistake by a Crown Prince, who I think could be the future for Saudi Arabia. I just think this was maybe a rookie mistake.

I would encourage all committee members to go down to the SCIF. The amount of support for terrorism by Saudi Arabia dwarfs what Qatar is doing—dwarfs it. So I think this is an opportunity for us to call all of them out—Bahrain, UAE, all of these countries that support terrorism.

So I think the outcome of this situation could be positive, but again, probably a rookie mistake by Saudi Arabia.

Senator Paul? Excuse me. Senator Risch?

Senator RISCH. Thank you, Mr. Chairman. I am going to be brief here. I will not take the full 5 minutes.

I guess count me as a little further down the road than a lot of people here. To me, this legislation is an absolute no-brainer. I would go much further than this. This thing has been going on for decades and decades.

And I do not know how you explain to the American people that we are paying utility bills for people in the West Bank when people in America cannot pay their utility bills. So what are we getting for it? We are getting nothing for it, other than business as usual.

We all sit around, and we talk, and we have meetings, and we have peace processes. Nothing changes.

And so as long as Americans are willing to write checks over there for those people, things are not going to change.

So I guess I would go quite a bit further than that. I know there will be a lot of resistance to that, saying we have to keep these people happy. Well, look, this is very, very difficult to explain to the American people, why we are doing this.

Mr. Abrams, I want to commend you for pointing out what I think is the root of the problem, and that is I think Americans would be aghast if they saw what was being taught to little kids in the schools in either the West Bank or in Gaza. Again, we have already talked about how fungible money is. You can trace U.S. money right into these textbooks that are teaching kids from the time that they are born that their ambition in life should be to kill somebody that is innocent but thinks differently than they do.

I mean, unless there is a cultural change, this, that has been going on is going to continue to go on for years to come.

So again, I think this is a no-brainer. I think it is a first start. And count me as all-in on it, but I think we have to go further on this.

Thank you for the time, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you so much. I apologize for overlooking you a moment ago.

Senator RISCH. It is not the first time. [Laughter.]

Senator RISCH. You are forgiven again.

The CHAIRMAN. Thank you so much.

Senator Merkley?

Senator MERKLEY. Thank you, Mr. Chairman.

The funds, as I understand it, that we are sending are currently administered all through the Israeli Government. Is that correct?

Ambassador SHAPIRO. No, I would not say administered through the Israeli Government. There are sort of two categories. There is the project assistance, which the Israeli Government through its Coordinator for Government Activity in the Territories, certainly we coordinate with them. They sign off on projects. They do not ever control the money. But before it goes to an NGO, and the project, whether a hospital or a road or a water project or a humanitarian organization in Gaza, receive it, they have already given their assent to it.

The other is the support for Palestinian Authority payments to the Israeli electric company or to the hospitals. So in neither case does Israel control that money, but in all cases, it has been coordinated.

Senator MERKLEY. Okay, coordinated. Thank you.

Mr. Shapiro, you mentioned that one of the things we could do is send our money to other purposes, to people-to-people, NGOs, or to development of the high-tech sector.

Mr. Abrams, could you weigh in on whether you consider that to be a productive way to change the dynamic?

Mr. ABRAMS. I think I would disagree with my friend, because then you are not cutting anything. And if the penalty for spending money to pay terrorists is, well, it goes from Box 1 to Box 2, that

is not much of a penalty. I think Palestinians need to be told this has to stop.

So simply transferring money from one program to another, I think it is not enough.

Senator MERKLEY. So I think I might explore this a little bit, because there are things that are Box 1 and Box 2 within the Palestinian Government, but then there are things outside of those boxes, such as helping private business prosper, which increases employment. Unemployment is very high. It is a big challenge in the West Bank.

Mr. Shapiro, if I understood your suggestion right, it was not to go from Box 1 to Box 2 inside the things that are funded by the Palestinian Government, but to go outside those boxes. Did I catch that correctly?

Ambassador SHAPIRO. Yes, that was my thought, that if money will be cut from the Palestinian ESF account, then there might be other productive uses for that money. It would not be, in either of the recommendations I made, under the control or even with any sort of coordination or sign-off from the Palestinian Authority, or that it would need to be.

And so it was simply an opportunity that that might be representing, if some money is freed up, because cuts are made, there may be a way to use that money in a different stream, but that actually reinforces the very goals we are trying to achieve, strengthening the stability and the moderate elements in the economy of a more peaceful Palestinian community.

Senator MERKLEY. I believe I read that there was a large group of former Israeli generals who have cautioned us to be careful about not making the situation worse and, therefore, ending up having more Israelis killed.

Could one of you expand on that viewpoint?

Mr. ABRAMS. Could I just say, that was an organized letter. There have been counter-letters.

For example, a former Defense Minister and IDF chief of staff, Moshe Ya'alon, and General Amos Yadlin, a former head of military intelligence who is the president of the Institute for National Security Studies, have both said they favor the legislation, actually in its original form. They have not seen the amendments that were made just now, or proposed just now.

So I think Israeli generals are divided on this. They do not want to see chaos in the West Bank. None of us want to see that. But this practice has to be stopped.

Senator MERKLEY. I think everyone shares that view. That is why I am trying to get the viewpoint of both groups of generals.

Mr. Shapiro?

Ambassador SHAPIRO. I think that is accurate. There is that debate within the community, and, indeed, people I work with at my institute have supported the legislation. A different group has expressed some concerns about it.

I think what is common to them is a desire to see an end to any support given to terrorists, any incentivizing, any incitement, any payments to terrorists or their families, and a desire to see a continuation of programs that are actually effective in making a more

stable environment, because that is very much in Israeli security interests.

Senator MERKLEY. Thank you both for bringing your extensive experience to bear on how we address this really important problem. I appreciate it.

The CHAIRMAN. Senator Paul?

Senator PAUL. I want to thank the chairman for having this committee hearing on the subject. As you will recall, in 2014, I brought this subject up in S. 2265, where I offered a bill that would have cut off aid to the Palestinian Authority unless they were to renounce all ties to terrorism and payments such as these.

The chairman blocked me at the time from bringing it forward in the full Senate, but said it would be a good committee hearing. So I am glad we are having a committee hearing on the subject, not my bill, but the subject, and I am supportive of the subject.

I think, though, that I tend to agree with Senator Risch in the sense that you beat around the edges and say how much we love the Palestinian Authority for all these other things we have to have for stability. We are going to cut a little bit here maybe. And people worried, oh, gosh, we cut any of their money, they will be mad.

You know, people sense weakness. You know, cut it all. Cut every last penny of it. If you want to restart some of it, restart it when they change their behavior.

That would be the strength that would actually show something. But nibbling around the edges, they sense your weakness, and they will continue to do it. They have been doing it forever.

But I guess the thing that really galls me is from Ambassador Shapiro's testimony, that the Knesset is considering withholding tax revenue commensurate with the prisoner payments, although it is far from clear that it will reach final passage. If the Knesset cannot even withhold the tax money, some amount of money equivalent to what the payments are, my goodness, what kind of message are we sending?

So if we have a message, if the Knesset is listening to us, for goodness' sake, you have to do at least that first step, if you object to people paying the families of people who are killing innocent citizens.

So both sides need to act. We need to do more. And I would do all of it, and then I would dial some of it back, that would be my personal opinion, if you get a change of behavior.

But if you nickel and dime it and do a little bit at a time, my prediction is, you will get the same behavior you have gotten for years.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. I appreciate you bringing up the fact, number one, that you have been pushing this for some time. Please also remember that the reason I opposed bringing it forth at that time was that the Israeli Government, who we are trying to help here, was strongly opposed.

Senator PAUL. Which is still a great irony when the Israeli Government is the biggest supporter of Palestinian Authority aid. That, to me, you know, shows also why you continue to have ter-

rorism. You keep funding people who commit terrorism, you will get more of it.

The CHAIRMAN. You know what I think would be good, even though I know you have given up your time, could you explain a little bit why the Knesset is having difficulties?

They do collect the tax payments from Palestinians. And they could, in fact, hold those. That would maybe a violation of law. I am not sure, but I think it is.

But let's talk a little bit about that, just to tease out some understanding. I am going to use a little bit of his time for you to do that.

Mr. ABRAMS. Could I, in response to that, make a more general point? Because you can ask the same question about us. Why has it taken until July 2017 for us to face this?

I think, in a very odd way, it is the peace process. Whenever this is raised, the answer always is, "Wait a minute, we are negotiating. Don't upset the apple cart. Don't hurt the Palestinian Authority now." "Now" can be 2000, and it can be President Clinton. It can be President Obama. It can be President Bush. But that is what you keep hearing. "Well, wait. Just wait on that, because these negotiations are underway."

Then 30 years goes by. Nothing has changed, and these practices are still in place.

So that is why I think it is so important that legislation just pass now, regardless of, frankly, what the Palestinian Authority does or the Knesset does or the administration does.

The CHAIRMAN. But here they are, they are cheering us on, and I think we are going to pass a bill. I am all for it, okay? But, I think, they should be doing more themselves.

Talk to us just a moment about the internal issues there.

Ambassador SHAPIRO. This came up a number of times during my service where, at various times, I believe the most recent one was after the Palestinians joined the Rome Treaty of the ICC, and Israel did suspend at that time the transfer of these customs revenues that it collects under the Paris protocol. This is the agreement that governs economic relations between Israel and the Palestinian Authority dating to the 1990s. And as a form of frustration, expressed frustration and outrage, they withheld those customs revenues.

There were a couple other occasions where that happened. And always within a month or two, at most three, eventually, they relented, and they transferred those.

Now those funds, far more than U.S. assistance, actually represent the bulk of the Palestinian budget. Something on the order of 60 percent of the Palestinian budget comes from those revenues.

So they have identified, the Israelis, a risk that a significant cutoff or suspension of those direct revenue transfers, besides being against agreements, might actually put the Palestinian Authority's very existence and solvency and stability at risk. They have just come to the conclusion that their own security interests require continuing to transfer those funds.

Now, as the issue of the Palestinian legal codes permitting these payments to terrorist prisoners has become clearer, I think members of Knesset have increasingly gotten activated on it. There is

legislation moving. I do not know that we know the exact view of the government about that legislation, so I do not think we can predict the outcome. But like this body, it is getting more focused and getting more attention.

But I think it runs up against that dilemma of, if there is a significant interruption of those revenue transfers, would the Palestinian Authority continue to be able to be stable?

The CHAIRMAN. Would you like to use any more of your time?

Senator PAUL. No, I am good.

The CHAIRMAN. Thank you.

Senator Coons?

Senator COONS. Thank you, Chairman Corker and Ranking Member Cardin. Thank you for convening this important hearing on such a pressing and important matter.

And I am grateful to Senator Graham of South Carolina for introducing this legislation.

And to Stuart Force and to your wife, Robbi, and I understand your sister Kristen is watching as well, I just want to also extend my heartfelt sympathy to you, my gratitude for your son, who represented the very best of America, who in 28 years achieved a great deal, graduating from West Point, serving honorably in the Army, someone filled with promise.

The idea that his life was not just horrifically, tragically cut short, but that there would be some incentive, incitement reward for that behavior is this sort of despicable practice that we are all gathered here to make sure we can put an end to, in his honor.

So thank you for the witness you have provided to all of us, to motivate us to act in response to the best of what your son represented.

And to our two witnesses, I appreciate knowing both of you and working with you for some time. So just let me ask two quick questions, if I might.

Should we be concerned that the bill, as currently written, would prevent us from providing humanitarian aid to the Palestinian community broadly and, in particular, Gaza, should there be another outbreak of violence? You referenced it in your opening, but I would be interested in what you think about the value of figuring out a way in the ultimate bill for there to be an avenue for humanitarian relief.

Ambassador SHAPIRO. I think that is one of the reasons I would recommend finding a means of flexibility, which sounds like it is underway already in the internal discussions here, because that kind of event often requires a response.

That has been true after the last three wars in Gaza. At those times, the United States had strong bipartisan support, had strong Israeli Government support, led international efforts to provide relief to Palestinians who were suffering because of the conflict, also because of Hamas' terrorist rule that they live under.

So if legislation, which I support, to cut off any funds that could possibly support fungibility payments to terrorists would also prevent us from responding to a crisis like that, which in no way would support those terrorist payments, I think finding a means, whether it is a waiver or some other means of providing that flexibility, would be in our interests.

Mr. ABRAMS. I would be careful though, Senator. I would specify what crisis means. I think if you say to the average Palestinian, because of these payments, money is going to be taken from the PA and put into programs, a lot of Palestinians would say great, because the PA is corrupt.

We have new opinion polls on this. The average Palestinian thinks the PA is very corrupt. So do we. But that is not any form of change or punishment. And something has to change, or they are going to continue these practices.

Senator COONS. So you, Mr. Abrams, might suggest some threshold requirements for a finding that this is extraordinary circumstances.

And part of my goal in talking about trying to focus on humanitarian relief is to distinguish between these despicable practices that are in law, that are funded by the PA, and the deep needs of the Palestinian people, to the extent that we can find a way to distinguish them.

One other question, if I might.

The Taylor Force Act is drafted to just target economic assistance funding, not security cooperation funds, if I understand correctly. But some experts have raised the concern that it would be politically difficult for the PA to continue supporting security cooperation with the U.S. and Israel if all non-security funding is cut. As you know, Israeli-Palestinian security cooperation is one of the only current bright spots and has improved considerably over recent years.

How do you assess the likelihood that U.S. security assistance programming and this valuable Israeli-Palestinian security cooperation would continue on its current positive trajectory, if the U.S. cut its entire economic assistance program or cut it generally?

Mr. ABRAMS. I am disinclined to believe that the Palestinians would walk away from security assistance.

Security assistance, among other things, pays a lot of salaries of people with guns in the West Bank. I do not think President Abbas is going to just turn to those people and say you are not getting salaries anymore because I have decided to say no.

Senator COONS. Interesting.

Ambassador SHAPIRO. I think our security assistance pays more for training than for salaries, but obviously, again, in the fungibility argument, it does support that.

It is clearly in the Palestinian Authority's interests that we continue security assistance, which is not affected by the legislation as drafted. I think the likelihood is they would do so.

You raise, I think, a concern that has some at least a kernel of truth to it, that there is a political complication for the Palestinian Authority to see economic assistance cut, and then only to accept funds for the Palestinian security forces, which some Palestinians view as supporting the Israeli security more than their own.

I do not think it is a good enough reason not to do it, if those are the tools we have to try to get at the terrorist payments.

Senator COONS. I just want to thank you both for your testimony, and to our chair and ranking for focusing us today on this long-term, intractable, offensive practice of incentivizing violence against Israeli civilians, against Americans, and against others

who are the targets of Palestinian action. I think we owe it to the memory of Taylor Force and to so many others to find a way, on a bipartisan basis, to craft a solution that is workable and that will make a difference.

Thank you.

The CHAIRMAN. If I could, before turning to Senator Kaine, I know you have Judiciary hearings and Appropriations hearings, but there have been some modifications we have discussed to separate out the monies that go directly to the PA and support the government from that that go to support the Palestinian people. I think we are getting to a really good place.

Senator COONS. Thank you.

The CHAIRMAN. Senator Kaine?

Senator KAINE. Thank you, Mr. Chair.

And thank you to the witnesses.

And, Mr. Force, thank you for sharing this very, very painful part of your family's life, in honor of your son's memory, but also sharing it in a way that some good may come out of it in the future. I appreciate you being here.

My interest in this legislation—I am very interested in the amendments that are being proposed—is wanting to stop a despicable practice, but wanting to do it in a way that it does not impact important humanitarian goals. I know the chair and ranking share that. And it does not impact security assistance. I think we all share that.

I applaud the Trump administration for trying to tackle the impossible, saying that the peace process is still something that they really want to go after. I think there would be every evidence-based reason to say, why would we want to tackle it? But the fact that they are making that effort, I applaud it, and we would not want to set that back.

I just want to ask a question about one potential amendment that is hinted at, Mr. Shapiro, in your testimony, and that is the setting aside of funds, instead of cutting off funds. The lawyer in me, when I would work on deals, there would often be escrow. You escrow things to encourage good behavior.

I would think one reaction on the Palestinian side would be, "Oh, you cut off funds for this reason. What is the likelihood that you are going to give these funds back?" I think there would be some significant distrust in whether we would restart funds.

However, if we can come up with the triggered behavior we want to see this stop, we are not going to cut off the funds, but the funds will be escrowed and the funds can only be released from escrow if you take these steps, if we can define it carefully enough, which I know this bill tries to do, then we can credibly say to them, look, this is not about trying to separate us from providing legit security, economic, and humanitarian assistance to the Palestinians. It is about you stopping behavior that we find offensive. Then they would not have the argument that the U.S. is just trying to abandon us.

So I am kind of curious, I do not know whether that is a mechanism that has worked in other similar legislation. But on page 5 of your testimony, I thought that was an interesting proposal. I would just sort of commend it to the chair and ranking, as they are

thinking about this bill, thinking about amendments to it, as an idea worth consideration.

I would just like either of you to talk about that concept.

Mr. ABRAMS. Just one comment.

Of course, if you pass this bill tomorrow, they have until the end of the fiscal year, so it is, in a certain sense, in escrow until July 1, 2018, anyway.

Ambassador SHAPIRO. My thinking, in including that proposal, among others, was simply, what is the most effective means of achieving the goal. If there are means of acquiring leverage where we can actually withhold something but also the leverage is that when the change is made, we can provide it, that is possible that will incentivize the change that we are seeking from the Palestinian Authority.

I do not know it would. I think it would require, obviously, discussion among members here, but also perhaps some diplomatic discussions with the Palestinians to understand how they would react to that. Would it actually help them make the step we are trying to do, to overcome some of their political obstacles? Would they react negatively to that and view that as a kind of coercive mechanism? Maybe it would not work.

But I think it should be on the menu of elements of a piece of legislation that would provide us leverage to actually effectively achieve the goal that we are all trying to achieve.

Senator KAINE. Just conceptually, as I think about it, just sitting here listening to the testimony and reading it, you could escrow monies. You could give the administration the ability to release monies under certain circumstances. You could use sort of an administrative waiver as part of monies being released from escrow, if the administration thought that it was important to do that. So there are a couple ways to come at it.

But this should be to discourage and end bad behavior. We would not want it to be more broadly seen as an effort to withdraw our support for important goals that the administration shares with respect to Palestine. There may be a way to use an escrow-type vehicle to do that.

Just offering that as a thought. I thought that was an intriguing recommendation.

Thank you.

The CHAIRMAN. Thank you.

Senator Murphy?

Senator MURPHY. Thank you, Mr. Chairman. I look forward to working with the chairman and the ranking member on coming up with a bill that can get consensus support on this committee.

I share the goal of the members of this panel, and the leadership of this committee, that we should take any and all steps necessary to stop this abhorrent practice. This is just, I think, an exercise in trying to figure out how we get there.

So I guess I just have two questions.

One is for you, Mr. Abrams. You have cautioned Congress in the past about the dangers of cutting off aid to the Palestinian Authority as a punishment for a policy that we object to. And there exists an array of policies that we deeply and strongly object to, with respect to the Palestinian Authority.

At the top of that list is the practice we are talking about today, but you can argue that just as strong an incentive for terrorism as these payments are, are the memorialization of these martyrs that continue to happen. We have discussed it already.

So how do you pick out this particular practice as the one that we should condition all of our funds, versus, let's say, the naming of squares, the naming of public spaces that all can see that memorialize and celebrate these martyrs? Why not condition our funds based upon that practice or the decision to create textbooks that call for the end or the destruction of Israel? Why this as supposed to some of these other malevolent practices?

Mr. ABRAMS. Senator, I actually did testify last year in the House Foreign Affairs Committee that we should be reducing the amount of aid because of the glorification of terrorism in the naming of schools and so forth after terrorists.

I guess the difference here is American lives are directly being lost, so it is not hypothetical, and it is not a long-term question of political culture. We are talking about paying money to people who have killed or tried to kill Americans, because there are a lot of American tourists in Israel. And the effect is, I think, more direct.

Senator MURPHY. Ambassador Shapiro, a lot of your testimony is about trying to make sure that the tactic we use actually results in a change of behavior. You can either choose to pursue a policy that has simple punishment as its goal, or you can pursue a policy that actually seeks to create a change in behavior. So maybe share a little bit more with us about the psychology in the PA relative to the withdrawal of funds.

In particular, maybe relate it back to the Israelis' decision thus far not to pursue a policy of a complete cutoff of funds. They provide the bulk of funds necessary to run the authority. If they do not cut off funds, and the United States does, will that actually have the result of a change in behavior, given the fact that our funding is, I think, a relatively small percentage compared to the funding that flows from the Israelis?

Ambassador SHAPIRO. Certainly, our funding is a fraction of the funding to support the Palestinian budget. It no longer is direct budget support. It is only to provide these debt payments to the electricity company and the hospital.

And so I think there is this inherent dilemma, which the Israelis have struggled with. How do you gain leverage over the Palestinians to get them to make some of the changes in their own behavior that we all desire, that we all believe are necessary, when, at the same time, you could put at risk some of the benefits of the stability and the authority that the Palestinians have over cities that the Israelis do not want to control, do not want to occupy, do not want to be in? And perhaps that has created a sense of invulnerability on behalf of the Palestinians.

Senator MURPHY. Just practically, if they do not cut off their funds and we do, is that enough to create a change in behavior, if the Israelis do not create that firm conditionality?

Ambassador SHAPIRO. It is very hard for me to predict exactly what would be the trigger to change Palestinian behavior. I would like us to see, as I also mentioned in my testimony, this not to be just an American effort. If it is an American effort, it is easier to

be dismissed as Israel's best friend, as kind of a scold, rather if it is a broad international effort. And, of course, Israel would be part of that, too, maybe with targeted cuts, maybe with holdings that could be released when certain benchmarks were met.

That, I think, would put the Palestinians in a different mindset about how they are pursuing an indefensible policy, and the world, their neighbor, their various donors, are calling them to end it.

Senator MURPHY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Cardin?

Senator CARDIN. To Senator Murphy's point, the United States is looked upon globally as the leader on these types of issues. I think us taking action here could have a broader impact than just this one particular circumstance of payments to prisoners and terrorists.

So I think it is clear U.S. leadership by taking a very definitive action here that could very well help us. The United Nations could help us with other countries. And it could help the Israelis in their messaging and their cooperation with the Palestinians. So I think it is an important step.

I just really wanted to comment, Mr. Chairman, and thank our witnesses. I think your testimony has been extremely helpful.

As I think was clear, prior to today's hearing, there has been lots of conversations as to how we can make this legislation more effective in accomplishing our objective of putting maximum pressure on the Palestinian Authority to change its policy.

I want to thank the chairman, and I want to thank Senator Graham, for their openness in reaching out to get legislation that can enjoy broad consensus support in the United States Senate. I think we are very close to achieving that.

I would just ask our two witnesses to please feel comfortable to respond to legislation that will be coming out of this committee. We very much value your input.

The CHAIRMAN. I agree. We thank you both. You are both outstanding public servants and continue to help us with national security and foreign policy issues. We appreciate you being here.

Senator Cardin, we have already been talking with them about legislation, and we will continue to do so.

Mr. Force, thank you so much for being here and for your continued efforts to ensure that other young people do not have the same fate of your outstanding son.

With that, if you would respond to QFRs, which we will keep open until the close of business on Friday, as promptly as you can, my sense is we will be moving very soon on this legislation.

The CHAIRMAN. We would not be able to do so without the two of you being here.

And, of course, Mr. Force, you continue to do what you are doing.

With that, thank you, all. And the meeting is adjourned.

[Whereupon, at 11:44 a.m., the hearing was adjourned.]

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