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# The Israeli Perspective on the Two-State Solution

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Menachem Klein

Photo: AFP/Meatlem Kahana.

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Menachem Klein\*

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# Introduction

The aim of the study presented here is to provide first-hand insight into Israeli perceptions and politics in relation to a possible two-state solution to the conflict with the Palestinians. The focus of the document is on Israeli activities from 2000 to the present. The report focuses on Israeli actions, since Israel is the more powerful actor in its asymmetric conflict with the Palestinians. The document takes its point of departure in an analysis of the current situation. Only after this analysis has been set out does it address the possibility of alternative options and perspectives.

The document aims to answer the following questions:

- What forms the basis of the current Israeli regime in relation to the Palestinians, and what are the regime's characteristics?
- What are the costs and benefits for Israel of maintaining this regime?
- Given the deterioration of Israeli–Palestinian relations since 2000, is it realistic to expect substantial results from a peace process that resumed where the sides left off at Camp David 2000 or Taba 2001?
- Does Israel see the two-state solution as offering a feasible approach for resolving the conflict? If so, what are the vital preconditions for the success of such an approach?

To answer these questions, I will seek, first, to define the current situation, indicating its key components and identifying Israel's interests in preserving it. In this context, I will examine the impact of measures taken by Israel in relation to the Palestinian regime in the West Bank both on the victory of Hamas in the 2006 Palestinian Authority elections and on the role played by the USA under the presidencies of both George W. Bush and Barack Obama. I will also place current Israeli activities within the context of the period of the Oslo Agreement (1993–2000). Then, I examine the most prominent alternative to the current situation: its guiding principle of two states living side by side in peace, the interests that would favour such an approach over existing circumstances, the costs for Israel in adopting such an approach, and the political will, leadership and resources that would be required for it to succeed.

This paper is based on extensive research that I have conducted on the shift that has taken place within the Israeli–Palestinian conflict since 2000. Space limitations prevent any in-depth presentation of that research here or a listing of all the primary sources on which the arguments set out in this document have been based. Unless otherwise specified, the contents of this paper are based on my book *The Shift: Israel–Palestine from Border Struggle to Ethnic Conflict* (London: C. Hurst/New York: Columbia University Press, published September 2010). Further information on the statements contained in this paper, and on the sources on which it is based, can be found in that work. The writing of *The Shift* was completed in February 2010. Accordingly, in the present paper I specifically identify only sources published since that date.



# The Current Situation

## The Shift in the Conflict

The Oslo Accords of 1993 set in motion a transformation of the Israeli–Palestinian conflict from an ethnic into a border struggle. Although the 1993 agreement changed the actual pattern of the conflict only in limited ways, the changes involved had the potential to lead to far more comprehensive change. The terms of the Oslo agreement signified a gradual move towards the establishment of a Palestinian state in the West Bank and Gaza Strip. This promised to turn the dispute between the two parties into a border conflict rather than an existential struggle between two sides, each of whom denied the other’s right to the land between the River Jordan and the Mediterranean Sea. However, high levels of Israeli activity after the agreement created a qualitative change. Israel continued to construct settlements in disputed areas, and even accelerated the pace of construction following the signing of the Oslo Accords, creating a somewhat paradoxical situation: The aim of the settlements was to impose a border to Israel’s liking on the emerging Palestinian state. Yet, by the time the Camp David negotiations of 2000 terminated fruitlessly and the Second Intifada broke out, the ground had already been prepared for Israeli rule over the entire area.

Israel’s settlement expansion, together with its security operations since 2000 and the failure of any third party to intervene, has returned the conflict to its ethnic origins, albeit in a form different from that seen prior to the Oslo agreement. The conflict is once again primarily an ethnic, rather than a territorial, conflict.

In 2000–02, in response to a series of terrorist attacks inside its main cities and other perceived threats, Israel instituted a patchwork of policies that have effectively established a regime of Israeli control over a divided Palestinian territory. Since 2002, Israel has exerted effective control even of those territories that were handed over to the exclusive control of the Palestinian Authority under the terms of the Oslo Accords. While it no longer rules these areas directly, as it once did, it controls them by using the Palestinian Authority as a proxy (see below).

As a result, the border (known as the Green Line) that existed before the 1967 Arab–Israeli War exists now only in international law textbooks. The de facto erasure of the Green Line works in two ways. It not only re-establishes Israeli rule over the West Bank and Gaza Strip, but also expands the ethnic conflict from these areas into Israel’s internationally recognized borders. By and large, Israel’s Jewish majority perceives Palestinian citizens of Israel as part of the problem, not part of a possible solution. For their part, in response to their growing exclusion from the collective, leading Israeli-Palestinian individuals, groups and organizations challenge the ethno-Zionist foundation of the Israeli state.

Israel employs a number of different strategies to manage its conflict with the Palestinians and to keep the Palestinians weak and divided. Indeed, to a great extent, the current Israeli regime is based on maintaining the superior position of the Jewish ethnic group through the implementation of security measures against the Palestinians. For Israel, then, security is much more than a mere technique. It is a civil religion. Some would define it as a national obsession.

Hereafter, I will refer to Israel’s de facto rule over Mandatory Palestine (the area from the River Jordan to the Mediterranean Sea) as ‘the current situation’ or ‘the status quo’. The latter term signals not only the current state of affairs but also Israel’s interests in keeping the present regime in force. Indeed, sustaining this regime is Israel’s key strategic goal. It uses a range of different tactics to maintain the current situation through settlement activities, security operations and activities aimed at dividing the Palestinians. When Israel makes a mistake or miscalculates

how the international community will react to its actions, it makes limited concessions that are aimed at enabling it to continue its current strategy, as was seen following the Turkish flotilla affair of 31 May 2010 (see below). Israel thus works to maintain the status quo, whereas the Palestinians are seeking to change it and to overcome their inferior position in relation to Israel.

Throughout the post-Oslo period, Israel has been ruled by governments that, while declaring their willingness to reach a negotiated peace, have failed to bridge their differences with the Palestinians. For all the rhetoric about the need to end Israel's occupation of the disputed territories, the lofty goals expressed by prime ministers Ariel Sharon and Ehud Olmert were belied by the operations they pursued on the ground. The same contradiction between declaration and action can be seen with the current prime minister, Binyamin Netanyahu. While Netanyahu has publicly accepted a two-state solution as a goal, he has in fact pursued policies that make the likelihood of such an accommodation ever more remote.

To a great extent, this shift from border struggle to ethnic conflict was facilitated by regime changes in Israel, the USA and the Palestinian Authority. In Israel, Right and Centre-Right coalitions led by prime ministers Sharon, Olmert and Netanyahu replaced the Left and Centre-Left governments of Ehud Barak, Shimon Peres and Yitzhak Rabin. In the USA, the neoconservative administration of George W. Bush superseded the Democratic administration of President Bill Clinton. And, within the Palestinian Authority, Mahmoud Abbas replaced Yasser Arafat as president, while Hamas won the 2006 elections and achieved a majority in the Legislative Council.

As of 2010, the Palestinians are fragmented both politically and geographically, and have lost almost all hope of improving their lot through diplomacy. Israelis and Palestinians find themselves trapped between what is unachievable today – the two-state solution – and what can never be achieved – a unitary non-ethnic democracy based on the principle of one man, one vote. Today, a single undemocratic regime constructs the problematic reality we see in the region.

# Major Components of the Israeli Regime

Below, I describe key components of the current Israeli regime towards the Palestinians. It should be noted, however, that the various elements are not exclusive. Rather, they intertwine and complement each other.<sup>1</sup>

## Dividing the Palestinians

Israel's ethno-security regime controls the Palestinians (in both Israel proper and the occupied territories) by implementing differential levels of state supervision, security control, bureaucratic rules, civil rights and citizen benefits. The fundamental and most visible division is the territorial/legal one that divides Palestinians into five groups: Israeli Palestinians; Jerusalem Palestinians; Palestinians who reside between the Security Barrier and the Green Line; Palestinians in the rest of the West Bank; and Gaza Strip Palestinians.

Israel steadily refuses to reach a compromise agreement with the terms set out in various Palestinian and Arab peace proposals, and thus had no choice but to invest ever more resources in its occupation and domination of the entire area west of the River Jordan. Israel hopes that by granting limited political and civil rights to certain Palestinian groups, it can prevent international criticism or keep it at a tolerable level. Over the last decade, such a policy seems to have paid off.

In the West Bank, Israel divides up Palestinians and their land through a system that includes not only the settlements but also the roads that lead to them (which are for Jewish use only), security zones and no-go areas, and permit requirements both for movement between Palestinian districts and for the import of goods and materials. Under international pressure, mainly from US President Barack Obama, Israel has improved Palestinians' freedom of movement since March 2009. However, it has made no changes to the principles of its 'divide and control' system. A secondary road network has been established for the Palestinians, in a move that keeps most of the West Bank for the exclusive use of Jews.<sup>2</sup>

## The Separation Barrier as a Tool of Control

Israel's Separation Barrier does not simply represent a border that has been unilaterally demarcated by Israel, as some have claimed, since Israeli settlers live and soldiers are based on both sides. Thus, instead of a border, the Barrier serves as a tool of de facto annexation and

<sup>1</sup> Hereafter I omit discussing the Israeli Palestinians owing to lack of space. For further discussion of this group, the methods Israel uses to rule them and current Israeli public opinion regarding their status, see my book *The Shift*. In addition, see *Ynetnews*, 2010. 'Poll: 36% of Jews Want To Revoke Arabs' Voting Rights', 15 October; available at <http://www.ynetnews.com/articles/0,7340,L-3969831,00.html>. Only 33% of Jews said that in the event of war or any other severe crisis, Israel should treat its Arab citizens the way the USA treated its Japanese citizens during World War II – by putting them in internment camps – while 54% of Israelis believe the right to vote should be conditional on a pledge of allegiance to Israel as a democratic, Jewish and Zionist state; see *Haaretz*, 2010. 'Survey: Most Israeli Jews Want Voting Rights Conditioned on Allegiance Pledge', 1 December; available at <http://www.haaretz.com/print-edition/news/survey-most-israeli-jews-want-voting-rights-conditioned-on-allegiance-pledge-1.328123>. On the campaign against selling or renting houses to Israeli Palestinians in Carmiel and Tsafat, see [http://www.americantaskforce.org/daily\\_news\\_article/2010/11/03/1288756800\\_13](http://www.americantaskforce.org/daily_news_article/2010/11/03/1288756800_13); [http://www.americantaskforce.org/daily\\_news\\_article/2010/11/02/1288670400\\_10](http://www.americantaskforce.org/daily_news_article/2010/11/02/1288670400_10); Chaim Levinson, 2010. 'Love Thy Neighbour', *Haaretz*, 19 November; available at <http://www.haaretz.com/weekend/magazine/love-thy-neighbor-1.325557>

<sup>2</sup> UN Office for the Coordination of Humanitarian Affairs Occupied Palestinian Territory, 2010. 'West Bank Freedom of Movement: Special Focus June 2010'; available at [http://www.ochaopt.org/documents/ocha\\_opt\\_movement\\_access\\_2010\\_06\\_16\\_english.pdf](http://www.ochaopt.org/documents/ocha_opt_movement_access_2010_06_16_english.pdf).

control. This was highlighted in 2010 when Israel excluded some 1,500 new housing units planned east of the fence from the recent ten-month freeze on settlement-building, and granted priority status to isolated settlements on the same side of the Barrier.<sup>3</sup>

### **Dividing the Gaza Strip from the West Bank: Blockades and Control from the Outside**

With the help of Egypt and the so-called Quartet (an international consortium, consisting of the USA, the European Union, Russia and the United Nations, that is seeking to facilitate a new Israeli–Palestinian agreement), Israel has imposed a strict blockade on the Gaza Strip since Hamas took control there in June 2007. As an Israeli document reveals, this represents both a strategy of ‘economic war’ against the Hamas regime and an attempt to cause the public to put pressure on, or even revolt against, the Hamas government.<sup>4</sup> Israel decides what goods it will allow into Gaza at any particular time, and makes frequent changes to the list of what is prohibited and what is permitted. For instance, as of May 2010, Israel prohibits the import into the Gaza Strip of items such as coriander, sage, jam, chocolate, chipped potatoes, dried fruit, textiles, notebooks, empty flowerpots and toys, while allowing cinnamon, plastic buckets and combs.<sup>5</sup> In July 2010, following the Israeli attack on the Turkish-led flotilla that was attempting to break Israel’s siege of the Gaza Strip, during which Israeli armed forces killed nine internationals, Israel responded to mounting international criticism by softening the siege: the list of banned goods was reduced significantly.<sup>6</sup>

However, Israel’s *principal* policy regarding the Gaza Strip remained in force unchanged. Despite the easing of import restrictions on consumer goods, Israeli restrictions on the import of construction materials and on the export of goods remain in place. Moreover, OCHA argues, as of October 2010 the average number of truckloads per month since the easing of the blockade in June remains 65% below the respective figure for the first five months of 2007.<sup>7</sup> In April 2010, there came into effect two military orders that – for the first time since June 1967 – defined Palestinian residents of the West Bank born in the Gaza Strip as ‘infiltrators’ or ‘illegal aliens’. This was done even though Israel had agreed under the terms of the Oslo Accords to regard all of the land that it occupied in 1967 as a single unit.<sup>8</sup>

<sup>3</sup> Shaul Arieli, 2010. ‘A Jewish Minority in Palestine’, *Haaretz*, 28 February; available at <http://www.haaretz.com/hasen/spages/1152787.html>.

<sup>4</sup> Sheera Frenkel, 2010. ‘Israeli Document: Gaza Blockade Is Not About Security’, *McClatchy News*, 10 June; available at <http://www.mcclatchydc.com/2010/06/09/95621/israeli-document-gaza-blockade.html>.

<sup>5</sup> Amira Hass, 2010. ‘Why Won’t Israel Allow Gazans To Import Coriander?’, *Haaretz*, 7 May; available at <http://www.haaretz.com/print-edition/news/why-Won-t-israel-allow-gazans-to-import-coriander-1.288824>.

<sup>6</sup> Ma’an News Agency, 2010. ‘Israel’s List of Banned Goods Into Gaza’, 8 July; available at <http://www.maannews.net/eng/ViewDetails.aspx?ID=297438>; Isabel Kershner, 2010. ‘Israeli Easing of Blockade of Gaza Draws Praise of U.S.’, *New York Times*, 20 June; available at <http://www.nytimes.com/2010/06/21/world/middleeast/21mideast.html?ref=middleeast>.

<sup>7</sup> UN OCHA, 2010. *The Humanitarian Monitor*, October, p. 9; Ma’an News Agency, 2010. ‘Aid Groups: Gaza Struggling Despite Israeli Let-up’, 30 November; available at <http://www.maannews.net/eng/ViewDetails.aspx?ID=337362>; International Federation for Human Rights, 2010. ‘Dashed Hopes Continuation of the Gaza Blockade’; available at <http://www.fidh.org/DASHED-HOPES-CONTINUATION-OF-THE-GAZA-BLOCKADE>.

<sup>8</sup> Amira Hass, 2010. ‘IDF Order Will Enable Mass Deportation from the West Bank’, *Haaretz*, 11 April; available at <http://www.haaretz.com/print-edition/news/idf-order-will-enable-mass-deportation-from-west-bank-1.780>; for background material and the text of the orders, see the website of Hamoked (the Center for the Defence of the Individual), at [http://www.hamoked.org.il/news\\_main\\_en.asp?id=904](http://www.hamoked.org.il/news_main_en.asp?id=904).

## Preventing Reconciliation Between Hamas and Fatah

Israel has exhorted both the Palestinian Authority in the West Bank and the international community to stick to preconditions specified by the Quartet, particularly the requirement to boycott the Hamas administration in the Gaza Strip. When the Palestinian Authority showed a readiness to compromise with Hamas, Israel declared that such a move would cause Israel to stop cooperating with Mahmoud Abbas and to regard his administration as hostile. Israel has also criticized European governments that have maintained open channels with Hamas (Russia, Norway and Switzerland), as well as ministers and officials that have called for a rethink of the Quartet's preconditions.

## Settlement Expansion

In 1992, on the eve of the signing of the first Oslo Accord, there were 222,000 Israeli settlers based in the West Bank (including East Jerusalem) and the Gaza Strip. Since that time, and under the aegis of the peace process, the number of Israeli settlers has more than doubled, reaching a total of 489,000 in 2010. The Israel Defense Forces' Civil Administration reported in July 2009 that 304,569 settlers were living in the West Bank, excluding East Jerusalem. This represented an increase of 2.3% since January 2009. Most of this growth has been in the ultra-Orthodox settlements Modi'in Ilit (a 4.5% increase) and Beitar Illit (3.1%). In contrast, the average rate of natural increase among the Israeli Jewish population in 2008–09 was 1.6%, one-third of the population growth in some settlements. Ultra-Orthodox and national religious settlers account entirely for the 37% increase in the settlement population between the years 2003 and 2009.

In 2010, the Macro Center for Economics in Israel estimated that private homes in the settlements, excluding Jerusalem, were worth a total of \$9 billion, apartments were worth \$4.5 billion, roads \$1.7 billion, and public institutions, synagogues and bathhouses had a combined worth of \$0.5 billion. According to the same study, Israeli settlements house some 868 publicly owned facilities occupying 488,769 square metres. As for residential units, the total number of apartments stands at 32,711, spread over an area of around 3.27 million square metres, as well as 22,997 private homes over 5.74 million square metres.

A 2009 report by the Israeli European Network estimates that in 40 years of settlement expansion, some \$18 billion has been spent just on the construction of buildings in the West Bank. According to this study, in the years 2002–08, municipalities in Israel proper received an average of 34.7% of their funding from the government, with the remaining 64.3% coming from their own revenue sources. However, settlement municipalities obtain 57% of their funds from the government, and only 42.8% from their own sources. In this context, it is important to note that the average income of settler families is 10% higher than the Israeli average, and this despite the fact that a third of settlers are from the ultra-Orthodox community, which represents the poorest Israeli-Jewish sector.

Even during the year of the Annapolis talks, 2007–08, Israel continued to expand its settlements in the West Bank. The number of housing starts in the settlements in the first half of 2008 increased by 1.8% relative to the same period in 2007. If Israeli governments since the 1993 Oslo agreement had refused to permit settlers to reside to the east of the current Separation Barrier, only 20,000 would be living there in 2010. Instead, at the beginning of 2010, the number of settlers in this area stands at 80,000. The Israeli organization Peace Now has shown that outpost construction was 250% higher in 2008 than in 2007. This trend continued during the first half of 2009. Construction work for some 596 new structures was commenced in the West Bank during the first half of 2009, of which 96 were outposts. All told, 35% of the structures under construction during this period throughout the whole West Bank were located to the east of the Separation Barrier. When the ten-month partial moratorium on settlement expansion ended on

26 September 2010 (see below, under 'US Policy'), 2,066 new homes would be ready for continued construction in the West Bank (excluding Jerusalem). In addition, 11,000 potential houses could be built in places where general outlines have been approved.<sup>9</sup>

Israeli state agencies are behind the construction and maintenance not only of the settlements but also of numerous outposts that have been officially classified by Israel as illegal and that it has been obliged by the international community to destroy.<sup>10</sup> Such outposts have an importance beyond the small populations they house. They are situated at strategic points or next to key Palestinian population centres. In other words, they fragment the Palestinian population and serve as deliberate impediments to the establishment of a viable Palestinian state.

Despite an express commitment in the 2002 'Road Map' and years of pledges by successive prime ministers, including Binyamin Netanyahu, a report in the *Jerusalem Post* suggests that Israel has no intention of dismantling any of the 23 unauthorized West Bank outposts built after March 2001 in the foreseeable future.<sup>11</sup>

When *Haaretz* correspondent Akiva Eldar asked an Israel Defense Forces (IDF) spokesperson 'how it is possible that the IDF, the body charged with imposing the law on the West Bank, never lifted a finger against its officers who settled in an illegal outpost?', the spokesperson replied frankly: 'In the unapproved outposts, for many years now thousands of citizens have been living, among them state employees including army people. As of today, to the best of our knowledge, there exists no general policy concerning state employees, including military people, living in the outposts.'<sup>12</sup> The implication is clear. An officer who has made his home in such an outpost may find it impossible to fulfil orders to evacuate either his own home or the homes of neighbouring settlers.

## Special Attention to Jerusalem

Since 2000, and especially since the Annapolis Conference in late 2007, Israel has been busy augmenting the Jewish presence in East Jerusalem.

First, Israel has expanded its settlements – the Jewish neighbourhoods built after 1967 in East Jerusalem – in order to link them up and create a continuous block of Jewish habitation. The strategic aim is to divide the Palestinian city into several enclaves. Heavy pressure from the USA, however, forced Israel to slow down or to temporarily freeze new construction in some of the city's eastern areas.<sup>13</sup> The fiasco of Israel's approving the construction of 1,600 residential units in Ramat Shlomo in March 2010 at the very time that US Vice President Joe Biden was visiting Israel and the West Bank to discuss the opening of indirect talks between Israel and the Palestinians created a very public diplomatic crisis. The USA declared in May that Israel had promised not to build at Ramat Shlomo for the next two years.<sup>14</sup> No such promise, however, was

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<sup>9</sup> Chaim Levinson, 2010. 'Peace Now: 2,066 Settlement Homes To Be Built As Soon As Freeze Ends', *Haaretz*, 13 September; available at <http://www.haaretz.com/news/diplomacy-defense/peace-now-2-066-settlement-homes-to-be-built-as-soon-as-freeze-ends-1.313429>.

<sup>10</sup> Chaim Levinson, 2010. 'Illegal Outposts Marked for Destruction Got Millions in State Funding', *Haaretz*, 16 April; available at <http://www.haaretz.com/print-edition/news/illegal-outposts-marked-for-destruction-got-millions-in-state-funding-1.284378>.

<sup>11</sup> Larry Derfner, 2010. 'Wanna Buy a Bridge Mr. Mitchell?', *Jerusalem Post*, 29 April; available at <http://www.jpost.com/Opinion/Columnists/Article.aspx?id=174190>.

<sup>12</sup> Akiva Eldar, 2010. 'Why Does the IDF Allow Officers To Live in Illegal Outposts?', *Haaretz*, 27 April; available at <http://www.haaretz.com/hasen/spages/1165681.html>.

<sup>13</sup> *Haaretz*, 2010. 'Officials: East Jerusalem Construction in De Facto Freeze', 26 April; available at <http://www.haaretz.com/hasen/spages/1165434.html>.

<sup>14</sup> Yitzhak Benhorin, 2010. 'US: Israel Promised Not To Build in Ramat Shlomo for 2 Years', *Ynetnews*, 9 May; available at <http://www.ynetnews.com/articles/0.7340.L-3887119.00.html>.

given in relation to other locations, and Jerusalem's mayor Nir Barkat vowed to continue 'planning and construction throughout the city'.<sup>15</sup> The construction of 14 residential units in Ras al-Amud was also reported in May. These apartments are being built privately, and Israeli authorities have claimed that they cannot stop private projects.<sup>16</sup> Nor did Israel promise not to prepare the ground for settlement expansion. Reports on preparations to build 600 residential units in northeast Jerusalem, between Neve Ya'akov and Pisgat Ze'ev, were published in 2010.<sup>17</sup>

*Second*, Israeli settlers have moved into Palestinian neighbourhoods with the express purpose of preventing the ethno-national division of the city according to the general principle set out in US President Clinton's parameters from 2000, according to which 'Arab areas [of East Jerusalem] are Palestinian and Jewish ones are Israeli'. These Jewish enclaves also divide the Palestinian population geographically, making it easier to control. The tactic is reminiscent of the placement of outposts next to Palestinian population centres in the West Bank. Mayor Barkat expressed a wish to bring more settlers into the Palestinian neighbourhood of Silwan, adjacent to the Old City, and threatened that if his plans were not accepted by local Palestinians – who in exchange would enjoy a limited number of building permits and better infrastructure – the municipality would demolish 120 homes built without permits.<sup>18</sup> The application of behind-the-scenes pressure by the USA was only partially successful in stopping the plan. In June, the municipality of Jerusalem approved a smaller plan: to raze 'only' 20 homes in Silwan for the same reason.

*Third*, Israel is working to add de facto further territories to the land annexed in June 1967. These are areas that lie between the 1967 line of annexation and the unfinished Separation Barrier. Through construction of the Barrier, Israel is seeking to expand the area of land annexed in 1967 by 300%.

*Fourth*, Israel wants to separate al-Haram al-Sharif (the Muslim name for the holy site that the Jews call the Temple Mount) from Palestinian residential areas. It is working to impose a Jewish historical and religious narrative on the Old City and its surrounding sites, and to link Jewish compounds inside Silwan to the Old City's Jewish quarter.

*Fifth*, Jewish national religious groups have been lobbying for a change in the status quo at al-Haram al-Sharif/the Temple Mount. They want to force the Islamic Waqf to allow Jews to visit the site freely, and to allow them to pray on the Temple Mount compound. Israeli operations in East Jerusalem caused Jordan's King Abdullah II to declare in late April 2010 that Israel was 'playing with fire'. He stressed that the Hashemite Kingdom retained the right to use all political, diplomatic and legal options to 'protect Jerusalem and its Muslim holy sites'.<sup>19</sup>

Jewish settlements in East Jerusalem reveal only one side of the Israeli regime there. The other of is that of the living conditions of Palestinians in the city. Palestinians are neglected and discriminated against by the Israeli authorities. In its 2010 report, for example, the Association of Civil Rights in Israel published the following details of life in East Jerusalem: 95,000 children below the poverty line; less than 50% of schoolchildren attend state schools; 1,000 classrooms are missing; dropout rates stand at 50%; there are only 3 social service stations in operation in East

<sup>15</sup> Haaretz, 2010. 'Palestinians Report First Israeli Violation of Talks to U.S.', 10 May; available at <http://www.haaretz.com/palestinians-report-first-israeli-violation-of-talks-to-u-s-1.289413>. On contradictory messages to municipality professionals, see Liel Kyzer, 2010. 'Municipal Planners Get Mixed Signals About Jerusalem Building', Haaretz, 25 March; available at <http://www.haaretz.com/hasen/spages/1158991.html>.

<sup>16</sup> Xinhua News Agency, 2010. 'Palestinians Frustrated by Report of Newly Announced East Jerusalem Construction Plan', 10 May; available at [http://news.xinhuanet.com/english2010/world/2010-05/10/c\\_13284495.htm](http://news.xinhuanet.com/english2010/world/2010-05/10/c_13284495.htm).

<sup>17</sup> Nir Hasson, 2010. 'Israel Planning To Build 600 More Homes in East Jerusalem', Haaretz, 26 February; available at <http://www.haaretz.com/hasen/spages/1152587.html>.

<sup>18</sup> Ethan Bronner, 2010. 'Mayor's Housing Offer Set Off Row in Jerusalem' New York Times, 25 February; available at <http://www.nytimes.com/2010/02/26/world/middleeast/26mideast.html?ref=middleeast>.

<sup>19</sup> Ynetnews, 2010. 'Jordan's Abdullah: Israel Playing With Fire', 30 April; available at <http://www.ynetnews.com/articles/0,7340,L-3882943,00.html>.

Jerusalem, compared to 20 in West Jerusalem; 80 homes were demolished in 2009, leaving 300 people without a roof over their heads; around 50 km of drainage pipes are lacking; there are regular sewage overflows; hundreds of streets do not have rubbish-collection services; suitable containers for rubbish are lacking across East Jerusalem; there are only 8 post offices in operation in East Jerusalem, compared with 42 in West Jerusalem; community leaders and activists are regularly pressured and harassed; and Palestinian NGOs are frequently shut down for undisclosed security reasons.<sup>20</sup>

### **Higher Investment, Growing Commitment, Radicalization and Generation Change**

The continued expansion of settlements, with increasing levels of financial investment, involves more and more individuals, families, communities, state agencies, political activists and civil society members in the project. The costs involved in returning to Israel's 1967 borders thus continue to rise. In addition, greater investment in settling beyond the 1967 borders is accompanied by religious radicalism.

For many in Israel (and Palestine) the conflict is an ethno-religious one, a clash between Jewish and Islamic civilizations. The ethnic foundation of Judaism is increasingly used to justify the system of Israeli control. Growing numbers of Jews interpret the concept of a Jewish state in exclusively ethnic terms, rejecting any obligation to respect minority rights.

The social profile of the settler population goes a long way towards explaining the connection between the settlers' faith-inspired motivation, the structure of their community identity, and their geopolitical location. The 2008 socio-religious profile of the settlers shows that, out of a total of 289,600 settlers (excluding those living in East Jerusalem), 87,495 (31%) live in ultra-Orthodox settlements,<sup>21</sup> 62,769 (22%) live in national religious settlements, and 44,309 (15%) live in secular settlements. The remaining 92,156 (32%) live in heterogeneous settlements in which there is a variety of religious observances. The Separation Barrier also separates two telling profiles. Of the 67,000 settlers who live east of the Barrier, 54% live in national religious settlements, 19% in secular ones, 9% in ultra-Orthodox settlements, and 19% in heterogeneous settlements. Of the 220,000 settlers west of the barrier, 37% live in ultra-Orthodox settlements, 36% in heterogeneous settlements, 14% in secular settlements, and 13% in national religious settlements. In other words, more than half of the settlers who live to the east of the Separation Barrier are national religious Jews who subscribe to an ideology of expanding Israel's border beyond the Barrier line.

In the first decade of the 21st century, the national religious community underwent an ideological and generational shift. The younger generation that grew up during the Second Intifada and under the trauma of the evacuation of the Gaza Strip settlements in 2005 adopted a radical anti-establishment – and sometimes anti-state – mindset. While the previous generation of settlers had legitimized the state and the establishment and worked with them to achieve common goals, the younger generation sees the state as part of the problem, not the solution.

Indeed, the younger generation is divided between those who support anti-establishment operations and those who call for comprehensive regime change. Unlike the ultra-Orthodox, who

<sup>20</sup> ACRI, 2010. 'New ACRI Report on East Jerusalem Highlights Education, Welfare', 10 May; available at <http://www.acri.org.il/eng/story.aspx?id=722>; ACRI, 2010. 'Human Rights in East Jerusalem: Facts and Figures'; available at <http://www.acri.org.il/pdf/eastjer2010.pdf>; see also Omar Karmi, 2010. 'Neglect and Poverty: Life as a Palestinian in Jerusalem', *The National*, 13 May; available at [http://www.american taskforce.org/daily\\_news\\_article/2010/05/13/1273723200\\_8](http://www.american taskforce.org/daily_news_article/2010/05/13/1273723200_8).

<sup>21</sup> About 90% of ultra-Orthodox settlers live to the west of the Barrier, in Modi'in Ilit (population 38,000) and Betar Ilit (population 32,200). existing The two cities are in areas adjacent to the 1949 armistice line. A new ultra-Orthodox city is planned adjacent to the northern part of Arab Jerusalem.

are waiting for the Messiah to establish the Torah state, national religious radicals have absorbed the Zionist ethos of self-reliance and activism. They have no compunctions about using violence against Palestinians, in particular in retaliation for the evacuation of outposts. To a lesser degree, they also attack Israeli policeman and soldiers. The generational divide is also ecological and geographical. While the old guard lives in comfortable settlements, the young guard prefers isolate hilltop outposts deep in the West Bank, where they can demonstrate their dissident identity. The young generation's attitude toward the Palestinians is also more radical than that of their parents. With the ascendancy of the radical young generation, more extreme views have spread from the far right into the mainstream. Prominent settler rabbis call for ethnic cleansing. 'The Yesha [i.e. settlers] Council is sane,' said the Chief of Central Command Major-General Avi Mizrahi. 'Even if they might have become more militant, they understand what's going on and we can talk to them. But in Yitzhar, in Maon and in Havat Gilad [outposts occupied by radicals from the younger generation], they don't believe in us at all as a state. They want something else, and when someone doesn't know the limits anymore you don't know where it will end up.'<sup>22</sup>

A generational change is also evident within the ultra-Orthodox community, one that can be attributed partly to this particular community's high birth-rates, and partly to its absorption of new members, especially from among Israel's Mizrahi (Sephardi) community. Indeed, the ultra-Orthodox community has grown eightfold since 1948, and in 2009 it comprised about 10% of Israel's population. In earlier times, the ultra-Orthodox preferred to defend their community identity from state and secular pressures by securing autonomous institutions. More recently, though, they have begun to evince a growing interest in national policy. It should be noted that ultra-Orthodox settlers are both of Ashkenazi and Sephardi origin. Unlike the national religious community, which is motivated by a nationalistic messianic ideology, ultra-Orthodox support for settlements is largely pragmatic. Ultra-Orthodox rabbis now preach about the sacred nature of the Land of Israel in terms reminiscent of the national religious discourse. They and their constituency have increasingly adopted the hawkish views of the Israeli right – for example, the argument that the settlements have a critical role to play in the 'war on terror'. By settling in the West Bank, this community has come to feel that it is part of the general project of building the Land of Israel and defending the state. In conjunction with their ethnic theology, which views the Jews as God's chosen people, this explains pollster Professor Tamar Herman's conclusion that, of all of Israel's communities, the ultra-Orthodox community is currently the most opposed to negotiations with the Palestinians and further withdrawals, which has transformed its voters from anti- to ultra-nationalists.

Settlers in the West Bank are supported by sister religious communities and family members in Israel proper. Revolutionary and anti-establishment attitudes are apparently weaker at the state's centre than in its West Bank hilltop periphery. However, in February 2006, through the autonomous state-sponsored national religious school system, along with national religious youth movements and networks of synagogues, radical settlers were able to mobilize thousands of Israelis to protest against the dismantling of nine buildings in the Amona outpost and the evacuation of a building in Hebron.

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<sup>22</sup> Haaretz, 2010. 'IDF Concerned Settler Violence Could Spark Palestinian Uprising', 17 May; available at <http://www.haaretz.com/news/diplomacy-defense/idf-concerned-settler-violence-could-spark-palestinian-uprising-1.290849>.

### Examples of Radical Statements by Settler and Ultra-Orthodox Rabbis

- Rabbi Dov Lior of Kiryat Arbah: *‘There are some honourable people among the goyim. A few, but they exist. I think that even in Hebron there are a few who are human beings – which doesn’t mean I’m saying they shouldn’t all be sent to Saudi Arabia. They should all be sent to Saudi Arabia!’*<sup>23</sup>
- Referring during one of his weekly lessons to the blessing said at the Rosh Hashana feast, Rabbi Ovadiah Yousef directed the line *‘May our enemies and adversaries be destroyed’* to *‘Abu Mazen [Mahmoud Abbas] and all those evil men – may they perish from this world. May God Almighty strike them and these Palestinians.’*<sup>24</sup>
- Rabbis Yosef Elitzur and Yitzhak Shapira have written a book, *The King’s Torah*, that condones the murder of non-Jews if they threaten the welfare of Jews. Dozens of rabbis, educators, public figures and right-wing activists attended a support rally for Rabbi Dov Lior and Yaakov Yosef, who refused to report for police questioning over their endorsement of the book, arguing that the state has no authority over their religious perspective on violence against non-Jews.<sup>25</sup>

### Changes Among the IDF’s Combat Brigades and Officers

In 1990, 2% of the cadets enrolled in the IDF’s elementary course for officers were religious; by 2007, that figure had shot up to 30%. In some infantry brigades, the number of religious company commanders has passed the 50% mark – more than three times the percentage of the national religious community within the overall population.<sup>26</sup> It is perhaps not surprising, then, that there have been many cases in which IDF officers have aided settlers in confrontations with Palestinians all over the West Bank. IDF forces have opened fire on Palestinians, used tear gas against protestors, confiscated workers’ tools at the demand of settlers, and protected settlers during their violent attacks on Palestinians.

Moreover, many soldiers serving in the West Bank come from the same social background as the settlers, have received the same education as them, belonged to the same youth movements them, share friends with them, and are ideologically sympathetic to their enterprise. Their rabbis are either Gush Emunim settlers themselves or staunch supporters of the settler movement.

### Keeping the Palestinian Authority Fully Dependent on Israel and External Actors

Financially, the Palestinian Authority in the West Bank is unable to stand on its own two feet, nor is it expected to be able to do so in the near future if the current state of affairs persists. The Palestinian Authority is fully dependent on external funds.

According to a report by the International Monetary Fund for 2009–10, the Palestinian Authority is expected to need \$1.24 billion for its 2010 budget, and \$700 million for public investment. As of

<sup>23</sup> Noam Ben Ze’ev, 2010. ‘Those Noisy Barbarians’, *Haaretz*, 23 August; available at <http://www.haaretz.com/culture/arts-leisure/those-noisy-barbarians-1.309629>.

<sup>24</sup> *Ynetnews*, 2010. ‘Erekat: Rabbi Yosef Called for Genocide’, 28 August; available at <http://www.ynetnews.com/articles/0.7340.L-3945494.00.html>.

<sup>25</sup> Kobi Nahshoni, 2010. ‘Rally Held for Rabbis Suspected For Incitement’, *Ynetnews*, 19 August; available at <http://www.ynetnews.com/articles/0.7340.L-3939519.00.html>.

<sup>26</sup> Amos Harel, 2010. ‘Has the IDF Become an Army of Settlers?’, *Haaretz*, 9 May; available at <http://www.haaretz.com/print-edition/opinion/has-the-idf-become-an-army-of-settlers-1.289151>.

April 2010, only a part of these figures had been covered. The EU promised to donate \$329 million for 2010, and the USA \$75 million. Rates of economic growth in 2009 were 8.5% for the West Bank and 1% in the Gaza Strip. The economic growth in the West Bank was the result of improved personal security, institution-building by the Palestinian Authority, Israel's easing of restrictions on movement and access, and substantial donations by foreign governments. However, without significant additional easing of restrictions by Israel and continued donor support, the growth will not last in 2010. According to the IMF report, the blockade on the Gaza Strip has led to an unemployment rate of 39% among the area's labour force, while the rate of unemployment in the West Bank stands at 18%.<sup>27</sup> In June 2010, the USA announced that it would move forward with transferring approximately \$400 million to the Palestinian Authority.<sup>28</sup>

Mahmoud Abbas's West Bank government has improved individual and family safety by reforming and strengthening the Palestinian Authority's police forces, which has led to an improvement in economic and business activity. These gains could not have been achieved, however, had Abbas not acceded to Israel's conditions. A September 2010 report from the International Crisis Group concluded that the deepening security cooperation between Israeli and the Palestinian Authority was

contentious. Palestinians are ill at ease at the sight of their security force teaming up with their occupiers.... Many Palestinians almost certainly would welcome expanded authority for their security services, lesser interference by Israel and greater respect for human rights. But there should be no illusion: under present circumstances, many if not most would see these measures as beautifying the occupation – not ending it – and of obfuscating the reality of cooperation with those they believe Palestinian security forces ought to resist.<sup>29</sup>

A report compiled by the US Government Accountability Office (GAO) and presented to the US House Committee on Foreign Affairs and its Subcommittee on the Middle East and South Asia indicates that the USA has invested \$392 million in rehabilitating and training Palestinian Authority security forces since 2007. More than \$160 million of this has been used to fund particular units within the security forces, another \$89 million was used for vehicles and non-lethal equipment, \$99 million for the renovation or construction of installations for the Palestinian Authority's security forces, and \$22 million was spent on programmes to increase the capacity of those forces. Some 45 security advisers from the USA, Canada and the UK are working in the West Bank, where they are being assisted by 28 US subcontracting companies to train Palestinian forces in the West Bank and Jordan. However, the report found, 'the government of Israel prefers not to establish objectives or measures that might limit its flexibility to conduct security operations within the West Bank'. Furthermore, Israel has rebuffed US efforts to train Palestinian forces in combating terror. According to the report, US officials wanted to set up Palestinian counter-terrorist units, a step that was opposed by the Israeli government. The GAO report also states that Israel is delaying the transfer of light weapons and ammunition to Palestinian security forces. And, while it had approved a shipment of raincoats to the Palestinians,

<sup>27</sup> Ethan Bronner, 2010. 'I.M.F. Says West Bank Economic Growth Is Imperiled by Israel and Arab States', *New York Times*, 7 April; available at <http://www.nytimes.com/2010/04/08/world/middleeast/08palestinians.html?ref=middleeast>.

<sup>28</sup> White House, 2010. 'Fact Sheet on U.S. Assistance to the West Bank and Gaza', 9 June; available at <http://www.whitehouse.gov/the-press-office/fact-sheet-us-assistance-west-bank-and-gaza>. See also Xinhua News Agency, 2010. 'US Pledges 500-Million-Dollar Aid to PNA for the Year 2010', 13 May; available at [http://news.xinhuanet.com/english2010/world/2010-05/13/c\\_13291020.htm](http://news.xinhuanet.com/english2010/world/2010-05/13/c_13291020.htm); World Bank, 2010. 'Towards a Palestinian State: Reforms for Fiscal Strengthening'. Washington, DC: World Bank; available at <http://go.worldbank.org/YOFH2OTL40>. In the context of the Palestinian Authority's budget deficit, it should be noted that Israel has seized hundreds of millions of shekels collected in the West Bank during the last 16 years; see Chaim Levinson, 2010. 'Israel Seizing Hundreds of Millions of Shekels Meant for Palestinian Services', *Haaretz*, 7 April; available at <http://www.haaretz.com/print-edition/news/israel-seizing-hundreds-of-millions-of-shekels-meant-for-palestinian-services-1.947>.

<sup>29</sup> International Crisis Group, 2010. 'Squaring the Circle: Palestinian Security Reform Under Occupation', Middle East Report no. 98, 7 September; available at <http://www.crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/98-squaring-the-circle-palestinian-security-reform-under-occupation.aspx>.

it would not ‘guarantee the approval of future shipments of raincoats of comparable types and quantities’.<sup>30</sup>

### Israeli Security Rule

The Israeli army (Israel Defense Forces, IDF) operates freely in the Palestinian territories to provide security for Israelis – mainly settlers – while donor countries pay to repair the damage caused by Israeli security measures, maintain basic social services and prevent a greater Palestinian humanitarian catastrophe. Israeli raids are also aimed at recruiting collaborators and gathering intelligence through the interrogation of detainees. Palestinians are obliged to obtain Israeli permits if they wish to travel abroad, export or import goods, enter restricted areas for work or family visits, or make changes in the population registry. Such permits are easy to get in exchange for collaboration with Israeli intelligence. Two medical students at Al-Quds University, for example, have claimed that Israeli security services blocked their applications for renewed permits to enter Jerusalem for medical training after they refused to spy for Israel and report on their fellow students.<sup>31</sup> Palestinian security collaboration with Israel, however, is not restricted to lower levels. Sometimes, Israel resorts to the use of language that exposes the real power relations between the two sides. In March 2008, for example, Israel informed the Palestinian Authority that it would have to contain the popular protests that were then erupting in the West Bank against Israeli activities in Jerusalem, stop Palestinian Authority officials from participating in the protests, and keep the protests from turning violent. According to Palestinian sources, Israel also told the Palestinian Authority that ‘it must reduce incitement regarding the Temple Mount and Jerusalem and curtail its campaign against the use of Israeli products’. If the Palestinian Authority did not comply, Israel would reduce its level of cooperation and increase Israeli arrests in areas under formal Palestinian control.<sup>32</sup>

### Futile Political Negotiations

On the political level, Israel has succeeded in sidetracking President Mahmoud Abbas into futile negotiations since the Annapolis Conference of November 2007.<sup>33</sup>

It took Netanyahu about a year to abandon his discourse of economic peace and to accept the principle of two-states, though with substantial reservations that would substantially limit the sovereignty of the Palestinian state and exclude Jerusalem from its control. Israel also placed preconditions on the agenda of the indirect talks that were being facilitated by the USA’s special envoy George Mitchell, and succeeded in shifting the terms of the diplomatic debate from discussions about ending the status quo regime to negotiations over just a few of its elements, such as the extent and length of the settlement freeze.<sup>34</sup>

<sup>30</sup> Barak Ravid, 2010. ‘Israel Interfering in US Efforts in West Bank’, *Haaretz*, 26 July; available at <http://www.haaretz.com/print-edition/news/israel-interfering-in-u-s-efforts-in-west-bank-1.304037>.

<sup>31</sup> Amira Hass, 2010. ‘Shin Bet Recruiters Enticing Palestinian Medical Students with Jerusalem Entry Permits’, *Haaretz*, 12 May; available at <http://www.haaretz.com/print-edition/news/shin-bet-recruiters-enticing-palestinian-medical-students-with-jerusalem-entry-permits-1.289805>.

<sup>32</sup> Avi Issascharoff & Amos Harel, 2010. ‘Israel Threatens the PA “Fight Violence or We Will”’, *Haaretz*, 8 March; available at <http://www.haaretz.com/hasen/spages/1154846.html>.

<sup>33</sup> On the negotiations between Olmert and Abbas, see International Crisis Group, 2010. ‘Tipping Point? Palestinians and the Search for a New Strategy’, Middle East Report no. 95, 26 April, pp. 3–5; available at <http://www.crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/095-tipping-point-palestinians-and-the-search-for-a-new-strategy>. The gap in the talks between Foreign Minister Tzipi Livni and Abu Ala was even wider. These talks were also conducted under the Annapolis framework.

<sup>34</sup> In particular, the granting of approval to build 1,600 residential units in the Ramat Shlomo neighbourhood on the day of US Vice President Joe Biden’s visit to Israel, the case of the Silwan neighbourhood of Jerusalem, and the issue of the Shepherd Hotel in the neighbourhood of Sheikh Jarrah, where the municipality issued settlers permits to build 20 housing units.

After a year of indirect talks led by Senator Mitchell had failed to bear fruit, the White House invited Prime Minister Netanyahu and President Abbas to meet in Washington on 2 September 2010 to re-launch direct negotiations aimed at resolving all final-status issues, in a process that US officials suggested could be completed within a year. President Hosni Mubarak of Egypt and King Abdullah II of Jordan attended the re-launch ceremony in order to back President Abbas, who had failed in his efforts to get the USA to impose a complete freeze on settlement construction on Israel when the partial and temporary moratorium on such activity ended in late September in return for Palestinian participation in the talks. The USA informed Abbas that the moratorium issue would be on the agenda of the talks, but not a precondition for them. The USA also rejected the Palestinian request to establish *a priori* terms of reference for the talks. The establishment of such terms, US officials insisted, would also be included in the agenda of the talks, not determined in advance. In other words, the USA was simply replacing one failed process with another.



# US Policy

With the exception of its veto of a plan to expand the Ma'ale Adumim settlement and connect it to Jerusalem (the E1 Plan), the administration of US President George W. Bush did little to halt Israeli settlement construction. In the absence of sanctions, its repeated statements that settlement construction was detrimental to the peace process were interpreted by Israeli decisionmakers as an implicit green light to proceed with expansion. Moreover, the Bush administration did not press Israel to implement its promise to the USA not to expand settlements beyond certain lines and parameters. Israel protested against these constraints, and the USA made no real effort to enforce the limitations. The Road Map was effectively set aside by Prime Minister Ariel Sharon. Moreover, there were moments when US policy was strongly shaped by Israeli officials.

At first, the Obama administration seemed to pursue a different strategy. But, by the end of the new president's first year in power, little had changed on the ground. In practice, the Democratic administration utilized the same conflict-management strategy as its predecessor. The Obama administration did come in with a clear demand: as a confidence-building measure aimed at facilitating the resumption of talks with the Palestinian Authority, Israel should freeze all settlement construction, including in East Jerusalem. In parallel, Arab countries were asked to demonstrate that they were willing to assist in bringing an end to the conflict by implementing small normalization measures. Yet, Obama's policy was ultimately as oriented toward process as was that of his predecessors and their Road Map.

Following a speech by the new president in Cairo on 5 June 2009, many in the Arab world had expected that the Obama would achieve results through bold diplomacy. Netanyahu had rejected US demands to freeze Jewish construction in East Jerusalem. Under US pressure, however, he agreed to accept the concept of a two-state solution, and to negotiate with the USA on the terms and conditions of a settlement freeze in the West Bank. In November 2009, Netanyahu agreed to halt settlement construction for ten months – with the exception of construction in Jerusalem and about 3,000 housing units that were already under construction in various parts of the West Bank. In addition, Israel's Defence Minister Ehud Barak approved the construction of a further 490 residential units, most of them to the east of the Separation Barrier.

The terms of the Israeli–US understanding on a temporary, partial settlement freeze left the Palestinian side greatly disappointed. President Obama had initially seemed to be in tune with President Abbas, demanding a total freeze on Jewish settlement in the West Bank and describing the settlement project as illegal. Ultimately, however, the Obama administration rejected the Palestinian line not only in relation to settlements but also on the question of establishing terms of reference for the proposed talks with Israel. The Palestinian Authority wanted a clear statement on substance that would lead directly to the Palestinian parameters of the final-status deal: the creation of a Palestinian state within the 1967 borders, including East Jerusalem, and an agreed settlement for the refugees from 1948. Washington refused to agree to those parameters. It accepted Israel's argument that terms of reference should not attempt to anticipate the results of the negotiations.<sup>35</sup> Moreover, the Obama administration seems exclusively focused on tactics. 'Our dilemma', said one US official, 'is that we want Netanyahu to fear that we might put a plan on the table and the Palestinians to be convinced that we will not.'<sup>36</sup> This tactical game ended with the commencement of proximity talks in May 2010. Each of the two rivals entered into the talks process in an attempt to reveal to the USA the other side's unwillingness. This track represents

<sup>35</sup> See International Crisis Group, *Tipping Point* (note 31 above), pp. 7–10.

<sup>36</sup> See International Crisis Group, *Tipping Point* (note 31 above), p. 13.

both a step backwards to the 1980s, when face-to-face negotiation was impossible, and the adoption of yet another incremental approach led by the USA, following on from the many that have failed since the 1993 Oslo Accords. Through such an approach, however, the USA avoids having to take a stand on the endgame. Reports show that the US administration was divided between those who support Israel's aim of moving quickly from indirect talks to face-to-face negotiations, on the one hand, and those who favour maintaining the indirect negotiations and playing an active role in bridging the gaps through the introduction of US proposals, on the other, the latter arguing that this is the only way in which negotiations can possibly succeed.<sup>37</sup> Similarly, the current US administration was divided between those who have given up on the willingness of Netanyahu and his rightist government to make concessions in order to achieve a historic compromise, and those who continue to believe that Israel will deliver under the right circumstances: Palestinian security cooperation, good US mediation and a reshuffle in the Israeli coalition government.<sup>38</sup>

These debates have resulted in inconsistent US policy. In March 2010, Israel approved the building of 1,600 residential units in Ramat Shlomo, East Jerusalem, at the very moment that US Vice President Biden was visiting Jerusalem and the USA was trying to open up indirect negotiations between Israel and the Palestinian Authority. A few days later, the municipality of Jerusalem approved the building of 20 residential units in Sheikh Jarah, Jerusalem, just as Netanyahu was set to meet with President Obama to discuss the previous case concerning the 1,600 units in Ramat Shlomo. The US diplomatic reaction, led by the president, was quite tough. Reports said that President Obama demanded that Israel reverse its decision, include Jerusalem in the settlements freeze, make substantial gestures toward the Palestinians, and declare that all core issues – including the status of Jerusalem – would be on the table when talks resumed. In the end, though, it seems that both sides quietly agreed to a policy of 'we don't ask, you don't tell'.

At some stage, the Obama administration considered presenting its vision for a resolution to the conflict but decided against doing so – at least for the time being. Instead, the administration pushed the Palestinians to agree to Netanyahu's proposal to move in one year's time to direct talks on permanent-status issues. At the same time, the administration declared that it would not attempt to impose a solution on the parties. Nor would it try to reduce the asymmetries that currently operate in Israel's favour. Some of those asymmetries have been listed by Robert Malley and Hussein Agha in an article in the *Washington Post*: Netanyahu is able to deliver on the commitments he makes, while Abbas does not enjoy state power. Abbas also faces serious domestic opposition, a challenge that Netanyahu is spared. Moreover, the Palestinians have little room for manoeuvre in terms of their initial demands and their ultimate final position. They had already made most of the concessions possible for them in their opening position, while Netanyahu was able to open with a maximalist position. Abbas was dragged into the direct talks and feels betrayed by the international community, while Israel succeeded in drawing Obama closer to its point of view.<sup>39</sup>

The odds that the USA will achieve a final-status agreement as a result of its current efforts are not higher than those faced by President Clinton in his failed Camp David 2000 initiative. The administration has to be ready with a Plan B in the event that its vision is rejected by one side or both. Is the USA willing to use the power it has in order to achieve its goals? On the other hand, detachment does not seem to be much of an option for the USA given statements by the president and members of the Joint Staff on the linkage between the Israeli–Palestinian conflict and US national security interests in Afghanistan, Iran, Iraq and moderate Arab states. However, the USA

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<sup>37</sup> See International Crisis Group, *Tipping Point* (note 31 above), p. 14

<sup>38</sup> See International Crisis Group, *Tipping Point* (note 31 above), p. 36

<sup>39</sup> Hussein Agha & Robert Malley, 2010. 'At Mideast Peace Talk, A Lopsided Table', *Washington Post*, 2 September; available at <http://www.washingtonpost.com/wp-dyn/content/article/2010/09/01/AR2010090105656.html>.

helps to maintain the status quo by limiting its involvement to process rather than pushing for abolition of the current system.



# Changing the Status Quo: Palestinians in Search of Alternatives

The Palestinians want to change the status quo and wonder how this might be achieved. The Palestinian Authority, with Abbas at its head, hoped that Obama would express a clear opinion on the terms of a final-status agreement that would be close to those the Palestinian and Arab leaders have in mind, and would put heavy pressure on Israel to accept them. In late 2009 and early 2010, however, when these expectations did not come even close to being fulfilled, the Palestinian leadership felt betrayed. It lost faith in the idea that the Palestinians might achieve their national goals through the political track, as well as in the idea that the USA might act to counterbalance Israel's superior position.<sup>40</sup> Some even concluded that 'the US will never force anything on Israel and will never be more Palestinian than the Palestinians'.<sup>41</sup>

Since late 2009, however, a number of political NGOs and West Bank politicians have examined a number of possible alternatives to the status quo. These are presented below.

*First*, national unity with Hamas. This would strengthen the position of the Palestinians vis-à-vis Israel. Such a move is also desired by the Palestinian public, would minimize Hamas's veto power over the political process, and would make it possible for the Palestinian side to deliver on the terms of a possible agreement. However, as long as the Quartet's preconditions remain in force, the cost of choosing this option is high: A coalition government that includes Hamas would be unacceptable for Israel and the Quartet, and might cause the international community to stop financing the Palestinian Authority, including the process of institution-building under Prime Minister Salam Fayyad (see below).

*Second*, the international community recognizes the 1967 borders as defining the borders of the future Palestinian state when talks fail and/or Fayyad's project of creating de facto state institutions and capacity-building within the Palestinian Authority comes to an end in summer 2011. The benefit of such an approach for the Palestinians is clear: it would nullify the effects of Israel's settlement expansion and impose terms of reference from which productive negotiations might begin. Abbas and his colleagues took this direction in early 2010. They launched a diplomatic campaign during which they called upon the UN Security Council to recognize the 1967 lines as marking the borders of a future Palestinian state. The Palestinian initiative made no effort to impose a comprehensive solution, seeking merely international recognition of the 1967 borders. However, the Palestinian Authority initiative was supported almost exclusively by Arab countries, and both the USA and the EU rejected it.<sup>42</sup> Moreover, in November 2010 the USA blocked both a Palestinian initiative to secure for the Palestinians the rights of a member-state in the International Telecommunications Union and the upgrade of Palestine's status from observer to member within UNESCO.<sup>43</sup>

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<sup>40</sup> See International Crisis Group, *Tipping Point* (note 31 above), pp. 10–13, 15–16.

<sup>41</sup> See International Crisis Group, *Tipping Point* (note 31 above), p. 21.

<sup>42</sup> See International Crisis Group, *Tipping Point* (note 31 above); Bernard Kouchner & Miguel Moratinos, 2010. 'When Will the Palestinian State Exist?', *Le Monde*, 23 February; available (in Hebrew) at <http://www.ambafrance-il.org/spip.php?article7685>.

<sup>43</sup> Reuters, 2010. 'US Bars Palestinian Statehood Moves in UN Agencies', 19 November; available at <http://www.reuters.com/article/idUSTR6AI24O20101119>.

*Third*, in August 2009, Prime Minister Fayyad presented his proactive state-building plan, aimed at establishing a Palestinian state within two years. This programme seeks to foster strong governing institutions despite the current Israeli occupation, bringing about the establishment of an independent Palestine by acting positively from the bottom up. Good governance, accountability and transparency were identified as the principles upon which the proposed de facto state institutions would operate. In the summer of 2010, Fayyad presented his second-year programme.<sup>44</sup> To guarantee success, the Palestinian prime minister is seeking to establish international and domestic consensus around his strategy. He recognizes that his ambitious programme will be unachievable without collective Palestinian commitment, as it will require the involvement of all social sectors, including government and civil society organizations, along with national unity with Hamas. To achieve his goals, Fayyad has approached donor states with requests to support individual projects, particularly in Area C.<sup>45</sup> He has also organized a campaign in the West Bank to boycott settlement products and to discourage Palestinians from working in settlements.<sup>46</sup> However, the deep divisions between Hamas and various factions of the Palestine Liberation Organization – first and foremost the Fatah movement, which rules the West Bank – and the sharp divergence of their political agendas does not favour the establishment of a de facto state. Moreover, Fayyad’s achievements are impressive but modest. The Palestinians are no closer to establishing a state. In fact, they are farther from that goal than they were under Arafat, argues Nathan Brown of the Carnegie Endowment for International Peace.<sup>47</sup> With their tough and sometimes even brutal security measures, Fayyad’s institutions tend towards authoritarianism rather than a liberal separation of powers. Fayyad’s cabinet operates without legal democratic legitimacy or a lively political system with functioning parties, while his institutions are completely dependent on external financial and political support. Outside the governmental bureaucracy, there are clear signs of decay within civil society organizations. ‘Neither Fayyad nor his international backers are well served by ignoring the hollow nature of the current strategy,’ argues Brown. And, while Washington and its allies in the Quartet mistake Fayyad’s personality for the reality beyond it, ‘Palestinian democracy has simply come to an end.... There is no way [Fayyad’s] cabinet could have been created or sustained in a more democratic environment.’

Fayyad’s strategy has other serious limits. Israel is unwilling to cooperate, and the international community has not signalled its readiness to force Israel to accommodate to Fayyad’s strategy. So far, Fayyad has invested in small development projects in small towns and villages in Area C.<sup>48</sup> Given the Palestinian Authority’s dependence on Israel, his operations in Area C are conditional on Israel’s consent, which will not be granted if Fayyad threatens the status quo. Israel favours a stronger autonomous Palestinian Authority that governs Areas A and B (which together comprise about 40% of the West Bank), but is unwilling to allow a de facto Palestinian state to operate in Area C. To enable the expansion of Areas A and B to cover 60% of the West Bank, Israel would have to evacuate about 50,000 settlers residing in the most ideological settlements. Therefore, even such a limited step seems impossible, particularly when even the far less controversial step

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<sup>44</sup> See Palestinian National Authority, 2010. ‘Homestretch to Freedom: The Second Year of the 13th Government Program “Palestine: Ending the Occupation, Establishing the State”’; available at [http://www.americantaskforce.org/sites/default/files/Second\\_year\\_of\\_the\\_government\\_program\\_English.pdf](http://www.americantaskforce.org/sites/default/files/Second_year_of_the_government_program_English.pdf).

<sup>45</sup> Defined in the Oslo agreements as being outside the territory of the Palestinian Authority; covers about 60% of the West Bank.

<sup>46</sup> Janine Zacharia, 2010. ‘Palestinians Turn to Boycott of Israel in West Bank’, *Washington Post*, 17 May; available at <http://www.washingtonpost.com/wp-dyn/content/article/2010/05/15/AR2010051501492.html>; International Crisis Group, *Tipping Point* (note 31 above), p. 24. Israel sees the boycott as a declaration of war; see Tovah Lazaroff, 2010. ‘PA Boycott Is a Declaration of War’, *Jerusalem Post*, 27 May; available at <http://www.jpost.com/Israel/Article.aspx?id=176649>.

<sup>47</sup> Nathan J. Brown, 2010. ‘Are Palestinians Building a State?’, *Carnegie Commentary*, June; available at <http://www.carnegieendowment.org/publications/index.cfm?fa=view&id=41093>.

<sup>48</sup> See International Crisis Group, *Tipping Point* (note 31 above), p. 22

of allowing the Palestinians to take on greater responsibility for security issues remains a subject of contention within Israeli defence circles.<sup>49</sup>

Fayyad's strategy of building good governance institutions within the Palestinian Authority and security cooperation with Israel helps Israel to maintain the status quo. The strategy is also helping to repair the fractures within Palestinian society and to establish cooperation between the government and grassroots organizations. However, Fayyad's programme also involves a risk that the government will lose control over Palestinian society, which is marked by deep frustration. Reactivating the masses may lead to a resumption of violence. Moreover, Fayyad may also be given the cold shoulder by Fatah, since he is not a Fatah member but rather heads his own political party. Given their own political interests, senior members of Fatah see Fayyad as a political threat, particularly in the post-Abbas era. They are afraid that if he receives international support and is successful at the domestic level he may be able to succeed Abbas and sideline them.

*Fourth*, younger and middle-aged Fatah members are pushing to expand nonviolent resistance from the villages, where demonstrations against the Separation Barrier and the occupation take place every Friday, to the rest of the West Bank. Fatah has established a National Committee to organize controlled nonviolent demonstrations, and the activities of this Committee are funded by the Fayyad government. The campaign launched by the Fayyad government to boycott settlement products represents a further move in the direction of expanding nonviolent resistance.<sup>50</sup> Throughout 2009–10, Israel has used force to suppress popular demonstrations that might otherwise have developed into what this strategy is seeking to bring about.

Not only do demonstrations often end in violent clashes with IDF forces. Senior leaders within the Palestinian Authority are also afraid that such resistance could end in a rejection of their policy – or, worse still, of their rule.<sup>51</sup> Given the inability of the Palestinian Authority to show any sign of a possible end to the occupation, there are good reasons for such fears. Thus, the interests of senior members of the Palestinian Authority mesh with Israeli interests regarding the containment of Palestinian protests. The two sides act both separately and in coordination to control popular protests, limiting them to regular Friday events next to the Separation Barrier in several West Bank locations. Thus, the International Crisis Group reports that, since March 2010, 'Palestinian forces have increased their official uniformed activity in Israeli-controlled zones; in an unprecedented case, Israel facilitated entry of an armed Palestinian unit to quash a demonstration adjacent to an Israeli settlement in Old Hebron City.'<sup>52</sup>

*Fifth*, to close down the Palestinian Authority, with its Oslo- and Annapolis-style negotiations, and challenge Israel to choose between anarchy – with Hamas expanding its control to the West Bank – or direct implementation of Israeli rule, whereby Israel would take full control of the West Bank. A modest version of this strategy proposes reconstituting the Palestinian Authority so that it no longer serves Israeli interests. Instead of cooperating with Israel, it would become a Palestinian Resistance Authority and cooperate with Hamas. For the Palestinian Authority, the cost of choosing this option is very high – involving not only the reinstatement of direct Israeli rule but also an acknowledgement that its strategy had failed irrevocably. This would almost inevitably mark the end of the Palestine Liberation Organization.

<sup>49</sup> Amos Harel, 2010. 'MESS Report: Key US Figure in Israel–PA talks, Lt. General Dayton, Steps Down', *Haaretz*, 26 May; available at <http://www.haaretz.com/blogs/mess-report/mess-report-key-u-s-figure-in-israel-pa-talks-lt-general-dayton-steps-down-1.292239>.

<sup>50</sup> Ethan Bronner, 2010. 'Palestinians Try a Less Violent Path to Resistance', *New York Times*, 2 April; available at <http://www.nytimes.com/2010/04/07/world/middleeast/07westbank.html?ref=middleeast>. On managing the door-to-door campaign to boycott settlement goods, see Ma'an News Agency, 2010. 'PA Launches Door-to-Door Settlement Good Boycott', 18 May; available at <http://www.maannews.net/eng/ViewDetails.aspx?ID=285034>.

<sup>51</sup> See International Crisis Group, *Tipping Point* (note 31 above), pp. 26–30.

<sup>52</sup> See International Crisis Group, *Tipping Point* (note 31 above) p. 28n233.

*Sixth*, to shift Palestinian preferences from a two-state solution to one based on the creation either of a single state with a 'one man, one vote' policy or a bi-national state in which power is shared between collectives through a federative or confederative structure. The confederation could be established at a later stage, once the two nations – Israel and Palestine – had learned to live securely next to each other.<sup>53</sup>

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<sup>53</sup> Options four to six were also included in a paper written in late 2009 by Saeb Erekat, the head of the Palestine Liberation Organization's Negotiations Affairs Department, entitled 'The Political Situation in Light of Developments with the U.S. Administration and Israeli Government and Hamas's Continued Coup d'Etat'; see Akiva Eldar, 2010. 'Palestinians Threaten To Adopt One State Solution', *Haaretz*, 26 February; available at <http://www.haaretz.com/hasen/spages/1152493.html>.

# Israeli Dilemmas

The de facto existence of a unitary state and the lack of a true border between Israel and the Palestinians have presented Israel with an acute dilemma: an unfavourable demographic balance between Jews and Arabs. The ethno-security regime persists also because of Israel's unwillingness to pay the necessary price for an accommodation with the Palestine Liberation Organization – principally, a Palestinian state that will comprise the entire West Bank and Gaza Strip.

Israel displays considerable tactical flexibility in its efforts to maintain the status quo. It is engaged in a political track that gives the USA a role as a facilitator or broker on preconditions and framework debates, but almost no say on substance. Israel has shown an interest in long-term interim steps – such as the creation of a Palestinian state with provisional borders around Areas A and B (about 40% of the West Bank) – but not on a final peace agreement, an issue in which the current Israeli government does not believe and on which it does not trust the Palestinians. Israel wants to retain its freedom to change the situation on the ground in Jerusalem and Area C, and to control the area of Palestinian self-rule from the outside, as well as through the Abbas regime acting as a subcontractor. In the diplomatic field, Israel works to prevent a solution or change to the status quo being imposed by the international community. After tough talks and heavy external pressure, Israel may agree to a kind of long-term interim agreement implemented within the framework of agreed principles on final-status issues. However, the big gap between the positions of the two sides – both at the governmental level and among the general public – leaves almost no hope that such an agreement is achievable. In addition to the gap on final-status issues on borders, the Temple Mount and 1948 refugees, any interim agreement that includes an enlargement of the current Areas A and B (which together comprise only 40% of the West Bank) will entail the evacuation of tens of thousands of settlers, most of them from the ideological hard core of the settler movement. These are expected to strongly oppose such a step, particular if it forms part of only an interim agreement. If Israel attempts to impose on the weak Abbas regime an agreement that mostly serves Israel's interests, Abbas's political career will be at an end. He may resign out of frustration and despair. Alternatively, the Palestinian people might launch their own Intifada against the Abbas regime (with some help from second- and third-rank activists within Fatah) after its failure to achieve full liberation through political talks.



# Conclusion: Moving from Ethnic Struggle to Border Conflict

Israel's state apparatuses –including its security forces and civil institutions – have collaborated with settler organizations. The status quo is built on the symbiotic relationship that exists between those state institutions and the settlers, and on their overlapping interests. The question, then, is not whether the settlements can be dismantled, but whether Israel's state institutions can be disbanded and reconstituted. Only under very difficult circumstances – which do not currently exist – will Israel be ready for the great national confrontation that this will entail.

The Israeli ethno-security regime can continue as long as Israel is not internationally incriminated as an *apartheid* state or as a state that uses mass ethnic cleansing. This allows the deployment of international troops in the West Bank. Currently, the asymmetry between the Israeli and the Palestinian sides remains overwhelmingly in Israel's favour and thus serves to maintain the status quo. This asymmetry will end only when the external forces that help to maintain it, even if unintentionally, cease to cooperate. Once the economic, diplomatic and military costs of ethnic conflict become too high, Israel will inevitably exert itself to achieve a two-state accommodation.

Israel is already afraid. Israel's legitimacy is increasingly being questioned on Western campuses and among liberal civil society groups around the world. The Israeli government is running a counter-campaign on Western campuses, whereby conservative civil society associations inside Israel seek to make it difficult for Israeli human rights organizations to criticize Israel's operation. They want to sever the links between such organizations and their international counterparts and supporters.



# Policy Brief and Recommendations<sup>54</sup>

Since 2000, Israel has exerted effective control over those territories that, under the 1993 Oslo Accords, were handed over to the exclusive control of the Palestinian Authority. While it no longer rules these areas directly, as it formerly did, it controls them by using the Palestinian Authority as a proxy.

Sustaining its regime over the area between Jordan and the Mediterranean is Israel's key strategic goal. Israel uses various tactics to maintain the current regime, including settlement activities, security operations and creating divisions among the Palestinians. In the last decade, this policy has paid off for Israel. When Israel does make mistakes, however, it makes tactical concessions aimed at enabling it to continue its general strategy. Following the Turkish flotilla affair, for example, Israel eased its blockade of the Gaza Strip.

Continued settlement expansion with increasingly higher levels of financial investment involves more individuals, families, communities, state agencies, political activists and civil society members in the settlement project. This is accompanied by Jewish religious radicalism and increasing problems related to the loyalties of religious army soldiers. When Israel decided to evacuate some settlements, many soldiers were forced to choose between obeying the state and obeying their own religious authorities. The cost of turning the wheel back to enable a withdrawal to Israel's 1967 borders is rising dramatically.

In their efforts to manage their daily lives, Palestinians are completely dependent on Israeli permission and external funding. They are fragmented both politically and geographically and increasingly wonder how they might bring about a change in the status quo. President Mahmoud Abbas was dragged reluctantly into direct talks with Israel and feels betrayed by the international community, which refuses to help him to change the status quo through the political track.

The achievements of Prime Minister Salam Fayyad's de facto state-building programme have been modest. Palestinians are no closer to running their own state. Indeed, Fayyad's strategy has even helped Israel to sustain the status quo through its establishment of Palestinian institutions for good governance and security cooperation. Israel favours a stronger autonomous Palestinian Authority that has control over Areas A and B (which comprise about 40% of the West Bank), but is unwilling to allow a de facto Palestinian state to operate in Area C, to say nothing of Jerusalem. In order to expand Areas A and B to 60% of the West Bank, Israel will have to evacuate about 50,000 settlers residing in the most ideological settlements. Even such a limited step seems almost impossible under the current circumstances.

The current Democratic administration in the USA is implementing the same conflict-management strategy as its Republican predecessor. Nor has it made any effort to reduce the asymmetries that operate in Israel's favour. Thus, the USA is helping to maintain the status quo by limiting its involvement to process rather than pushing for an end to the current situation.

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<sup>54</sup> The text of this chapter is also presented in a separate publication; PRIO Policy Brief 1-2011.

## Policy Recommendations

- It is vital to acknowledge the shift that has occurred within the Israeli–Palestinian conflict since 2000 and to adjust policies to the new circumstances. It is clear that more of the failed policy of the Oslo period will not help to resolve the conflict. Current policies may serve short-term interests, but they also work in Israel’s favour and will lead to the political demise of President Abbas. The international community must ask itself whether it wishes to continue to assist Israel to maintain its current ethno-security regime over the Palestinians. In addition, efforts must be made to prepare for the post-Abbas era that can already be discerned on the horizon.
- If the international community is interested in conflict resolution – rather than conflict management and maintenance of the status quo – it will need to make structural change its strategic goal. Having identified this as the goal, the next step is to identify the best tactics to serve this goal. The international community should be ready to confront Israel, particularly when its actions and policies give rise to criticism at the international level, both within policy circles and among the general public. Attention should be drawn to the ethnically discriminative nature of the current Israeli regime and its diminishing democratic credentials. For example, the recent Israeli policy regarding the provision of support to Israeli human rights organizations should be questioned. The international community should not be afraid of the charge of anti-Semitism, which it should counter by reaffirming its commitment to Israel’s right to exist within its 1967 borders and the right of the Jewish people to self-determination. The 1947 United Nations Partition Plan for Palestine that created Israel represents a valuable document in this context. Build support for adopting a firm line towards Israel by creating links between local civil society members and Israeli liberals. The international community and Israel’s liberals share the same value system. Though the Israeli liberal-left is currently very weak, with external support it can confront Israel’s ethno-centrists. The international community should bear in mind that the current Israeli ethno-security regime can only survive as long as it does not meet with international incrimination. If Israel is condemned as an *apartheid* state, as a state that utilizes ethnic cleansing or as a state that discriminates to an unacceptable degree against its citizens on ethnic grounds, the way is open for the international community to consider sanctions and in the worst case to even send troops to protect the Palestinians. The Israeli ethno-security regime is aware of these options and seeks to prevent them.
- Attempts should be made to create space for an independent Palestinian state to emerge. No structural change will be achievable unless the regime under which Israel currently controls land outside its 1967 borders is abolished. To create space for the development of an independent Palestinian state, essential preconditions include a total Israeli withdrawal from the occupied areas and a relinquishing of all forms of Israeli authority over Palestinians. Before any agreement is reached between the sides, the international community should suggest the deployment of international troops in the West Bank, rather than Israeli troops and settlers. This could be carried out in stages – starting with the deployment of international forces and Palestinian security units in the Jordan Valley and in the horizontal roads connecting this area to Palestinian Authority areas A and B (the Palestinian-populated areas of the West Bank) and East Jerusalem. Creating a space conducive for the emergence of an independent Palestinian state will also ensure that better use is made of international financial aid to the Palestinian state-building project.
- Efforts to assist the building of a viable Palestinian state are doomed to failure as long as the international community continues to support the existing political division between Hamas and Fatah. True independence, effective state-building and the making of peace concessions

to Israel will prove impossible as long as Hamas is excluded and continues to exercise its veto power. External actors that continue to support the ongoing political division will end up been seen as maintaining the position of an elite group within Fatah. Nor is supporting Hamas over Fatah a viable option. Rather, the international community should encourage Palestinian national unity at the lowest common denominator and oppose Israel's policy of prolonging the status quo by making demands of Hamas that it knows the organization cannot agree to.

- Efforts should be made to reduce the existing political asymmetry between Israel and the Palestinian Authority. Though the use of force against Israeli civilians should be condemned, this should be complemented by encouragement and support for nonviolent resistance by both Palestinians and Israelis. In this connection, it is useful to bear in mind that no colonial power or occupying force has ever voluntarily ended its overseas rule.
- There is little point in trying to convince Israel of the benefits offered by peace. Israelis are fully aware that making peace will create domestic division, including a possible split in the army and armed resistance by extremists. Israel's current status quo policy serves to keep such a domestic confrontation at bay. Moreover, Israel benefits from the status quo. It does not need peace dividends to benefit economically. The Israeli occupation will end only when the external forces that help to maintain it, even if unintentionally, cease to cooperate. The moment the economic, diplomatic and military costs of the present regime become higher than the cost of a peace agreement, Israel will inevitably agree to decolonize. The international community should be preparing for the arrival of a time when it will need to assist Israel's liberal and democratic forces to rebuild the Republic of Israel.

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# The Israeli Perspective on the Two-State Solution

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The aim of the study presented here is to provide first-hand insight into Israeli perceptions and politics in relation to a possible two-state solution to the conflict with the Palestinians. The focus of the document is on Israeli activities from 2000 to the present. The report focuses on Israeli actions, since Israel is the more powerful actor in its asymmetric conflict with the Palestinians. The document takes its point of departure in an analysis of the current situation. Only after this analysis has been set out does it address the possibility of alternative options and perspectives.

The document aims to answer the following questions:

- What forms the basis of the current Israeli regime in relation to the Palestinians, and what are the regime's characteristics?
- What are the costs and benefits for Israel of maintaining this regime?
- Given the deterioration of Israeli–Palestinian relations since 2000, is it realistic to expect substantial results from a peace process that resumed where the

sides left off at Camp David 2000 or Taba 2001?

- Does Israel see the two-state solution as offering a feasible approach for resolving the conflict? If so, what are the vital preconditions for the success of such an approach?