



SPECIAL REPORT

1200 17th Street NW • Washington, DC 20036 • 202.457.1700 • fax 202.429.6063

ABOUT THE REPORT

The United States Institute of Peace's Project on Arab-Israeli Futures is a research effort designed to anticipate and assess obstacles and opportunities facing the peace process over the next five to ten years. Stepping back from the day-to-day ebb and flow of events in the Middle East, this project examines broader, "over-the-horizon" developments that could foreclose future options or offer new opportunities for peace. The effort brings together U.S., Israeli, and Arab researchers and is directed by Scott Lasensky of the Institute's Research and Studies program.

In this report, Yossi Alpher identifies which local, regional, and international trends will have the greatest impact on Israel's relationship with Palestinians in the coming years. Next in the series is Khalil Shikaki's study of long-term trends in Palestinian public opinion and their policy implications for the peace process.

Yossi (Joseph) Alpher is currently coeditor of the bitterlemons family of Internet-based Middle East dialogue publications. He is a former director of the Jaffee Center for Strategic Studies at Tel Aviv University. In 2000 Alpher served as a senior adviser to Israeli prime minister Ehud Barak.

The views expressed in this report do not necessarily reflect the views of the United States Institute of Peace, which does not advocate specific policy positions.

Yossi Alpher

The Future of the Israeli-Palestinian Conflict

Critical Trends Affecting Israel

Summary

- A broad fabric of anticipated developments and attitudes suggests only limited progress toward Israeli-Palestinian peace in the next few years.
- The elimination of the Iraqi armed forces in 2003 has minimized the danger of an all-out conventional war between Israel and its eastern neighbors, reducing the strategic value for Israel of the West Bank. At the same time, however, Israel is conscious of the danger posed by a nuclear-armed Iran, a danger that might intimidate Israel's neighbors into taking a more aggressive stance toward Israel, exacerbating Arab-Israeli relations and escalating the Israeli-Palestinian conflict.
- U.S.-supported democratization in the Middle East may reduce inter-Arab support for the Palestinian cause but could also inspire Islamic movements, generating greater Palestinian militancy and tougher negotiating positions.
- The collapse of Oslo, the failure of Camp David, and the ensuing four years of conflict have undermined Israeli trust in a full-fledged peace process with the Palestinians. In the near term, this attitude is unlikely to change because of Palestinian leadership changes, however welcome they might be.
- Israel has opted to disengage unilaterally from the Gaza Strip and northern West Bank rather than to seek to negotiate its withdrawal. Disengagement is motivated first and foremost by a drive to ensure Israel's survival as a Jewish and democratic state rather than to reactivate the peace process. Most Israelis now support fencing off the Palestinian territories and removing isolated settlements to protect themselves and to avoid absorbing Palestinian Arabs.
- Israel's Arab population is no longer seen as a "bridge to peace" with the West Bank and Gazan Palestinian population but as yet another obstacle to achieving a two-state solution.

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- Both Israel and Egypt are concerned about the emergence of a Hamas-dominated Gaza Strip after Israel withdraws from it and if ordnance is smuggled into Gaza from the Sinai Peninsula. Israel has agreed to allow enhanced Egyptian police and military forces to guard part of Sinai. Israel's need to cooperate with Egypt in order to deal with terrorism dictates an altered approach to the Egyptian military and the strategic role of the Sinai Peninsula.
- Fundamental Israeli notions regarding the strategic uses of territory are in flux. There is a growing recognition on the dominant political right that both Israel and Palestine have demographic-political needs that, at least theoretically, could be dealt with by abandoning traditional attitudes toward territory.
- The Israeli political system, far from providing a mechanism for solving Israel's conflict with the Palestinians, has become a serious obstacle to a solution. Any likely governing coalition in the coming years will probably be unable to sustain more than a partial peace process before collapsing under the weight of internal coalition contradictions.
- While the settlement movement's opposition to Prime Minister Ariel Sharon's disengagement policy failed, the settlers will continue to threaten the viability of future Israeli governments intent on dismantling additional settlements. The settlers fully intend to exact such a high price in national trauma and delegitimization of the government that future governments will not dare to follow in Sharon's footsteps.
- International legal rulings and threats of sanctions against Israel are proliferating. These are having a growing impact on the Israeli establishment, which is actually reaching out to some multinational institutions. Measured international involvement, short of peacekeeping or mediation, could be helpful in achieving limited progress.

Introduction

This report attempts to identify critical Israel-related trends that might affect the course of the Israeli-Palestinian conflict over the next five to ten years. To the extent that this endeavor is successful, its fruits might be useful to Israeli as well as to U.S., European, and Arab policymakers and planners as they strive to understand the dynamics that could reduce tensions and generate greater stability and eventually peace.

The following discussion draws on recent strategic thinking and critical developments in Israel and extrapolates with regard to future trends. Most of these trends reflect modes of addressing the conflict inside Israel. These internal Israeli trends can be divided into the geographic/demographic (i.e., changing attitudes toward the strategic uses and advantages of populated and nonpopulated territories) and the political (i.e., the capacity of the Israeli political system to deal with the conflict and the role of the conflict and conflict fatigue in determining the strategies and the stability or lack thereof of Israeli governments). An additional set of trends is external and involves Israeli perceptions of and responses to developments in the region and to international involvement.

The trends noted here are only probabilities, of course. They could conceivably be obviated by major external events such as war or radical regime change in the region, major changes in energy prices, a Sadat-like initiative on the part of an Arab leader, and superpower intervention. Conceivably, too, they could be mitigated by alternative, hitherto unnoticed countertrends. These and similar possibilities are valid topics of analysis that go beyond the scope of this report.

All in all, the trends discussed hereunder point to the possibility of progress toward Israeli-Palestinian peace in the next few years. But that progress will be limited and will fall short of the goal of ending the conflict.

The Strategic Military Setting

From an Israeli perspective, in the coming years the regional strategic setting for Israeli-Palestinian interaction is likely to be different from that of the past. Whether or not this will benefit Israel or the cause of Israeli-Palestinian peace is not at all clear.

The elimination of the Iraqi armed forces in 2003 has, for the first time in Israel's fifty-seven-year history, minimized the danger of all-out conventional war between Israel and a coalition of its neighbors attacking from the east, thereby reducing the strategic value for Israel of the West Bank. Even before the removal of the Iraqi threat, Israel found that it could isolate a concerted Palestinian armed campaign against it—the second intifada of 2000–2005—and thwart the Palestinian goal of generating regional military escalation. Since 2003 the reality of Palestinian military isolation has become more stark than ever; it will only be compounded by the completion of the security fence being erected by the Sharon government around the West Bank with the primary goal of preventing incursion into Israel by Palestinian terrorists.

As a consequence, Palestinian bargaining power vis-à-vis Israel could be weakened in the coming years. To the extent that U.S.-supported democratic reform processes take hold in neighboring countries such as Lebanon and Syria, inter-Arab support for the Palestinian cause might be further reduced, particularly if Jerusalem can reach peace agreements with Beirut and Damascus.

At the same time, those same democratization processes could also bring Islamist movements to the fore in the region, including within the Palestinian Authority, thereby conceivably generating greater Palestinian militancy and tougher negotiating positions. The threat of Palestinian terrorism in future years should not be taken lightly.

Finally, the danger of a nuclear-armed Iran, equipped with missile-delivery systems, has replaced conventional Arab-Israeli warfare as the primary strategic military threat perceived by Israel. Insofar as a nuclearized Islamic Republic of Iran is likely to intimidate Israel's neighbors, support radical Islamist elements among them, and pressure them to take an aggressive stance toward Israel, a regional nuclear escalation or confrontation is liable to exacerbate Arab-Israeli relations and escalate the Israeli-Palestinian conflict. This constraint is often cited as a reason for Israel to offer territorial and other concessions in order to accelerate peace with its neighbors, though it could be argued that the prospect of Iranian-inspired unrest in the region justifies an Israeli decision to hold on to "strategic" territory on the Golan Heights and in the Jordan Valley. In this sense, it is difficult to say whether success in preventing Iran from developing nuclear weapons would redound positively on the prospects for Israeli-Palestinian and Arab-Israeli accommodation. In the near term, an Israeli military strike against Iran's nuclear project would certainly redound negatively, by generating intensified conflict with pro-Iranian elements such as Hezbollah and fueling anger against Israel in the Arab street.

Geographic and Demographic Trends

A discussion of geographic and demographic trends in Israeli thinking inevitably begins with a fundamental question regarding the currently dominant programs of security fence construction and unilateral disengagement: Why has Israel opted to disengage unilaterally from the Gaza Strip and northern West Bank rather than seek to negotiate its withdrawal, perhaps in return for Palestinian commitments to security? The answer is that Israeli prime minister Ariel Sharon, speaking for a large majority of Israelis, sees neither purpose nor profit in negotiating, insofar as the Palestinian Authority is perceived as impotent, corrupt, and itself terrorist, and disengagement is motivated first and foremost by a drive to ensure Israel's survival as a Jewish and democratic state rather than to reactivate the peace process.

The United States Institute of Peace and Arab-Israeli Relations

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From nearly every conceptual standpoint, disengagement and the security fence are integrated. The idea of fencing off large parts of the Palestinian territories and removing isolated Jewish settlements beyond the fence goes back some ten years. More recently, it has been very much a grassroots Israeli phenomenon, reflecting the perceived need for Israel, in the absence of an agreed-upon peace, both to protect its citizenry and to avoid at any cost absorbing the Palestinian Arabs under its sovereign rule. Polling data consistently indicate that a comfortable majority of Israelis support these objectives.

In this regard, many of the fence advocates entertain a barely hidden agenda, according to which the Gazan and West Bank fences will determine Israel's ultimate political borders with Palestine, thereby ensuring that few if any Palestinians will be annexed to Israel, which will thus retain its Jewish character whether or not it succeeds in signing a final peace agreement with the Palestine Liberation Organization (PLO). Sharon initially embraced the fence idea reluctantly. His early attempts to include large swaths of West Bank land and their Arab inhabitants on the Israeli side of the fence met with such widespread opposition—from the Israeli public, the Bush administration, and the local and international legal communities—that Sharon was obliged to alter the secondary objective (the first being antiterrorist security) of the fence from a geographic purpose—the de facto annexation of lands—to a demographic one—reducing Israeli control over much of the Palestinian population in order to ensure that Israel remains a predominantly Jewish state.

Here we encounter a parallel dynamic that has struck deep roots in Israeli public discourse since the failure of Camp David II in July 2000 and the outbreak of the second intifada in September 2000. Those events, including a week of violent rioting inside Israel in October 2000 on the part of Palestinian citizens of Israel and pronouncements by the Palestinian leadership regarding “existential” final-status issues such as the Temple Mount and the right of return, convinced most Israelis that there was no viable Palestinian partner for a process of genuine peace and reconciliation with Israel. The majority of Israelis were persuaded that most Palestinians, led by Yasir Arafat, could not come to terms with the permanent existence of a Jewish state in part of historic Palestine, and that it was a long-term Palestinian strategic goal to exploit a peace process in order to undermine and “Palestinize” Israel from within.

Everything that we know about Arafat's successor, Mahmoud Abbas, indicates that—alongside his undoubted moderation and readiness to condemn violence—his political views, particularly on the right-of-return issue, will continue to nurture this Israeli reaction. The collapse of Oslo, the failure of Camp David, and the ensuing four years of conflict have had a profound effect on Israeli trust in a full-fledged peace process with the Palestinians. In the near term, this attitude may not easily be mitigated by Palestinian leadership changes, however welcome.

In the post-2000 environment, too, Israelis became aware that upward of one hundred thousand West Bank Palestinians had illegally migrated into Israel. This recognition in turn fed the separation concept and the fence-disengagement campaign, based on the contention that demographic Palestinianization had already begun.

Finally, the suicide bombing campaign against Israeli civilians beginning in 2001 had a traumatic effect on Israeli attitudes toward Palestinians, underlining the perceived need for Israel to disentangle itself from Palestine and set up impenetrable barriers almost at any cost. All of these factors have also contributed to a strengthening of Israel's Jewish identity; the “post-Zionist” intellectual fringe that used to advocate concepts such as “a state of all its citizens” in order to embrace both Jews and Arabs in a secular Israeli identity has all but disappeared.

These developments explain the striking and consistent findings of Israeli opinion polling over the past three years or so: On the one hand, there exists ongoing majority support for negotiated Israeli-Palestinian peace and broad, generalized support for informal

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but well-publicized peace schemes such as the Geneva Accord and the Ayalon-Nusseibeh principles. But, on the other hand, there is widespread pessimism regarding the near-term prospects for peace and the credibility of the Palestinian leadership; fear lest the failure of renewed negotiations that rest on fragile foundations seriously damages long-term prospects for peace; and, therefore, growing support among a substantial majority of the Israeli public for unilateral disengagement and for a security fence. Increasingly, Israelis are opting for guarantees for their personal security (the fence) and the Jewish nature of the state (unilateral withdrawal) over the aspiration to “end the conflict,” which presupposes Palestinian agreement to abandon the right of return and Palestinian acknowledgment that the Jewish people have a legitimate historic and religious claim (alongside the Muslim claim) to the Temple Mount/Haram al-Sharif in Jerusalem—concessions on Israeli/Jewish “existential” issues that for the time being seem impossible to achieve.

Thus, it is very likely that, in the coming years, Israelis will seek to continue the unilateral disengagement process—while perhaps also seeking to coordinate aspects of the withdrawal and/or to reach interim agreements—and will prefer that process to a renewed attempt to negotiate a full-fledged, comprehensive Israeli-Palestinian peace. To the extent that the Israeli public does support renewed final-status negotiations—as was the case in the aftermath of Arafat’s departure from the scene—neither the Israeli nor the Palestinian political system may be up to the task (see below, “Political Trends”). Nor, for that matter, is Prime Minister Sharon, who never supported Israel’s bilateral peace treaties with Egypt and Jordan (he voted against the former and abstained on the latter) and who appears to harbor a deep mistrust of Arab peace initiatives. In this regard, Sharon’s leadership profile is ideally suited to the framework of unilateral efforts.

In supporting unilateral disengagement, Israelis are falling back on a classic element in pragmatic Zionist strategic thinking and opting for demography over geography. Even a veteran territorial hawk such as Sharon has felt obliged to acknowledge (in his speech of December 2004 at the strategy conference held annually in Herzliya) the primacy of “the demographic reality on the ground” over his own more traditional advocacy of occupying what he once considered to be key tactical territory in the West Bank and the Gaza Strip. Sharon has not hesitated to make indirect comparisons to the (pre-1994) South Africa-type fate awaiting Israel if it does not relinquish territory: “The alternative of one nation, where one rules over another, would be a horrible disaster for both peoples,” he stated in December 2004.

True, Sharon is still striving to hold on to the settlement blocs near the “green line” (the 1949 armistice line) separating Israel from the West Bank, an objective informed by residual territorial as well as political, demographic, and water-security motives. But these areas fall within a consensus reached in 2000 by Ehud Barak and Yasir Arafat and tacitly endorsed in April 2004 and thereafter by President George Bush. Indeed, the only obvious exception to the close identity between Sharon’s current fence-disengagement map and the territorial concept at the heart of the Clinton and Geneva plans is Jerusalem, where strong ideological politics still drives a fence/wall concept that is counterintuitive to Israel’s demographic needs and to the map of an eventual two-state solution.

The new Israeli approach bespeaks a broader change of attitudes in Israeli strategic and political circles, including among hawkish right-wingers such as Sharon who previously energized the settlement movement in the West Bank and Gaza with regard to territory in general. Considering Israel’s small dimensions, hostile regional environment, and traditional military strategy of bringing the war to enemy territory and ending wars by setting up territorial buffers between itself and its neighbors, this is a veritable revolution in Israeli strategic thinking.

Thus, the withdrawal from Gaza is paralleled by a striking revision, still within the Palestinian context, of strategy concerning the Sinai Peninsula. Traditional Israeli military thinking about Sinai held that it should be either under Israeli occupation or demilita-

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rized and exploited as an ideal, 250-kilometer-wide, empty desert buffer that separates the Israeli and Egyptian armies. At the heart of this concept was the trauma of an Egyptian armored column moving from Sinai through Gaza and northward up the Mediterranean coast toward Tel Aviv in 1948. Since then, Israeli military victories over Egypt in 1956 and 1967 persuaded the Egyptians that their interests, too, were well served by the demilitarization of Sinai.

Now, two developments have combined to convince both Israel and Egypt to change their approach toward Sinai. One is the possible emergence, following Israeli withdrawal, of a Hamas-dominated Gaza Strip (what is sometimes referred to in Israel as “Hamastan”) that could threaten Egyptian interests. The other is Israel’s inability, without Egyptian cooperation on the Sinai side of the border, to stop the smuggling of ordnance into Gaza from Sinai through tunnels under the so-called Philadelphi Road that runs along the Gazan side of the border, or, for that matter, the growing wave of smuggling across the Sinai-Negev border, including quantities of arms that are transported by Israeli Bedouin to Palestinian militants in the West Bank. Terrorist attacks on Israeli vacationers in Sinai in October 2004 also contributed to the readiness of both sides to discuss the remilitarization, albeit on a small scale (two Egyptian infantry battalions), of an area of Sinai adjacent to the 12-kilometer-long Gaza border and, on a slightly larger scale (three thousand Egyptian soldiers, with armored vehicles), of the entire 250-kilometer-long Egyptian-Israeli border.

The Palestinian issue has generated a new look at Israel’s traditional threat perceptions to the southwest.

In effect, the Palestinian issue has generated a new look at Israel’s traditional threat perceptions to the southwest, with the need to cooperate with Egypt in order to deal with terrorism dictating an altered approach to the Egyptian military and to the strategic role of the Sinai Peninsula. Israel, driven by unilateralism and relatively unconcerned with an Egyptian military threat, is considering withdrawing from the Philadelphi Road and allowing Egypt both to police the Rafah crossing between Sinai and Gaza—a function concerning which even the minimalistic Clinton and Geneva plans called for a three-year residual Israeli monitoring presence—and to beef up its military presence in the hitherto demilitarized overall border region.

In a more bizarre context, Israel’s Palestinian dilemma has also led Israeli planners, most associated with the political right and including the prime minister’s national security adviser, Major General (ret.) Giora Eiland, to examine a proposal whereby Palestinian demographic pressures in Gaza would be alleviated by Egypt ceding to Palestine the adjacent northeast corner of Sinai. Egypt would be compensated by Israel, according to this scheme, with a portion of the southern Negev and land access across the Negev to Jordan.

A parallel scheme formulated on the political right envisions an Israel-Syria peace agreement that leaves Israel in possession of 20 percent of the Golan Heights, with Syria compensated territorially by Jordan and Jordan by Israel, in both cases in less-sensitive border areas.

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There is even a growing sentiment among some far-right-wing Israelis such as the politician Avigdor Lieberman that the country is better off becoming geographically smaller if this means it has fewer Palestinian Arab citizens. In this regard, Israel’s Arab population is no longer seen, as it was in the 1970s, ’80s, and early ’90s, as a “bridge to peace” with the West Bank and Gazan Palestinian population. Rather, it is understood to be yet another obstacle to a two-state solution, insofar as Israel is called upon to rationalize the existence of a Palestinian national minority within a Jewish state. Inevitably, this dilemma too now lends itself to unilateral thinking.

Thus, the Wadi Ara region abutting the green line just north of Israel’s narrow waist, with more than two hundred thousand Israeli Arab citizens, is now the subject of schemes calling for it to be included in the future Palestinian state, if necessary by Israel unilaterally moving the border. This area originally was torn by Israel from the Jordanian-con-

trolled West Bank under threat of renewed hostilities in 1949 because Israeli security planners wanted to control a road linking central Israel to lower Galilee and to secure a hold on additional West Bank foothills that overlook the coastal plain. Now, with no conventional military threat to the east of Israel, those geostrategic motives are beginning to pale alongside the demographic rationale. Demographic considerations also lie behind some signs of initial readiness on the part of the Israeli right, as well as the security establishment, to contemplate forsaking the religious and ideological considerations noted earlier and abandoning all or part of East Jerusalem, with its 230,000 Arab inhabitants, by moving the security barrier closer to the old green line that divided the city prior to 1967. The Sharon government took an initial step in this direction in July 2005 concerning the barrier in the northeast part of the city.

Some of the new Israeli schemes for addressing territorial and demographic issues appear to reflect a misreading of the national territorial perceptions of Israel's neighbors, or a simple refusal to countenance giving up Israeli territory. But it seems that many right-wing Israelis have reluctantly acknowledged the need to forgo territory, to the extent that they ingenuously assume a similar readiness—for the sake of peace—on the part of Egyptians, Syrians, and Jordanians.

Whether or not these schemes are practical, they reflect the fact that fundamental Israeli notions regarding the strategic uses of territory are in flux. There is a growing recognition on the dominant political right that both Israel and Palestine have demographic and political needs (Israeli settlements, Palestinian refugees) that, at least theoretically, could be dealt with by abandoning traditional attitudes toward territory.

Political Trends

The most obvious, painful, and long-lasting trend in Israeli politics that is linked to the Palestinian issue is the linkage itself: the Palestinian question has been the specific catalyst of the downfall of every governing Israeli coalition for the past twenty years. Prime ministers Rabin, Peres, Netanyahu, Barak, and Sharon have all failed to convert their popular mandate regarding the Palestinian issue into a viable coalition for change. In the course of this period, one attempt to improve the political structure—direct election of the prime minister—had to be abandoned because it merely worsened the situation, while the overall quality of Israeli politics and politicians has deteriorated.

Israel's countrywide proportional voting system (which treats the entire country as a single constituency and awards seats in the Knesset on the basis of the proportion of the popular vote won by each party slate) ensures that issues unrelated to the Palestinian problem (e.g., matters of religion and state) determine the voting patterns of adherents of some parties. In Israel's heterogeneous society, this produces complex and fragile coalitions whose members are driven by diverse and often conflicting political agendas. As a result, the Israeli political system, far from providing a mechanism for solving Israel's conflict with the Palestinians, has become a serious obstacle to a solution insofar as government coalitions are inherently unstable and incapable of surviving dramatic peace-related moves.

Sadly, this will almost certainly continue to be the case. In the coming decades, Palestinian citizens of Israel and ultra-Orthodox Jews—sectors of the population with political agendas that differ radically from that of the Zionist mainstream—are likely to grow in Knesset representation. Israeli governments will, at best, succeed in dealing with the conflict in fits and starts, and piecemeal, before going the way of their predecessors. This means that any third party such as the U.S. government seeking to influence the course of an Israeli-Palestinian dialogue or peace process must take into account that at some early stage its efforts are likely to be thwarted by the vicissitudes of Israeli politics. During the second half of 2004, for example, Prime Minister Sharon dissolved one coalition and put together another (with Labor) in order to carry out his disengagement

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plan in Gaza and the northern West Bank. Whether disengagement is deemed successful or not, the new coalition is almost certain to dissolve, too, as Sharon, Labor, and the Likud hawks all seek to move in different directions on the Palestinian issue—toward additional disengagement, a renewed peace process, or no new initiatives at all. This in turn will probably provoke early elections, and these will postpone further movement and break whatever positive momentum has been achieved.

One key factor in the foundering of Israeli politics over the Palestinian issue that bears emphasis is the influence of the settlement movement. The religious-ideological settlers of the West Bank and Gaza have proved over recent decades to be the most dynamic, highly motivated, and astute political lobby in Israel. Even prime ministers intent on far-reaching territorial compromise, such as Rabin and Barak, preferred to co-opt the settlers and enable settlement expansion, thereby not only postponing confrontation with them over the territorial issue but rendering the ultimate confrontation with this minority sector that much worse in quantitative terms.

But the ideological settlers' emphasis on land as a compelling Jewish value is increasingly contradicted by the strategic realities of demography and their territorial consequences, that is, by Israeli state (as opposed to religious) considerations. From this standpoint, Sharon's disengagement effort presented a moment of truth in settler-government relations. The religious-ideological settlers realized this and sought to thwart disengagement in Gaza and the northern West Bank. While the settlement movement's opposition failed, the settlers will continue to threaten the viability of future Israeli governments intent on dismantling additional settlements. The settlers fully intend to exact such a high price in national trauma and delegitimization of the government that future governments will not dare try again to dismantle settlements in more sensitive areas such as the West Bank mountain heartland. This will leave open only the option of territorial compromise imposed by a third party—or else no solution at all, meaning the (pre-1994) South Africa-like situation even Sharon is now warning of, albeit without a (post-1994) South Africa-style binational state solution.

An additional factor of influence that will affect Israeli government decision making on Palestinian-related issues in the coming years is public fatigue with the conflict. This is not necessarily a catalyst for capitulation on the part of the public. Yasir Arafat had reportedly counted on the Israeli public's weakness and fear of losses in the current conflict to bring about Israeli acceptance of his political demands. He learned the hard way that when their backs are to the wall, and with strong leadership, Israelis rally against the toughest enemy. Yet the public, and most recently even the chief of staff of the Israel Defense Forces (IDF), are increasingly alarmed over the corrupting influence—in the form of militarily unacceptable behavior and inclinations to gratuitous violence among both the army and the public at large—of violent occupation. While the Israeli political left has long pointed to the corrupting influence of occupation, the four and a half years of warfare and "collateral damage" among the Palestinian civilian population during the second intifada moved the issue to the much larger political center. Thus, this is an additional factor mitigating in favor of unilateral withdrawal from territories in the coming years.

Political developments among the Palestinians, too, are likely to reinforce unilateralist tendencies in Israel. Assuming that Mahmoud Abbas solidifies his leadership, under the best of circumstances his rule is likely to take the form of a less centralized decision-making mechanism than under Arafat. He will hesitate to compromise over the "existential" issues of an Israeli-Palestinian final-status deal, yet be equally reticent to take unilateral steps that parallel those of Israel and that could lay the foundation for a renewed, in-depth dialogue.

While the younger, "insider" leadership supported Abbas's candidacy for leadership, his election in early 2005 nevertheless represents a delay in—or in the best case, a gradual transition to—generational change in the Palestinian leadership. This postpones the day when the insider leadership comes to the fore and, conceivably, agrees to make the

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concessions regarding the right of return and Jerusalem that neither Arafat nor Abbas, themselves “outsider” refugees from 1948, could make.

Meanwhile, if and as Hamas enters Palestinian politics, the possibility arises that Palestinian negotiating positions, influenced by Hamas positions, will become more rather than less demanding. This could constitute yet another impetus for Israel to abandon the aspiration to negotiate a settlement and opt for the unilateral route.

Moreover, if Palestinians draw a concerted lesson from the Israeli withdrawal from Gaza to the effect that Israelis understand only the language of force, the ensuing escalation in the West Bank could retard or delay further Israeli attempts at either unilateral disengagement or (as in the case of the Palestinian reaction to the May 2000 withdrawal from Lebanon) renewed negotiations. In response to this argument, it must be noted that Israelis are sufficiently indifferent to the negative effect of the Lebanon withdrawal—that is, they believe the benefits of leaving Lebanon outweigh the single drawback of a weakened deterrent profile encouraging Palestinian violence—to proceed, eyes open, with withdrawal from Gaza.

International Legal and Economic Trends and Multilateral Involvement

In parallel with the growing threat to the rule of law within Israel and its armed forces brought on by the violent aspects of the occupation and by widespread calls by the ideological settlers and their rabbinic leaders for soldiers to disobey orders to dismantle settlements, there appears to be a countertrend on the international scene, whereby international legal rulings and threats of sanctions against Israel are proliferating. These, in turn, are impacting more and more heavily on the Israeli establishment, which is actually reaching out to some multinational institutions. These trends were unthinkable just a few years ago, when virtually all international and multinational initiatives were looked upon with great suspicion in Israel, on the assumption that they would inevitably be biased in favor of the Arab states and would deprive Israel of its freedom of action.

One aspect of this dynamic is greater activism at the international judicial level, spearheaded by the landmark recommendations of the International Court of Justice (ICJ) at The Hague in July 2004 regarding Israel’s security fence and, perhaps more significantly, the ICJ’s authoritative determination that the West Bank and Gaza are occupied (and not “disputed”) territories and that the green line/armistice line is effectively an international boundary.

At the Israeli judicial level, in June 2004 the Israel High Court of Justice, partly in anticipation of the ICJ ruling, mandated greater Israeli consideration for the welfare of Palestinians as Israel builds the West Bank security barrier. A month earlier, in a landmark decision, the High Court intervened in an IDF operation in Rafah to demand that army commanders take into account Palestinian humanitarian needs. Supreme Court Chief Justice Aharon Barak and Attorney General Menachem Mazuz followed by suggesting that Israel would have to deal in some way with the ICJ recommendation and could not simply dismiss it as more UN-inspired Israel bashing. Indeed, Mazuz went further, suggesting that the ICJ recommendation, which is based on the prevalent international view that the Fourth Geneva Convention applies to the West Bank and Gaza, had created “a new legal reality for Israel” whose “negative repercussions” should not be underestimated. Mazuz added that the application of the convention must now be the subject of an “in-depth examination” by Israel, which for thirty-seven years had refused to apply the convention *de jure* (though it claimed to apply it *de facto*, which in practice means selectively).

Then too, Deputy Prime Minister Ehud Olmert’s acceptance, also in mid-2004, of a European Union demand that Israel label exported products produced in the settlements with their specific place of origin so that the European Union could levy an additional tax on them (in effect, apply a tax that normally is waived for Israeli products), appeared to

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represent a conscious decision to acquiesce in some additional international pressures on the settlements issue in the hope of allaying worse pressures. In effect, Barak, Mazuz, and Olmert were trying in 2004 to avert what was perceived as a growing danger of international sanctions on a more comprehensive level—a step Mazuz specifically warned Prime Minister Sharon about if Israel were to disregard the ICJ's recommendations.

The fear of international sanctions is linked to Israel's growing prosperity, based on integration into global markets, and consequently to its heightened vulnerability to international economic pressures that U.S. support can counter only in part. This economic reality radically differs from that of the early decades of independence, when socialist governments confronting the Arab boycott developed greater Israeli economic self-sufficiency at a huge cost in efficiency and competitiveness. Those policies have long been discredited among most Israeli politicians and economists, who have witnessed the triumph within Israeli society of Western-style individualism over socialist centralism. The public's desire for a higher standard of living, minimal inflation, and lower taxes is certain to prevail in the coming decades.

Israel's consequent sensitivity to global economic developments, incidentally, is paralleled by the sensitivity of the Palestinians' far less sophisticated economy to Israeli sanctions. During the second intifada, the economic effects of Israeli closures and road-blocks were alleviated to an extent by far-reaching international donor assistance, which in turn generated yet another field of growing international interaction with Israel. By 2005, Israeli governments and business interests wanted to continue to sell goods to the Palestinian Authority (a major source of export revenue) and were prepared to buy Palestinian gas, essentially an invisible product. But they were no longer interested (for security reasons) in employing Palestinian labor in Israel and shunned the burden of feeding impoverished Palestinians. This approach will require an enhanced international donor and developmental role in the coming decades, beginning with the Gaza disengagement, with all that this entails regarding Israeli cooperation.

There are, of course, countertrends on the Israeli political scene, that is, forces trying to reduce the influence of the legal establishment and international actors. But Sharon's very decision to begin to remove settlements and withdraw from territories—in addition to reflecting demographic realities—can be seen in this context as his own acknowledgment that Israel must take steps to neutralize international pressures. A similar concern motivated Sharon's ultimate decision to construct nearly all new sections of the security fence (primarily in the southern West Bank) more or less on the green line, as well as the effort to ensure that the Gaza Strip, after Israeli withdrawal, would no longer be deemed by the international legal community to be occupied territory.

Here Israel also took the unprecedented step of inviting the World Bank to supervise the transfer of Israeli assets in Gaza to the Palestinian Authority and to coordinate plans for economic development in the Strip. It welcomed James Wolfensohn, an envoy of the Quartet (i.e., the United States, Russia, the United Nations, and the European Union), to facilitate economic aspects of disengagement. And it asked Egypt, and possibly the Sinai-based Multinational Force and Observers (MFO) peace-monitoring force, to take over some security tasks. The World Bank, for its part, confronted Israel with reciprocal demands to desist from placing border crossing points and paving roads for exclusive settler use inside the West Bank. During the second intifada, Israel also welcomed a process of "soft internationalization" in the territories, reflected in greater openness toward international bodies such as UNRWA (the UN refugee agency for the Palestinians) and the International Red Cross.

In parallel, a number of Israeli security planners have begun to advocate that Israel find ways to enhance its association with NATO—despite Jerusalem's traditional reluctance to rely on allies in the international community for fear they will exercise undue pressure on Israel's stance toward the Arab states. Here the main impetus is the Iranian threat, which, some argue, Israel will not be able to deter on its own, coupled with the

assessment that conventional warfare with the Arab world is in any case not likely in the foreseeable future—hence possible NATO pressures are not a central issue.

Clearly, U.S. dominance within NATO is seen as a comforting factor, countering possible intrusive NATO demands such as an Israeli “striptease” on nuclear issues—that is, a demand to reveal its nuclear capabilities. Indeed, many Israeli security planners would prefer a direct defense treaty relationship with the United States as a counter to Iran. Nevertheless, the move to enhance contacts with NATO dovetails with a revised and softer attitude toward multilateral institutions in general.

This new approach was first apparent in an earlier instance of Israeli unilateralism, when Prime Minister Ehud Barak opted, in early 2000, to involve the United Nations in the delineation of Israel’s border with Lebanon after Israel’s withdrawal from an eighteen-year occupation of parts of that country. The coming years are likely to witness an intensification of this international legal, financial, and institutional role and the pressures it occasionally entails. The PLO and the Palestinian Authority, flush with their success at the ICJ, could address the court with additional demands. Israel’s growing ties with the European Union, coupled with the European Union’s perception of a more intimate link with the Middle East as it deals with its own Muslim minority issues and considers admitting Turkey, are liable to lead to additional initiatives in the Palestinian context, both to apply economic pressures and to offer economic incentives to Israel. Similarly, divestment threats by U.S. universities, municipalities, church movements, and other institutions could well multiply, along with boycott initiatives by international organizations and NGOs (for example, those boycotts proposed at the Durban anti-racism conference in 2004 and by British university lecturers in 2005).

In the event of prolonged deadlock between Israel and the Palestinians, over the horizon lie possible concerted international initiatives to impose a settlement and introduce peacemaking and/or peacekeeping forces, encouraged by the assessments and activities of some prominent Israelis on the political left such as Yossi Beilin and Shlomo Ben-Ami, who project an expanded role for an international force in helping solve the conflict. Yet by and large, Israel’s new and more nuanced and receptive attitude toward an international role should not be understood as welcoming international mediation or facilitation efforts. Even if confronted by such an initiative on the part of Israel’s close ally, the United States, Sharon and perhaps alternative Israeli leaders as well are likely to prefer the unilateral route.

The current trend of court decisions, international pressures, and sanctions has introduced international considerations that penetrate far deeper than previously into Israel’s strategic and diplomatic decision making. It has contributed to generating the disengagement plan and a largely green-line (rather than territorially intrusive) security fence. It could help ensure that disengagement does not end with the Gaza Strip and northern Samaria. In other words, limited and cautious international involvement could help pave the way for the government of Israel to move toward rational solutions of the conflict. Yet Israel has limited influence and control over the intensity of international pressures. If the international activity exhibited in 2004 and early 2005 were to intensify rather than continue at its present pace, the emerging dynamic could come to be seen by many Israelis as yet another unfair episode of ganging up on an isolated Israel that is confronting far-reaching Arab aggression while nevertheless trying to “do the right thing” by the Palestinians, the territories, and its own national demographic needs.

Conclusions and Policy Recommendations

The demographic issue has always been a factor in Israel’s perceptions of its place in the region, but only recently has it entered mainstream thinking as a determinant of innovative attitudes toward territory as well as a rationale for unilateralism. Together, these developments represent an important development in Israeli thinking on the Palestinian

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issue. While unilateralism and new approaches to the strategic value of territory have yet to find expression as a coherent political ideology, they are nevertheless likely to constitute significant trends in Israeli thinking about the Palestinian conflict in the coming years and to generate positive new initiatives.

The conflict, in turn, continues to suffer from the failure to create a more stable and mature political process in Israel that could address conflict-related issues more rationally. In effect, Israeli political instability and the Israeli-Palestinian conflict help perpetuate one another. Meanwhile, the influence exercised by the ideological settler minority on the political scene significantly obstructs territorial progress based on removing settlements. Together, these two factors virtually guarantee that efforts in the near term to pursue peace with the Palestinians, or even unilateral measures in the Palestinian context, will at best be sporadic, lacking in continuity, and highly traumatic for Israeli society.

Finally, international legal, political, and economic pressures on Israel are likely to increase in the near future. Paradoxically from the Israeli standpoint, the unilateral route, which to some extent reflects an attempt by Prime Minister Sharon to bypass looming international pressures, may even increase the international role, and with it the potential for friction with the international community.

How might these and additional trends affect Israeli policy decisions regarding the Israeli-Palestinian conflict in the years ahead? On the one hand, some of the likely developments to which we have pointed could, understandably, generate diverse and even contradictory Israeli policies. For example, should the advent of an Iranian military nuclear capability hasten or delay Israeli territorial concessions? Should Israel welcome or oppose Arab democratization processes that bring to the fore militant Islamist movements? No recommendations are offered in these spheres.

On the other hand, assuming that future Israeli governments remain interested in ending the conflict and partitioning the territory west of the Jordan River, whether to attain a viable two-state solution or merely in order to avoid a demographic trap, the following policy recommendations would appear logical for Israel to pursue and to advocate to its neighbors and to the United States:

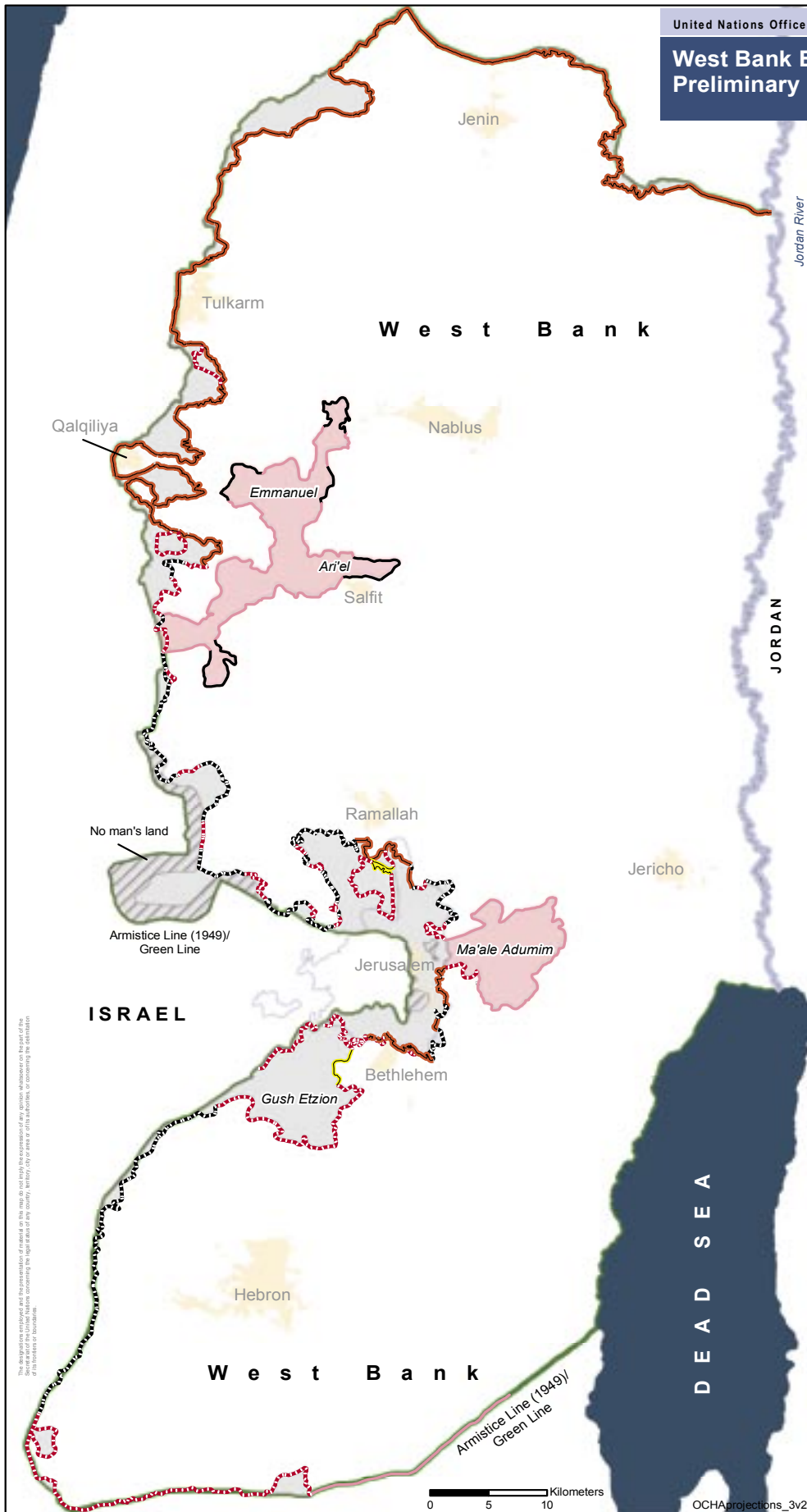
- The unilateral disengagement and green-line security fence projects reflect a broad Israeli consensus and should be pursued, unless a very tempting and convincing peace process with a viable and strong Palestinian partner suggests itself.
- Experience demonstrates that it is preferable from a domestic political standpoint to avoid a commitment to a comprehensive process—whether negotiated or unilateral—compacted within a short time span. The Israeli political system cannot sustain such an effort, and the outcome could be detrimental to political stability as well as to public faith in a peaceful solution.
- By the same token, it is doubtful that the Israeli political system can sustain an effort to advance on two peace tracks at once, whether Palestine and Syria, or Palestine and Lebanon. For the internal Israeli political reasons noted earlier, such a commitment should be avoided, even where the hidden agenda is to play one track against the other for tactical purposes.
- Cooperation with Egypt and Jordan may offer potential advantages, which should be examined carefully, for enhancing Israeli security and reducing its military need for territorial depth.
- The international willingness to offer enhanced assistance, particularly with regard to Palestinian economic and humanitarian needs, should be exploited, bearing in mind the possible dangers for Israel of international overinvolvement in military aspects of the conflict.

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West Bank Barrier Route Projections: Preliminary Overview - as of 20 February 2005



The Barrier's total length is 670km, approximately twice the length of the 1949 West Bank Armistice Line (Green Line) adjacent to Israel. 20% of the Barrier's length runs along the Green Line

AREA AFFECTED

10.1% of the West Bank and East Jerusalem
142,641 acres or 57,726 hectares

Excluding the areas subject to completion of further inter-ministerial examination:

6.8% of the West Bank and East Jerusalem
96,537 acres or 39,068 hectares

BARRIER ROUTE

- Completed - 209 km
 - - - Under construction - 105 km
 - · · Planned - 184 km
 - Special security arrangement area - 43 km
 - Route subject to completion of further inter-ministerial examination - 129 km
 - Road protection - 10 km*
- *not included in sum of Barrier length

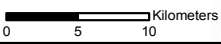
- Area located between the Barrier and the Green Line
- Area subject to completion of further inter-ministerial examination

Barrier route extracted from satellite imagery and verified with field observations - as of 23 February 2005.

Planned Barrier route based on Israeli Government map (Ministry of Defence/Seam Zone Authority), 20 February 2005.

OCHA Cartography and Barrier Themes: OCHA-oPt February 2005
Base data: MapIC (2000) updates OCHA (2004)
For comments contact <ochaopt@un.org> or Tel. +972 (02) 582-9962. <http://www.ochaopt.org>

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An online edition of this report can be found at our website (www.usip.org), together with additional information on the subject.



*Israeli-occupied with current status subject to the Israeli-Palestinian Interim Agreement – permanent status to be determined through further negotiation.



**United States
Institute of Peace**
1200 17th Street NW
Washington, DC 20036
www.usip.org