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Markets and Fences: Illusions of Peace

Guy Ben-Porat

The resolution of long-term and protracted conflicts requires peace builders to address the underlying structural, relational, and cultural roots of the conflict. But, operating within a two-level game of domestic and international cross-pressures, policymakers may opt for shortcuts that would circumvent the major issues in contention and postpone engagement with the root causes of conflict. Analyzing the operation of Israeli policymakers, this paper identifies two policy paradigms employed in the Palestinian peace process: the neo-liberal reliance on market economy and the realist position of partition, by agreement or unilaterally. While these paradigms seem to mirror-image each other, it is argued here that both attempted to circumvent the major issues of peace and neglected the structural causes of conflict.

The victory of Hamas in Palestinian legislative elections in January 2006 and the victory of the Kadima Party in Israeli legislative elections in March 2006 signal, among other things, the end of the liberal vision of a “New Middle East.” The dreams of economic cooperation that underscored peace in the early 1990s have been replaced by a wall encircling the West Bank and Gaza, and negotiations have been replaced by Israeli unilateral initiatives. The “realist” vision of peace based on secure borders and substantial deterrence adopted by Israeli policymakers is obviously a stark contradiction to the “liberal” vision of peace based on mutual interests and fostered interdependence. As a mirror image of each other the shift from the liberal to the realist policy seems to indicate not just a reactive or corrective change of policy, but a transformative “paradigm shift.”¹ A different reading, as proposed here, would suggest that the two paradigms, rather than being completely disjunctive, have in practice operated simultaneously and changed incrementally. Specifically, both visions translated into policies are “shortcuts” that attempt to circumvent the main issues in dispute and the deeper, grassroots work that provides popular support and legitimacy.

Resolution of long-term and protracted conflicts requires peace builders to ad-

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1. Peter A. Hall, “Social Paradigms, Social Learning and the State: The Case of Economic Policymaking in Britain,” *Comparative Politics*, Vol. 25, No. 3 (1993), pp. 275-296.

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dress the underlying structural, relational, and cultural roots of the conflict.² Establishing peace between communities that have been engaged in protracted conflict presupposes a process of reconciliation in which former belligerents come to accept each other not only diplomatically but also psychologically.³ What might be obvious in theory, however, can be more difficult in practice when policymakers who negotiate peace processes have to balance between external and internal demands. When operating under pressures from their own societies policymakers may attempt to avoid engagement with the root causes of the conflict, search for “shortcuts,” and defer issues that divide their constituencies. The reliance on shortcuts and external mechanisms and the neglect of attempts to transform the conflict can enable some progress and hope that initial de-escalation will enable the resolution of divisive issues at a later stage, but may often leave the peace process unstable and vulnerable to extremists who seek to derail it.

The Israeli-Palestinian conflict has often been compared to two other conflicts that shared the characteristics of a protracted conflict: Northern Ireland and South Africa.⁴ The difference between Israel/Palestine and the other two cases is not only in the ability to end violence but in the course taken and, more specifically, the striking lack of conciliatory measures taken in the Israeli-Palestinian peace process and limited attempts at actual resolution. This, I argue below, is a structural deficiency of the process that underlies the policies chosen. Israeli policymakers could be described as operating in what Putnam defines as a “two-level game” between foreign and domestic policy.⁵ On the one hand, since the mid-1980s more and more Israeli policymakers came to the conclusion that resolution of the conflict (often described as the “Palestinian problem”) was necessary due to the growing costs of occupation, international pressures, and global incentives.⁶ On the other hand, a formidable opposition to territorial compromise and what was defined as “security concerns” limited the negotiating leverage policymakers had.

The purpose of this article is to explore and compare two policy paradigms that operated in the Israeli peace discourse in the past decade. Specifically, the implementation of the 1993 Oslo Accords in spite of the adjoined liberal rhetoric was from the

2. John Lederach, *Building Peace — Sustainable Reconciliation in Divided Societies* (Tokyo: United Nations University Press, 1994), p.14.

3. Herbert C. Kelman, “Transforming the Relationship Between Former Enemies: A Social-Psychological Analysis” in Robert L. Rothstein, ed., *After the Peace: Resistance and Reconciliation* (Boulder, CO: Lynne Rienner, 1999).

4. Guy Ben-Porat, “Grounds for Peace: Territoriality and Conflict Resolution,” *Geopolitics*, Vol. 10, No. 1 (2005); Herman Giliomee and Jannie Gagiano, eds., *The Elusive Search for Peace: South Africa, Israel and Northern Ireland* (Cape Town: Oxford University Press, 1990); Adrian Guelke, *Northern Ireland: The International Perspective* (Dublin: Gill and Macmillan, 1990); Ian Lustik, *Unsettled States, Disputed Lands: Britain and Ireland, France and Algeria, Israel and the West Bank-Gaza* (Ithaca, NY: Cornell University Press, 1993).

5. Robert D. Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization*, Vol. 42, No. 3 (1988), pp. 427-460.

6. Guy Ben-Porat, *Global Liberalism, Local Populism* (Syracuse, NY: Syracuse University Press, Forthcoming).

start based on gradual partition rather than open boundaries and regional integration. The move from an attempted partition agreement, hampered by issues that were difficult if not impossible to resolve by partition, to a unilateral building of a fence is therefore short of a paradigmatic transformation. More importantly, both policy paradigms adopted by Israeli policymakers attempted to find a way to circumvent the negotiation of those issues that “locked” them between Palestinian demands and the perceived Israeli public reluctance to yield. Caught in a two-level game between Palestinian demands and a strong internal opposition, Israeli policymakers opted for solutions that would circumvent the complex issues. While these solutions provided the governments with domestic support they failed to transform the conflict and, as such, could at most be short term and unstable.

RESOLUTION AND TWO-LEVEL GAMES

Scholars of the Israeli-Palestinian peace process have alluded to the lack of “cognitive legitimacy” at the grass-roots level, a real culture of change which takes place as populations are prepared to think in terms of peace rather than conflict and to view the “Other” as potential partners rather than enemies.⁷ This deficit is especially significant in protracted conflicts like the Israeli-Palestinian one that are long term, ongoing, and permeate all aspects of society. These conflicts are characterized by the apparently total lack of concern the parties have for each other and by a zero-sum dynamic that renders them impervious to conventional conflict resolution methods.⁸ Because of their longevity, violence, and asymmetry, protracted ethno-national conflicts extend beyond a specific issue and involve not only material interests, but also issues of identity and culture. Their resolution, therefore, must engage with questions of justice, recognition, mutual engagement with the past, and forgiveness. Essentially, the settlement of protracted conflict requires a transformation and a structural change in the parties, their relations, and the situation that created the conflict.⁹

The negotiation out of a protracted conflict is a long-term process that requires support structures, or “post-conflict peace building,” to avoid a relapse into conflict.¹⁰ With deep animosities, lack of trust, and pressures from extremists there is always a risk, during negotiations but also after a settlement has been reached, that the parties will return to violence. The ability to keep the parties on the track of the peace process

7. Tamar Hermann and David Newman, “A Path Strewn With Thorns: Along the Difficult Road of Israeli-Palestinian Peacemaking” in John Darby and Roger MacGinty, eds., *The Management of Peace Process* (London: Routledge, 2000).

8. Harvey Starr, “Introduction” in Starr, ed., *The Understanding and Management of Global Violence* (New York: St. Martin’s Press, 1999).

9. Hugh Miall, Oliver Rambston and Tom Woodhouse, *Contemporary Conflict Resolution* (Cambridge: Polity Press, 1999), p. 21.

10. The term was coined by the former UN Secretary-General Boutros Boutros-Ghali, and quoted in Fen Osler Hampson, *Nurturing Peace: Why Peace Settlements Succeed or Fail* (Washington, DC: USIP 1996), p. 4.

and dissuade them from returning to violence depends on the ability to transform the relations from zero-sum to cooperation, recognition, and reconciliation. Accordingly, the transformation must contend with various issues of present, past, and future — grievances, trust and mistrust, security concerns, and redistribution of resources. It must lead to a change of attitudes towards the “enemy,” mutual confidence building, mutual security, and a dialogue that would stimulate the wish to settle the conflict.¹¹ Conflict transformation, therefore, must go beyond the specific issues that divide the parties and engage with the social, psychological, and political changes that are necessary to address root causes, the intra-party conflicts, the context which affects the incentives of the involved parties, and the institutional capacity that determines the feasibility of the settlement.¹²

The dynamics described above continue even after a formal settlement is reached. Post settlement peace building has two challenges: first, to prevent a relapse into war and, second, to create a self-sustaining peace. These two challenges are interdependent as each presupposes the other but, at the same time, the short-term goals of the first challenge may contradict the longer-term goals of the second.¹³ In the process of negotiation, for example, it is tempting to defer sensitive issues to a later, post-settlement stage. This deferral, however, may lay minefields for the future in the interests of short-term gains.¹⁴ The abandonment of long-term goals in favor of concentration on the prevention of violence could replace a protracted conflict with a protracted peace in which the original causes of the conflict persist and are possibly joined by new grievances sparked by the peace process.¹⁵

Peace processes are negotiated by elites who have made a decision to seek a resolution but have not only to negotiate with their former enemies but also with their own constituencies. The resolution of the conflict could mean significant economic and political developments that could build more support but could also alienate constituencies who object to any compromise or believe that the benefits are unevenly distributed. Policymakers, therefore, are engaged in a two-level game in which they attempt to make foreign and domestic policies compatible. In Putnam’s words:

The politics of many international negotiations can usefully be conceived as a two-level game. At the national level, domestic groups pursue their interests by pressuring the government to adopt favorable policies, and politicians seek power by constituting coalitions among those groups. At the interna-

11. Amal Jamal, “The Palestinians in the Israeli Peace Discourse: A Conditional Partnership” *Journal of Palestine Studies*, Vol. 30, No. 1 (2000), pp. 36-51.

12. Miall, Rambston and Woodhouse, *Contemporary Conflict Resolution*, p.158.

13. Miall, Rambston and Woodhouse, *Contemporary Conflict Resolution*, p.158.

14. John Darby and Roger MacGinty, “What Peace? What Process?” in Darby and MacGinty, eds., *Contemporary Peacemaking: Conflict, Violence and Peace Processes* (Houndsmills: Palgrave, 2003), p. 263.

15. Darby and MacGinty, *Contemporary Peacemaking*, p. 3.

tional level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments. Neither of the two games can be ignored by central decision-makers, so long as their countries remain interdependent, yet sovereign.¹⁶

Policymakers, under these conditions, have to take account of and attempt to balance between external pressures and internal demands. Moves that seem rational on one board, like territorial compromise, might be “impolitic” on another board if compromise creates a domestic opposition that would risk their position. These games, as Putnam demonstrates, have different potential outcomes or win-sets that depend on power distribution, preferences, possible coalitions, tactics, and strategies. In this article, I want to concentrate on one possible outcome of a two-level game: when leaders, concerned that because of deeply divisive issues international and domestic games cannot be balanced, seek an external mechanism they hope will circumvent those issues. Specifically, because of those divisive issues, structural conflict transformation is perceived as impossible so “short cuts” are sought in hope that either de-escalation or the emergence of common interests will create a momentum for peace, externally and internally.

THE NEW MIDDLE EAST

The New Middle East, written by Shimon Peres¹⁷ sometime before the Oslo Accords, provides an exemplary liberal blueprint for peace based on economic rationality, interdependence, and mutual gain. While the Accords were never implemented, the connection made between globalization, economic growth, and peace are found in the practice and rhetoric of the early stages of the Oslo process. *The New Middle East* (NME) was very much a product of the period, as it outlined a peace predicated upon globalization, market economy, and the supposedly declined importance of territory in favor of the “qualitative” dimensions of development.

In the past, national relations were contingent on quantitative factors: size of an area, natural resources, population density, locations. Countries competed to own or control these resources....Toward the end of the twentieth century, relations began to take on a new, qualitative dimension. There was increasing significance in scientific progress, rapid communication, methods of data collection, higher education, artificial intelligence, high technology, and fostering a peaceful environment that creates wealth and goodwill. These are the elements of contemporary power.¹⁸

16. Putnam, “Diplomacy and Domestic Politics,” p. 434.

17. Shimon Peres, *The New Middle East* (New York: Holt, 1993); See also: Guy Ben-Porat, “A New Middle East? Globalization, Peace and the Double Movement,” *International Relations*, Vol. 19, No. 1 (2005), pp. 30-62.

18. Peres, *The New Middle East*, p. 35.

The global economy, and market rationality associated with it, according to this vision, not only provide the means to transcend the dismal present state of conflict, but also make the change almost inevitable.

With the establishment of these new world trade organizations, can the Middle East afford to remain on the sidelines? The transition from an economy of strife to an economy of peace has set the stage for the Middle East. We have a real interest in using the peace opportunities at hand to raise the standard of living for our region, our countries, and our citizens.¹⁹

It is economic or business type rationality, therefore, that changes the priorities across the region so that economic development is perceived as more important than territory; economic cooperation is desired, thus, conflict resolution is necessary. The NME outlined a gradual three-tiered pyramid program that included bi-national or multinational projects, international consortiums that would carry out projects involving large-capital investments, and a regional community policy to develop regional institutions.²⁰ This framework of cooperation would supposedly create a virtuous cycle, based on common interests and in which economic development and advancement in the peace process cross-fertilize.²¹ Detailed in its economic vision, the NME avoided most of the divisive issues that separated Israelis and Palestinians and, consequently, was described by its critics as elitist and escapist. While those criticisms were far from unfounded, the avoidance of these issues was congruent with the internal logic of the NME. In a globalizing world, where economics override politics and borders are rendered insignificant, these thorny issues might simply lose their edge. Common economic interests and demonstrated economic growth, in other words, would make parties previously in conflict less committed to struggles over exclusive territorial control and more willing to compromise.

The Oslo Accords signed in 1993 were described by their planners as a start for a peace process between Israel and the Palestinians that would be based on mutual recognition, co-existence, mutual dignity, and security. Essentially, the Oslo process was a partition agreement that emphasized security and was different from the de-territorialized vision of the NME. But alongside partition, global integration and economic development were part and parcel of the process. In the months that followed the revelation of the Accords and the ceremonial signing of the agreement, the NME vision seemed to turn into a reality. Statements made by the Israeli government were backed by businessmen's optimistic scenarios that received high profile media coverage and by new business ventures that were to take advantage of regional developments. The Israeli government attempted to use the momentum created by the signing of the agreements to enhance business confidence, promote investments, and

19. Peres, *The New Middle East*, p. 96.

20. Peres, *The New Middle East*, pp. 72-73.

21. Guy Ben-Porat, "Virtuous and Vicious Cycles: Peace Processes in Israel and Northern Ireland," Under Review, (2006).

increase public support for the peace process and the compromises it entailed.

Business mood was reflected in the stock market, which broke all records three days before the signing,²² and in the newspapers that forecasted an upcoming economic boom. The peace process, according to the daily *Haaretz*, read by Israeli elites, was one of the best things that ever happened to the Israeli economy.²³ The local business mood was supported by the announcement of major foreign companies, including major American retail chains that previously avoided business in Israel, of their plans to enter the Israeli market. Overall economic growth measured in GDP, after a long period of slow growth, reached 6.8% in 1994 and 7.1% in 1995. GDP per capita grew from \$12,610 in 1992 to over \$16,000 by the end of the decade. The Israeli economy during the period was also attractive to foreign investors. In the early 1990s FDI averaged \$240 million annually; in the last four years of the decade it averaged \$2.4 billion, a ten-fold increase. Israel's international risk rating also markedly improved. Standard & Poor's and Moody's Investor Service rated Israel, respectively, AA- and A2, interpreted as "high quality" and "strong payment capacity." Israel's economic growth, its fiscal policy, and the peace process were the explanations for the favorable rating.²⁴

The political developments, however, have not matched the economic optimism described above. Regionally, Arab states were conscious of Israel's economic superiority and feared that Israel would use its power to promote its own interests.²⁵ Moreover, there were demands to hold back cooperation with Israel until the peace process, particularly regarding the Palestinians, was complete. For the vast majority of Palestinians the NME was even less convincing. Peace dividends were insufficient to make significant changes in everyday life and when Israel responded to Palestinian terrorism by imposing closures on the West Bank and Gaza Strip, the Palestinian economy, heavily dependent on the Israeli labor market, plummeted. Measured against the advances made by other states in the region, argues Roy, the Palestinian economy was weaker than it was in 1967.²⁶ Under these terms, opposition to the peace process rapidly grew. The religious Hamas movement maintained a steady opposition to the peace process based on the belief that not an inch of Palestine could be ceded to Israel or any other non-Muslim entity and, therefore, that "Palestine" was a non-negotiable value.²⁷ While initially the Hamas support base was relatively narrow, as the peace process seemed to lead nowhere — much because of Hamas' terrorism — and eco-

22. *Yediot Aharonot*, September 2, 1993, Section A p. 3 and September 6, 1993, p. 1.

23. Editorial, *Haaretz*, September 7, 1993.

24. Bank of Israel Annual Report, 1998, available at <http://www.bankisrael.gov.il/deptdata/mehkar/doh98/eng/doh98e.htm>.

25. Atif A. Kubursi, "Prospects for Arab Integration after Oslo" in Michael C. Hudson (ed.) *Middle East Dilemma: The Politics and Economics of Arab Integration* (New York: Columbia University Press, 1999).

26. Sara Roy, "The Palestinian Economy after Oslo," *Current History*, Vol. 97 (January 1998), pp. 19-25.

27. Helena Lindholm Schultz, *The Reconstruction of Palestinian Nationalism: Between Revolution and Statehood* (Manchester: Manchester University Press, 1999), p. 80.

nomic hardships remained, support for Hamas widened.

Even in Israel, in spite of the impressive economic balance sheet, support for the peace process was tepid. Not only the ideological right-wing settlers and their supporters, but also other sectors remained indifferent to the peace process and unaffected by economic growth. In a Gallup poll published in a daily newspaper shortly after the Oslo Accords signing ceremony in Washington and at the peak of the “peace festival,” only 33% said that the agreement with the PLO would improve their economic well being, while 51% foresaw no change.²⁸ Polls conducted by a Tel Aviv research center in the summer of 1994, after a celebrated economic year, found general support for the agreement quite moderate. Less than 52% of Jewish Israelis expressed support for the peace process; almost half perceived the territorial and political “price” of the agreement as too high.²⁹ This indifference left the peace process and the government with minimal support that in a short time, following terrorist actions, turned into resentment.

The liberal economic logic of the NME, despite its initial success, rested on two problematic assumptions. The first regarded the combination of globalization, peace, and economic growth as a universal interest and overlooked the potential for fundamental opposition to territorial compromise. Fundamentalist groups, even if small in number, are often able to derail peace processes and widen their support once peace is derailed. The second assumption regarded the combination of globalization, peace, and economic growth as universally beneficial and ignored the uneven distribution and adverse effects of globalization. The dividends of peace remained an unfulfilled promise, even a myth, for many and, consequently, failed to provide the glue that would hold the process together. With limited initial public support and difficulties in widening support by economic means, partition gradually overshadowed the belief in markets.

PARTITION

Caught in a “two-level game” between Palestinian demands for independence and a reluctant domestic public Israeli policymakers shifted their efforts towards partition. Accordingly, the peace process turned into a typical bargaining process, often zero-sum in nature and resembling the protracted nature of the conflict, as each side attempted to secure its interests and disregarded the other’s needs. Partition seemed to be the logical solution that would answer both Israel’s desire to maintain its Jewish status and the Palestinian demands for independence. Three significant obstacles, however, challenged the possibility of partition. First, since the 1970s Israel had built a system of settlements across the West Bank and Gaza, so that by 1993 over 100,000 Israelis were living on the land Palestinians saw as their future state. Second, Palestin-

28. *Yediot Aharonot*, September 15, 1993.

29. Ephraim Yaar, Tamar Hermann and Arie Nadler, *The Peace Index Project: Finding and Analysis* (Tel-Aviv: University of Tel-Aviv Press, 1996).

ians who fled or were deported from Israel in the 1948 War were demanding, for themselves and their progeny, “the right of return” from the refugee camps and other places of habitation to their original homes. And third, both sides were laying uncompromising national and religious claims to the city of Jerusalem.

The Oslo Accords attempted to maintain a balance between cooperation and partition. Partition was to be achieved gradually, through a series of interim agreements involving Israeli withdrawal and established cooperation. The difficult issues mentioned above, which could not be resolved at this stage, were deferred to a later stage, in hope that trust and cooperation built in the interim agreements would facilitate their resolution. But, after 25 years of occupation and with the remaining high levels of inequality and mistrust, cooperation had to be “invented” and inserted to cross the economic, cultural, and political divide. With the structural inequalities, the nature of economic relations between Israel and the Palestinians was characterized more by domination than cooperation. A document written by the Israeli Foreign Ministry warned of the dangers of Israeli military rule being replaced by economic rule and recommended that Israel be more generous towards the Palestinians. Uri Savir, the General Manager of the Foreign Ministry at the time, admitted in retrospect that Israel chose to ignore the warning:

We agreed in principle with this recommendation, but did not do much beyond agreeing, because the general notion was that Israel’s economic interests must be kept rather than taking account of the economic stability and cooperation.... both sides would pay dearly for this lack of foresight.³⁰

Security cooperation fared even worse, as even common goals were difficult to agree upon. The security demands made by Israel stood in stark contrast to Palestinians’ desire for independence. The consequence of the protection of roads leading to the settlements, for example, was the erection of military checkpoints that limited the free movement of Palestinians. Also, the Palestinian Authority was reluctant to comply with Israel’s demand that it take measures against the Islamic fundamentalist groups without advancement in the peace process. Finally, Israel’s resort to unilateral measures of closures in reaction to terrorism was perceived by the Palestinians as unjust collective punishment that added to mistrust and frustrations, and further diminished their motivation to cooperate.

The core of the peace process was interim agreements of Israeli redeployments, which were caught between Palestinian demands for sovereignty and Israel’s security demands. In the early negotiations, according to one of its main architects, the “Oslo spirit” established a dialogue based on fairness, equality and common objectives, and had some influence on the high levels of both the Israeli and Palestinian leaderships,

30. Uri Savir, *Ha-Tahalich [The Process]* (Tel Aviv, Israel: Yediot Aharonot, 1998), p. 179. For English translation see, *The Process: 1,100 Days That Changed the Middle East* (New York: Vintage, 1999).

but had permeated neither those who formulated the complex interim agreement, nor those who were translating them into concrete actions.³¹ In spite of some personal chemistry and tacit understanding that developed between some of the delegates, the negotiations, as an Israeli representative described them, were overburdened by the tension between “the commitment to a new partnership and the lingering mentality of a zero-sum game.”³² The Palestinian expectations that the interim agreements would transfer maximal territorial control to the newly established Palestinian Authority clashed with Israel’s unwillingness to disclose its terms for a final settlement and its conditioned withdrawal from territories.

With all settlements remaining intact until the future final-phase negotiations (and also growing in size and number), Israel’s security demands were extensive, and included the control of all the major roads in the West Bank. The result was a series of complex agreements that divided the West Bank and Gaza into three different territories.³³ In the “A” areas, the large cities, the Palestinians received full administrative and security control. In “B,” villages and rural areas, the Palestinians had administrative control, and in “C,” settlements and main roads, Israel retained full control.³⁴ After the proposed redeployments, the maps created a patchwork of small and unconnected areas under full Palestinian control, falling far short of Palestinian expectations.

In the three years after the signing of the Declaration of Principles (DOP), relations between Israel and the Palestinians oscillated between periods of intensive negotiations and cycles of violence. Overall, the transformation of the conflict was at most restricted. Israelis and Palestinians remained distant from each other and more and more disillusioned with the peace process, so that extremists could set the agenda. The murder of Israeli Prime Minister Yitzhak Rabin — who still commanded a certain degree of Palestinian respect — by a right-wing Israeli extremist, was a further serious blow to the hopes for an agreement. Subsequently, the limited cooperation that had developed was largely destroyed by cycles of Palestinian suicide attacks, followed by Israeli imposed closures that drew the sides further apart. In Israel, the victory of the right wing and the anti-agreement Likud Party in the 1996 elections was indicative of the declining support for the process. In the next three years, the relations between Israel and the Palestinians further deteriorated. Under American pressure, the newly elected Israeli Prime Minister, Binyamin Netanyahu, signed two

31. Ron Pundak, “From Oslo to Taba: What Went Wrong,” *Survival*, Vol. 43, No. 3 (2001), pp. 31-45.

32. Savir, *The Process*.

33. The first agreement signed in Cairo in May 1994 transferred Jericho and large parts of Gaza to the Palestinians and facilitated the return of ‘Arafat from Tunisia and the initial establishment of the Palestinian Authority. The second major agreement signed in September 1995 transferred more cities to the Palestinian Authority and divided the West Bank into areas A, B, and C.

34. In Hebron, the existence of a small Israeli settlement inside the city led to an agreement signed in January 1997 dividing the city into H1 areas under Palestinian control and H2 areas under Israeli control in order to maintain and protect the small Israeli settlement inside the city.

agreements (Hebron and Wye) but frustrated Palestinians with demands for “reciprocity” and the delay of redeployments.

In the summer of 2000, seven years after the signing of the DOP, Ehud Barak, the newly elected Israeli Prime Minister of the Labor Party and Yasir ‘Arafat met at Camp David for a crucial negotiation. Barak, who initiated the summit, declared his intention to pass over the interim agreements that, for reasons discussed above, had only been partially implemented and reach a final agreement that would put an end to the conflict and settle all claims. Two weeks of negotiations failed to bridge the differences, and the sides departed without reaching an agreement, blaming each other for the failure of the summit. Palestinian frustrations exploded after a visit of Israeli opposition leader, Ariel Sharon, to the Temple Mount/Haram al-Sharif, a visit meant to demonstrate Israel’s sovereignty over the site. The following clashes between Israeli security forces and Palestinians escalated into unprecedented levels of violence, ending the peace process and, shortly after, Barak’s term in office.

The official Israeli version, backed by the US Administration, of what happened at Camp David blamed the Palestinians for turning down a “generous offer:”

The establishment of a demilitarized Palestinian state on some 92 percent of the West Bank and 100 percent of the Gaza Strip, with some territorial compensation for the Palestinians from pre-1967 Israeli territory; the dismantling of most of the settlements and the concentration of the bulk of the settlers inside the 8 percent of the West Bank to be annexed to Israel; the establishment of the Palestinian capital in East Jerusalem, in which some Arab neighborhoods would become sovereign Palestinian territory and others would enjoy “functional autonomy”; Palestinian sovereignty over half the Old City of Jerusalem (the Muslim and Christian quarters) and “custodianship”, though not sovereignty, over the Temple Mount; a return of refugees to the prospective Palestinian state though with no “right of return” to Israel proper; and the organization by the international community of a massive aid program to facilitate the refugee rehabilitation.³⁵

While, by Israeli standards, this was an unprecedented proposal, the Palestinian account of the talks was different and their conclusion of Israeli intentions was the mirror image of Barak’s, as Akram Hanieh, a member of the Palestinian delegation explained:

In brief, the focus was the three huge settlement blocs in the north, center and south of the West Bank. These were fattened, their area expanded, and they were connected to each other and to Israel by large areas of Palestinian land in such a way as to control Palestinian water resources in the West Bank. Clearly, the Israelis came to Camp David not in search of dialogue with a neighbor and

35. Based on a 2002 interview with Benny Morris, “Camp David and After,” *New York Review of Books*, Vol. 49, No.10 (June 13, 2002).

partner but to cement the gains from the 1967 war, to restructure and legalize the occupation.³⁶

While some development was achieved on territorial questions, the negotiations failed to resolve the unbridgeable issues that were deferred to the final phase — the status of Jerusalem and the Temple Mount/Haram al-Sharif, and the right of return of the Palestinian refugees. On the one hand, neither of these issues could be resolved by partition but, on the other, no legacy or institutions of cooperation were available for non-territorial cooperative solutions. The situation thus led eventually to the breakdown of the talks and Barak's concluding statement that all understandings reached were "null and void." In the elections shortly thereafter, a disillusioned Israeli public ousted Barak and voted in the right-wing Ariel Sharon.

THE WALL AND UNILATERAL DISENGAGEMENT

The collapse of the Camp David summit and the violence that followed tilted again the political pendulum in Israel towards the right. The majority of Israelis agreed with Barak's conclusion that "there is no partner" and voted for a government that, they believed, would fight terrorism and bring security. The new national unity government headed by Ariel Sharon, however, found itself under cross pressures from demands to fight terrorism and, internationally, to restrain itself and resume the peace process. Unilateral separation, raised in the past by the Israeli left, seemed to more and more politicians, including Sharon, like a solution that could satisfy many of the demands and form a consensus among Jewish Israelis. In 2004, despite international criticism and the ruling of the International Court of Justice, a wide majority of Jewish Israelis supported the building of the security fence.

The idea of a unilateral disengagement and partition was far from new as it was mentioned in the early stages of the process as a fallback position for a negotiated settlement. Separation from the Palestinians, according to this argument, was a key Israeli interest as it would ensure its demography (maintaining the Jewish majority), security (reduce the cost of occupation), and would enhance its international status. In 1995, after a Palestinian terrorist campaign, a plan for a separation fence was authorized by the government but was not implemented due to budgetary constraints and hopes that negotiations would succeed in restoring security. The Labor Party in the 1996 campaign, with its back against the wall as the peace process fell into another cycle of violence, used the slogan "We are here, they are there, a fence in between" in its campaign. The message it attempted to convey to the public was that it was not making peace for the Palestinians' sake but rather serving Israel's vital interests. While unilateral separation did not provide the necessary trump card for the elections, the concept was further embedded in the political discourse until it became prominent

36. Akram Hanieh, "The Camp David Papers," *Journal of Palestine Studies*, Vol. 30, No.2 (2001), pp. 75-97.

after 2000.

The Israeli public after 2000 was disillusioned with peace, but in the face of a campaign of suicide bombers, was more supportive of partition. Unilateral disengagement was accepted by many Israelis of the moderate right as a security measure but also by large parts of the left who either were disillusioned with peace altogether or believed the fence could lead to peace in the long run. In the elections of 2002, after the unity government collapsed, the Labor Party attempted unsuccessfully to use the idea of separation, by agreement or unilaterally, to win the election. The Labor Party was defeated in the elections but the idea of unilateral separation was adopted by the new Likud government. Sharon, despite his landslide election victory, was aware that a large majority of Israelis supported a unilateral disengagement, even at the price of evacuation of (at least some) settlements,³⁷ and announced in the spring of 2002 his decision to begin the construction of the fence. The government, however, decided to build the fence not along the “Green Line” (the pre-1967 border) but in accordance with what it defined as Israel’s interests. This decision, essentially to try and include as many settlements as possible and as few Arab villages as possible on the western side of the fence, “inflated” the size of the fence and made it into a political debate, locally and internationally.³⁸

Israeli statesmen declared that the purpose of the fence was to provide security and that it had no diplomatic or political aims. But both Israeli settlers and Palestinians rejected those claims and argued that the fence established de-facto future borders between Israel and the Palestinians. Saib ‘Arikat, a Palestinian Cabinet Minister, accused Israel of attempting to divide the West Bank into cantons and “start a new apartheid system that is worse than what happened in South Africa.”³⁹ Palestinian claims against the fence received wide international support, most notably by the International Court of Justice decision of July 2004 that called upon Israel to take down the fence.

The first phase of the construction of 80 kilometers was approved by the Israeli cabinet in April 2002 and a “Seam Line Administration” was formed, headed by the Director General of the Ministry of Defense. In August the final route for phase A of the construction was approved. It included 123 kilometers in the northern part of the West Bank and about 20 kilometers around Jerusalem, with almost all routes east of the Green Line. In October 2003 a full barrier route was approved with a total of some 700 kilometers along the West Bank. A report of the UN Secretary General in November 2003 estimated that about 16.6% of the entire West Bank would lie between the West Bank and the Green Line. The implications are that approximately 17,000 Palestinians in the West Bank and 220,000 in Jerusalem would live under

37. See the Steinmetz Center surveys (e.g., May 2002), <http://spirit.tau.ac.il/socant/peace/>.

38. Arnon Medzini, “A Wall, a Fence, a Barrier and a Seam Zone: The Political Geography of Territorial Division,” paper presented at the Israel Political Science Association Meeting, May 2004.

39. Saeb Erekat, “A Wall that Cages Justice,” Palestinian Ministry of Foreign Affairs (2004), available at http://www.mopic.gov.ps/articals/details.asp?subject_id=1209.

Israeli jurisdiction against their will. Another 160,000 Palestinians will live in enclaves, “areas where the security barrier almost completely encircles communities and tracts of land.”⁴⁰

Israeli policymakers describe the fence as “anti-terrorist,” a reaction against Palestinian terrorism, and a defensive measure whose only purpose is to protect Israeli lives. According to the data provided by the government, there has been a dramatic decrease in the number of Palestinian terrorist attacks, especially in the areas where the fence has been completed.⁴¹ The data shows a decrease of slightly more than 90% in the number of attacks: from an average of 26 attacks a year before the fence, to three attacks after erection of the anti-terrorist fence and, consequently, a decrease of more than 70% in the number of Israelis murdered. Moreover, it is argued, the fence is not an obstacle for peace.

The Palestinians must dismantle the terrorist organizations, confiscate weapons, arrest the planners and perpetrators of terrorist acts, stop incitement and resume security cooperation with Israel...all these steps are required by the Roadmap...The security fence is not an obstacle to peace, as the Palestinians are trying to portray it. In fact, by providing a barrier to terrorism, it will help restore quiet to the region and thereby increase the chances of achieving peace. It will not create permanent facts on the ground that will affect the outcome of negotiations.⁴²

While the fence was criticized by Palestinians and by international organizations, it received strong support from within Israel. In a poll conducted in June 2004, about 78% of the respondents supported or strongly supported the fence. Asked to what extent the improved sense of security had affected Israelis’ readiness and interest in negotiating a peace agreement with the Palestinians, a more widespread view was expressed: 42% believed that it had had no effect one way or the other, some 26.5% thought the sense of security had strengthened that readiness and interest, and only 17% believed it had lowered the Israeli public’s interest in finding a solution to the conflict.⁴³ The fence, according to an earlier survey, has answered not only the security concerns of Israelis but also “demographic” concerns.

Among the Israeli Jewish public there is a widespread concern that if Israeli control of the territories continues and no solution based on the principle of “two states for two peoples” is found to the conflict, eventually the Palestin-



40. Report of the Secretary-General prepared pursuant to the General Assembly Resolution ES-10/13, November 24, 2003.

41. Israeli Ministry of Foreign Affairs, <http://www.mfa.gov.il/MFA/Terrorism+Obstacle+to+Peace/Palestinian+terror+since+2000/Saving%20Lives-%20Israel-s%20anti-terrorist%20fence%20-%20Answ>.

42. Israeli Ministry of Foreign Affairs, see footnote 41.

43. The survey was conducted by the Tami Steinmetz Center for Peace Research, part of the “Peace Index” project. Available at, <http://spirit.tau.ac.il/socant/peace/peaceindex/2004/files/June2004e.doc>.

ians will become a majority west of the Jordan and a de facto “binational” state will emerge—a possibility that arouses wall-to-wall opposition.⁴⁴

Conversely, the “Geneva initiative,” an agreement achieved between “non-official” Israelis and Palestinians in a two-track process that took off during that period, was acceptable only to about 25% of the Jewish public and was rejected by 54%. Only 7% believed it stood a chance to be realized. For the Israeli public, it seems, unilateral separation was the only possibility.

Partitions seem to offer an easy way out of protracted conflicts because they carry a promise of finality and, as such, they appeal both to policymakers and publics. But, if the boundaries after partition remain disputed, if the partition involves the uprooting of populations with material and emotional damage, if inequality remains high and is attributed to past injustices, or if past grievances are not addressed, the partition is likely to contain the seeds of a renewed conflict.⁴⁵ Partition, therefore, can be a basis for peace if it creates ethnically homogeneous territories without extensive human suffering, if it can grant civic rights to ethnic minorities, if new borders are perceived by both sides as fair, and if it facilitates measures of reconciliation that engage with both the past and the present.

The separation fence built by Israel seems to satisfy none of these conditions. Most importantly, it further undermines the economic conditions of Palestinians and increases their resentment. Economically, Israel’s security measures have had devastating effects on the Palestinians. A report by the World Bank found that Palestinian Gross National Income in 2002 mounted to 40% less than in 2000, that real per capita incomes were only half of their 2000 level and 53% of the workforce were unemployed.⁴⁶ A UN report argued that total economic breakdown was prevented only by budgetary support from international donors, and the release of a small percentage of PA revenues held by Israel and humanitarian aid.⁴⁷ With the overall dependence of the Palestinian economy on Israel and the new enclaves formed by the fence, more economic hardships are forecasted. Thus, the report of the UN Secretary-General found that the fence causes severe damage to communities along its route through the loss of, or severely limited access to, land, jobs, and markets. The fence also has a serious impact on agriculture, an important component of the Palestinian economy:

In 2000, the three governorates of Jenin, Tulkarem and Qalqilya produced US\$ 220 million in agricultural output, or 45 percent of total agricultural

44. The survey was conducted by the Tami Steinmetz Center for Peace Research, part of the “Peace Index” project. Available at, <http://spirit.tau.ac.il/socant/peace/peaceindex/2003/files/oct2003e.doc>.

45. Nicholas Sambanis, “Partition as a Solution to Ethnic War,” *World Politics*, Vol. 52 (2000), pp. 437-83.

46. World Bank, “Two Years of Intifada, Closures and Palestinian Economic Crisis: An Assessment,” March 5, 2003, <http://siteresources.worldbank.org/NEWS/Resources/pr030503-report.pdf>.

47. Office of the United Nations Special Co-ordinator, “The Impact of Closure and Other Mobility Restrictions on Palestinian Productive Activities,” October 2002, <http://www.escwa.org.lb/information/press/un/2003/mar/docs/wb.pdf>.

production in the West Bank. Palestinian cultivated land lying on the barrier's route has been requisitioned and destroyed and tens of thousands of trees have been uprooted...According to a recent World Food Programme survey, this has increased food insecurity in the area, where there are 25,000 new recipients of food assistance as a direct consequence of the barrier's construction.⁴⁸

In July 2004, shortly before the ruling of the International Court of Justice, the Israeli Supreme Court issued its own ruling against the fence and demanded that its route be changed. The Court avoided discussion of whether the Army's security considerations were flawed but accepted the Palestinian petitioners' claim that the route caused disproportionate harm to local residents. The Court's decision that the Army must balance between military and humanitarian requirements pertains only to a limited part of the fence. In its examination of about 40 kilometers of the fence, the Court has ordered several changes in its route so that damages to Palestinian livelihood would be minimized. The Court will probably address more petitions in the near future but its decisions will naturally be limited to specific grievances. The economic damages, however, are only part of the problem. The unilateral decision by Israel to build the fence also has implications for future relations between Israel and the Palestinians and the possibilities for negotiations. The fence was often described by Israeli statesmen, especially for internal political reasons, as a punitive measure: "The fence will sentence the Palestinians to live in a large compound called Judea, Samaria and Gaza...the longer they stall with the dismantling of terrorism, the more fence will they find around them."⁴⁹

It is not surprising, therefore, that Palestinians expressed strong objections to the fence and rejected Israel's claim that the fence was only about security:

The Israeli government justifies the wall as a security measure. Yet, if the wall were truly about Israel's security, it would have been built on the Green Line...But the wall is not about Israel's security - it is about taking as much Palestinian land as possible while caging in as many Palestinians as possible. This is why the wall is being built well within occupied Palestinian territory and in such a way as to divide Palestinian population centers not only from each other, but also from adjacent agricultural and water resources...An Israeli call for "negotiations," while denying the applicability of international laws and treaties, is a not-so-subtle strategy for allowing Israel, as the powerful occupier, to impose its will on the powerless occupied. We have all witnessed where such a strategy leads.⁵⁰

48. Report of the Secretary-General prepared pursuant to the General Assembly Resolution ES-10/13, November 24, 2003.

49. Eyal Arad, Sharon's campaign manager, in an interview with YNET, August 4, 2003, (Hebrew).

50. Saeb Erekat, "A Wall that Cages Justice," Palestinian Ministry of Foreign Affairs (2004), available at http://www.mopac.gov.ps/articals/details.asp?subject_id=1209.

THE GAZA WITHDRAWAL

The withdrawal from Gaza and four small settlements in the north of the West Bank was a logical continuation of the security fence and of the shift towards unilateral measures that would circumvent the obstacles towards peace. The demographic ratio in Gaza of about 10,000 settlers against more than 1,000,000 Palestinians has made the argument for withdrawal easy to “sell” to the Israeli public. In spite of demonstrations by the religious right, the polls indicated overall public support for the plan. Initially, the plan was to withdraw without any engagement with the Palestinians but after the death of ‘Arafat and the nomination of Abu-Mazen some coordination occurred between Israel and the Palestinians. The execution of the plan in August 2005, despite the active opposition of the settlers and their supporters, was smoother than expected as the large numbers of military troops and police were able to overcome the resistance.

“The disengagement plan,” explained Sharon in a speech to the Knesset, “does not replace negotiations and does not intend to ‘freeze’ the situation for a long time. It is a necessary step in a reality that does not allow negotiating peace. All remains open for an agreement when terrorism will stop.”⁵¹ Negotiations with the Palestinians were therefore suspended until terrorism stopped completely; in the meantime, Israel should carefully proceed with unilateral initiatives. The public support for the withdrawal became evident after Sharon’s decision to leave the Likud Party and form a new party, Kadima (Forward). Despite Sharon’s stroke in January 2006 and the nomination of Ehud Olmert as his successor, Kadima won 29 seats in the parliament in the elections in March 2006, making it the largest party. During the election campaign Olmert declared his plans to unilaterally determine Israel’s future borders by future withdrawals in the West Bank. The Likud, whose remaining members opposed the Gaza withdrawal, fell to 12 seats from the 38 it held under Sharon’s leadership.⁵²

CONCLUSIONS

Complex deep-seated conflicts demand matching solutions and present a serious challenge for policymakers. But peace processes are also conducted under cross pressures of a two-level game and often in the context of continued violence. Negotiations are long-term processes whose success is never guaranteed and, moreover, advancement in the negotiation of a conflict can create internal opposition that threatens leaders’ positions. Faced with these circumstances, policymakers might opt for a paradigm based on an external mechanism that would circumvent dividing issues and, in so doing, would often sacrifice attempts to transform the conflict.

51. Sharon’s speech to the Knesset, October 25, 2004, available at <http://www.kadimasharon.org.il/16-172-he/kadimaarticle.aspx>.

52. See for example *Jerusalem Post* results at <http://info.jpost.com/C006/Supplements/elections.2006/finals.html>.

Two policy paradigms have interchangeably operated in Israeli policymaking based on market economics and partition. *The New Middle East* scenario highlighted the role of global economics, development, and prosperity in underscoring the future peace in the region. Implementation of the peace process, however, shifted gradually towards partition but failed to find common ground on the questions of Jerusalem, settlements, and the refugees. Finally, when the Oslo process collapsed, Israeli policymakers, backed by wide public support, began to implement a unilateral separation by the construction of a fence and the disengagement from Gaza. Reconciliation and engagement with the foundations of the conflict were once again relegated to a later stage under public pressures and vicious cycles of violence.

In the 13 years that have passed since the peace process began, Israelis and Palestinians are at least as far apart as they were beforehand and no closer to resolving the dividing issues that separate them. Neither the market economy nor partition can, by themselves, resolve the deeper issues of the conflict. Peace dividends that are unequally distributed and that marginalize large parts of both societies, and partitions perceived as unjust could have short term effects but, also, breed the next stage of conflict. For a real, deep-rooted peace process to occur concepts like truth, justice, and security have to be an integral part of the agenda at both elite and grass-root levels. The resolution of the Israeli-Palestinian conflict, therefore, is still awaiting comprehensive transformation.