



Research Paper  
No. 8 2001–02

## Israel and the Palestinians: Endless Blood and Retribution?

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Israel and the Palestinians: Endless Blood and Retribution?

Peter Rodgers  
Consultant, Foreign Affairs, Defence and Trade Group  
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## **About the Author**

Peter Rodgers is a former senior officer of the Department of Foreign Affairs and Trade and served as Australia's Ambassador to Israel between 1994 and 1997. He has since written a novel, *The Prison of Memory*, which explores the psychological and political dimensions of the Israeli–Palestinian conflict.

Mr Rodgers has also worked as a journalist. As the Jakarta correspondent for *The Sydney Morning Herald* he was named the 1979 Graham Perkin Australian Journalist of the Year for his reporting on East Timor. He now works as a writer, researcher and communications consultant.

## **Enquiries**

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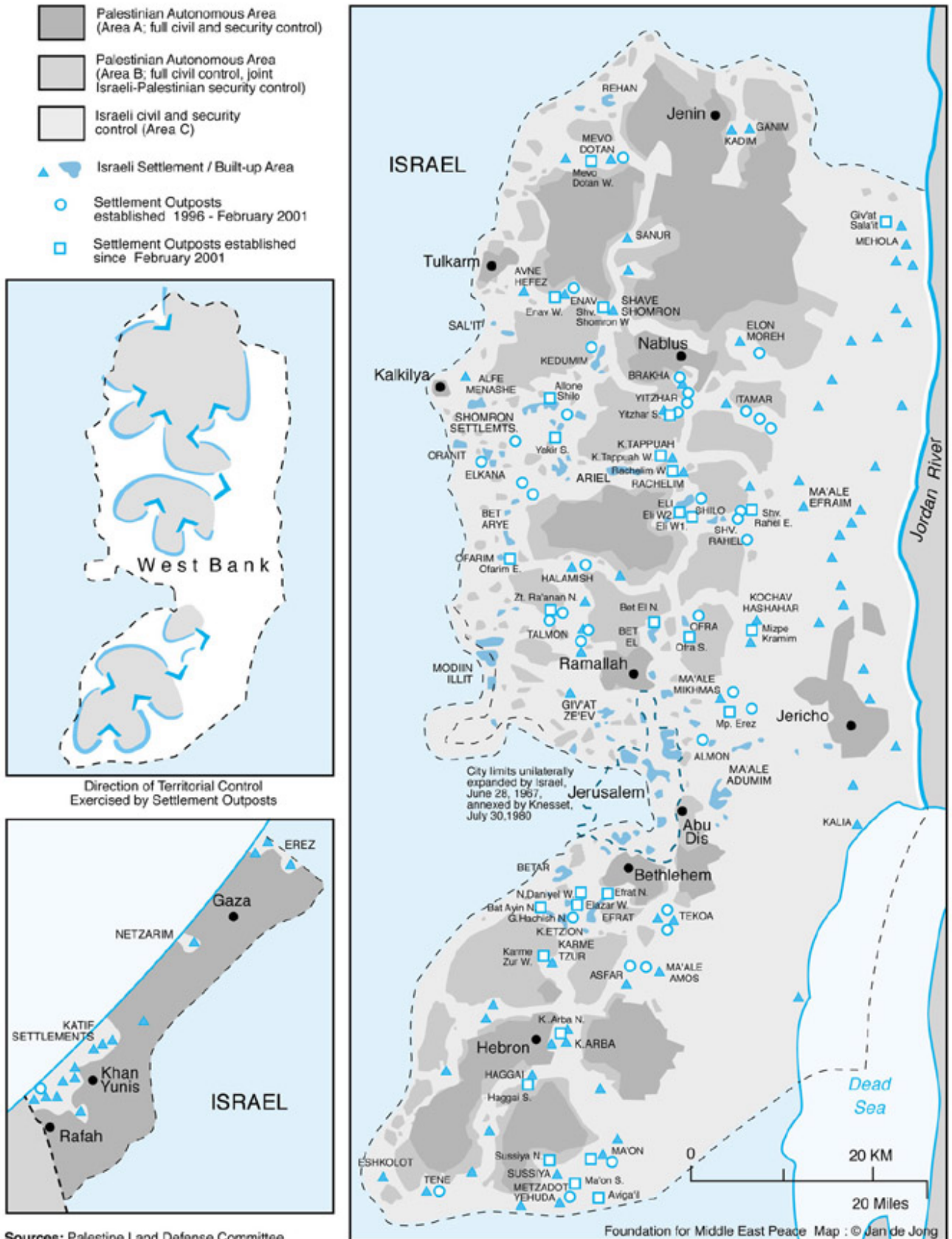


Map 1



# Map 2

## Israeli Settlement Outposts - January 2002



Sources: Palestine Land Defense Committee, Peace Now, Ha'aretz, November 21, 2001



## Major Issues

Prospects for a comprehensive settlement of the Palestinian issue, the core of the Arab–Israeli dispute, are dimmer now than they have been for a decade. Israelis and Palestinians face an open-ended low intensity conflict, in which the actions of the other will be used to justify their own violence. Israeli settlements and Palestinian terrorism are touchstone issues, with neither side appearing prepared to take the steps crucial for a resumption of substantive negotiations. Even if they were, the gap between what either would accept as a starting point for discussion is large.

There are some indications that the character of this debilitating conflict may be undergoing fundamental change, involving a weakening of the nationalist contest and a sharpening of its religious overtones. This poses particular problems for the current Palestinian leadership and threatens to make the conflict even more intractable and dangerous.

The United States remains the key international player. Major documents on the table aimed at calming the situation and restarting negotiations are largely US in origin. But no more than any other external party, can the US impose a peace and its pro-Israeli stance weakens its capacity to act as an honest broker.

It is near impossible to envisage a resolution of the conflict that does not involve the creation of a Palestinian state. It is equally difficult to see resolution by other than negotiation. Unilateral action, either by Palestinians or Israelis, would leave unresolved vital issues that would fuel further bloodshed.

Although geographically distant, Australia has important historical, religious and community ties with the region. These give Australia a clear interest in the conflict. Its influence is limited but this should not stop Australia condemning violence by both sides and urging them back to the negotiating table. Australia should make clear also its support for the creation of a viable Palestinian state. Only this and an Israel secure within internationally recognised borders offer hope for the future.



## Part One—A Tough Neighbourhood

### The Conflict in Outline

Numerous accounts exist of the origins and course of the Arab–Israeli conflict, in which the Palestinian issue is the crucial ongoing element.<sup>1</sup> The seeds of the conflict lie in the UN-endorsed partitioning of former British Mandatory Palestine between Jew and Arab at the end of World War II, (see Map 1) under which Jerusalem was to be internationalised and administered by the UN. Ben Gurion's proclamation in May 1948 of 'the establishment of the Jewish State in Palestine'<sup>2</sup> and the Arab–Israeli war that followed led to a resounding defeat of the Arab states. By the time the conflict ended in 1949 Israel had significantly extended the territory assigned to it under the UN partition plan, Jordan had occupied the West Bank and East Jerusalem, and some 700 000 Palestinians, or about two-thirds of the total Palestinian population, had been uprooted. The fate of these refugees, now estimated to total 3.8 million people (including descendants), would become one of the running sores of Israeli–Palestinian relations.<sup>3</sup>

Further major conflicts between Israel and its Arab neighbours, with varying dynamics, occurred in 1956, 1967, 1973, 1978 and 1982. For the purposes of this paper the 1967 conflict is the most important. Israel's decisive military victory against Egypt, Syria and Jordan resulted in the capture of the territories central to the Palestinian–Israeli dispute—the Gaza Strip, the West Bank and East Jerusalem.<sup>4</sup>

This victory resulted in Jewish control over the entire land of 'Biblical' Israel, and thus fulfilled what some, though by no means all, Israelis regarded as their historical destiny. This found expression subsequently in religiously-inspired settlements in the occupied territories, though it needs emphasizing that the primary settlement motives have been strategic and economic.<sup>5</sup> Currently there are some 200 000 Israeli settlers in the West Bank, a further 180 000 in East Jerusalem, and around 6500 in Gaza, the latter occupying about 30 per cent of the best agricultural land (see Map 2).

But the 1967 victory also posed a dilemma. Israelis have always been a small proportion of the population of Gaza and the West Bank, the Palestinian inhabitants of which now number some 3.2 million (Gaza 1.2 million the West Bank 2 million). Worse still, the higher Palestinian birth rate increasingly confronted Israel with the fact that it could not be 'the Land of the Bible' and also predominantly Jewish. The arrival in Israel of some 600 000 Russian Jews in the first half of the 1990s provided some demographic breathing

space but did not fundamentally alter the long-term equation. In mid-2001, for example, one of Israel's leading population experts predicted that by the year 2020 post-1967 Israel would be 58 per cent Arab in population.<sup>6</sup>

The challenge since 1967 of making peace between Israeli and Palestinian has therefore meant charting a course through the minefields of history, geography, demographic reality, competing nationalisms, sharply limited resources and individual and collective memory. In the words of the US-led Mitchell Committee examining the causes of the violence that erupted in late 2000 these factors have made for 'a grinding, demoralizing, dehumanizing conflict'.<sup>7</sup>

### **The 1990s: 'Ever-multiplying Disappointments'?**

Israeli-Palestinian relations have been on a rollercoaster for the past 15 years. The Palestinian uprising or intifada against Israeli rule that erupted in Gaza in 1987 forcibly drove home the cost of occupation and the need for a negotiated settlement. This found expression first through the Madrid Conference of October 1991, which established separate bilateral negotiations between Israel and Syria, Lebanon and a joint Jordanian–Palestinian delegation, and multilateral negotiations on the vital issues of water, environment, arms control, refugees and economic development. As the Madrid process stalled, secret meetings in Oslo resulted in the Palestinian Liberation Organisation's (PLO) acceptance of Israel's right to exist 'in peace and security' and Israel's recognition of the PLO 'as the representative of the Palestinian people'. This was followed quickly by the signing on 13 September 1993 of the 'Declaration of Principles' (DOP) intended to give practical expression to the concept of 'land for peace' through a phased implementation of Palestinian autonomy. The DOP provided a framework for negotiation on the vital issues of Jerusalem, Israeli settlements, Palestinian refugees and final borders. It made no mention of Palestinian statehood but both its supporters and detractors saw this as implicit in what became known as 'the Oslo process'.

The signing of the DOP was greeted with widespread acclaim but its implementation soon fell victim to mutual distrust, bad faith, internal division and terrorism. Oslo led to the creation of the Palestinian Authority (PA), under a democratically-elected President Arafat, and to the division of the occupied territories into areas A, completely controlled by the PA; B, under PA administrative autonomy but Israeli security control; and C, under total Israeli control pending final status negotiations.<sup>8</sup> Currently, around 20 per cent of the West Bank and Gaza is classified as A, another 20 per cent as B, and the remainder as C. Most Palestinians are now under PA control but most of the land (60 per cent) is not. Moreover, the implementation of the autonomy process, combined with Israeli 'closure' of the territories (see below), has effectively cut Palestinian areas into more than 200 disconnected enclaves the overwhelming majority of them less than two square kilometres in size.<sup>9</sup> Closure has had a dramatic impact on the economic well-being of many Palestinians and has created widespread anger about the peace process, the Israelis and

Arafat himself. (See sections below on the Palestinian economy and the Palestinian 'street').

That said, the Oslo legacy remains important. By providing for mutual recognition between Israel and the Palestine Liberation Organisation, the DOP broke the mould in Israeli–Palestinian relations. It gave Palestinians their first taste of self-rule. The issues it charted remain crucial to any comprehensive settlement between Israeli and Palestinian. And it produced a fundamental shift in Israeli politics when the Likud-led Government of Prime Minister Netanyahu agreed in early 1997 to the extension of Palestinian self-rule over parts of the West Bank town of Hebron. This signalled mainstream right wing acceptance that the contest between 'Political Israel', which would do land for peace deals, and 'Biblical Israel', which would not, had been decided in favour of the former.

### **The Palestinian Economy: Big Hopes, Big Let-downs**

The signing of the DOP created high expectations amongst Palestinians of a dramatic improvement in their daily life and circumstances. That the opposite happened is a cause of deep disillusionment. There is some debate about the exact extent of the economic decline<sup>10</sup> but there is a broad consensus that the quality of life for most Palestinians has deteriorated considerably. Per capita income in the West Bank has shrunk by 20 per cent to around \$3000<sup>11</sup> and in Gaza by some 25 per cent to \$2400. This compares to Israeli per capita income of just under \$35 000.<sup>12</sup>

The economy is hostage to a continuing cycle of Palestinian violence against Israelis and ensuing Israeli closures of the Palestinian areas. This severely curtails the movement of people and goods and greatly impedes trade and economic activity. UN economists were reported recently as saying that closures more than anything else had cost the Palestinian economy at least \$4.6 billion since September 2000. Unemployment in Gaza had reached 50 per cent and 35 per cent in the West Bank.<sup>13</sup> The World Bank estimates that the number of Palestinians living below the poverty line (just under \$4 a day) has risen from 600 000 to close to 1.5 million. The economic decline and Israel's non-transfer of taxes collected on goods en route to the Palestinian areas and from Palestinians working in Israel has caused a slump in PA revenues from a monthly average of \$175 million to \$42 million.<sup>14</sup>

The Mitchell Report noted that closures took three forms:

- those which restricted movement between the Palestinian areas and Israel
- those (including curfews) which restricted movement within the Palestinian areas, and
- those which restricted movement from the Palestinian areas to foreign countries.

The Report acknowledged Israel's security concerns but argued that closures played into the hands of extremists:

These measures have disrupted the lives of hundreds of thousands of Palestinians; they have increased Palestinian unemployment to an estimated 40 per cent, in part by preventing some 140 000 Palestinians from working in Israel; and have stripped away about one-third of the Palestinian gross domestic product.

It needs noting that the Israeli economy has also suffered. Recent figures from the Israeli Central Bureau of Statistics showed that Gross Domestic Product fell by a half a per cent last year. One in five Israelis now live below the poverty line, an increase of 10 per cent in the past year, and unemployment is nearing 10 per cent. The slump is the result of the global economic slow-down, the collapse of the world technology market and the loss of tourism and investment after the eruption of violence in September 2000.<sup>15</sup>

## **Israeli: Palestinian Mutual Demonisation**

Embedded in the Oslo process was recognition of the need to change the way Israelis and Palestinians view each other. It was and remains not so much a matter of Israelis and Palestinians learning to like one another, as accepting that each has a legitimate place in the region. Overwhelmed by other demands, Oslo made little progress in changing Israeli–Palestinian mutual perceptions and they are probably more negative now than for most of the past decade.

The Mitchell Report commented that despite their long history and close proximity 'some Israelis and Palestinians seem not to fully appreciate each other's problems and concerns'. Israelis did not comprehend Palestinian 'humiliation and frustration' over the continuing occupation and Palestinians did not comprehend the extent to which terrorism 'created fear amongst Israelis and undermined belief in the possibility of co-existence'. The terrible imagery of recent times—especially the killing of very young Palestinians and Israelis—has reinforced stereotypes built up over decades.

With a few important exceptions,<sup>16</sup> the meeting points between Israeli and Palestinian are mostly negative—Palestinians experiencing Israelis as occupiers, employers of cheap labour, interrogators and gaolers, and Israelis experiencing Palestinians as menial workers, demonstrators and terrorists. The media has played an important role, especially the Palestinian media which lacks both the democratic traditions and vitality of their Israeli counterpart. Late last year the US Secretary of State, Colin Powell, warned against the 'endless messages of incitement and hatred of Israelis and Jews that pour out of the media in so much of the Palestinian and Arab worlds'.<sup>17</sup>

There has been a clear reluctance at official level to try to reshape community attitudes. For example, when the former left-wing Israeli Education Minister, Yossi Sarid, moved to include the Palestinian nationalist poet, Mahmoud Darwish, in the Israeli school curriculum, the Government was threatened with a no-confidence motion. The then Labor Prime Minister, Ehud Barak, distanced himself from Sarid, saying the time was 'not ripe' to teach Darwish in schools.<sup>18</sup> In language equal to the most inflammatory Palestinian

rhetoric, Prime Minister Sharon from the Likud Party has condemned Arafat as a 'murderer and a liar ... a bitter enemy'<sup>19</sup> and stated that he was 'sorry' Israel had not killed Arafat in Lebanon in 1982.<sup>20</sup> Meanwhile, although Palestinians have mostly dispensed with their 'Zionist entity' references to Israel, new school textbooks released by the Palestinian Authority in September 2000 still avoided mentioning Israel by name.<sup>21</sup>

## **Intifada: Calculated Ploy or Costly Misjudgement?**

The first Palestinian uprising against Israel erupted in 1987, lasted into the early 1990s, and led to the death of over 1400 Palestinians and nearly 300 Israelis. The current uprising, known as the Al Aqsa intifada, broke out in late September 2000 after then Israeli Opposition Leader and now Prime Minister, Ariel Sharon, visited the Temple Mount in Jerusalem's Old City, a sacred place for Jews. Known to them as Haram al Sharif and the location of Islam's third holiest site, the Al Aqsa mosque, the site is also sacred in Islam.

Sharon's visit may have been partly to protest then Prime Minister Barak's apparent willingness to compromise over Jerusalem at the Camp David talks held in July 2000 (see Part Two). US and Palestinian officials had warned Barak against the visit.<sup>22</sup> Barak, apparently believing that Sharon was trying to head off a challenge from former Prime Minister Netanyahu and that Netanyahu posed the greater electoral threat, allowed it to go ahead. The next day, Israeli police fired rubber-coated bullets and live ammunition at a large number of unarmed Palestinian demonstrators, killing several and injuring about 200.

The situation soon descended into the cycle of blood-letting that continues, the two sides assuming the worst about the other. Israelis accused Arafat of orchestrating the violence to press his claims after the failed Camp David meeting. Palestinians believed the Israelis were simply looking for an opportunity to use lethal force against them. The Mitchell Report concluded that neither claim was true but added:

... there is also no evidence on which to conclude that the PA made a consistent effort to contain the demonstrations and control the violence once it began; or that the GOI [Government of Israel] made a consistent effort to use non-lethal means to control demonstrations of unarmed Palestinians.

The Report noted that during the first three months of the uprising 'most incidents did not involve Palestinian use of firearms and explosives'. But as it continued the uprising was marked by armed attacks by Palestinians, including drive-by shootings in the occupied territories, the firing of mortar shells at Jewish settlements in Gaza,<sup>23</sup> and terrorist attacks by Hamas and Islamic Jihad inside Israel. A prominent Palestinian academic has argued that as Israel began targeting the regular PA police and security forces, Arafat, in an effort to gain the approval of younger Palestinian leaders, allowed units from the Presidential

Guard and the Palestinian intelligence services to participate in attacks on Israeli soldiers and settlers.<sup>24</sup>

We are unlikely ever to know definitively whether the Al Aqsa intifada was essentially the result of Sharon's provocative visit, or whether tensions and disillusionment within the Palestinian community made an explosion inevitable. What we do know are the tragic consequences of the uprising. It may prove to be the defining element in Israeli–Palestinian relations for years to come. It cost Ehud Barak his Prime Ministerial career. It has damaged Arafat's standing, both domestically and abroad (the image of Arafat holed up in Ramallah with Israeli tanks in the background starkly illustrates the limits of Palestinian autonomy). Worst of all, to date it has left nearly 1200 people dead, the majority of them Palestinian.



## Part Two—Issues and Politics

### Refining the Issues: Camp David

At the July 2000 Camp David meeting convened by President Clinton, the Israeli Prime Minister, Ehud Barak, purportedly made unprecedented offers to Yasser Arafat, especially over the issues of territory to be ceded to the Palestinians and Jerusalem. It has since become an article of faith amongst some commentators and others that Arafat's 'rejection' of Barak's 'generous' offers sealed the fate of the Oslo process, led to the new intifada, and the current hopelessness on the peace front. This is a view apparently shared by the Australian Government. In a speech in November 2000, Mr Howard said 'I don't believe any Prime Minister of Israel could have offered more than Ehud Barak did at Camp David ... It was an offer that should have been accepted'. In a subsequent speech to the Zionist Council of Victoria, Mr Downer noted that 'only the participants' at Camp David 'know exactly what was on the table'. He added, nonetheless, that 'Mr Barak's offers ... should have been accepted. It is tragic in the extreme that they were not'.<sup>25</sup>

The 'rejection of generous offer' analysis misconstrues the dynamics and the reality of the Camp David meeting and indeed of Israeli–Palestinian negotiations as a whole. President Clinton and Prime Minister Barak wanted a result from Camp David—Clinton for his political legacy, Barak for his political survival.<sup>26</sup> Arafat was a reluctant and wary participant. He was mindful of Israel's failure to implement previously agreed interim measures and of the fact that Barak had turned to the Palestinian track only after failure to reach agreement with Syria over the Golan Heights. This, plus the ticking electoral clock, was hardly conducive to an atmosphere where the parties could patiently work through issues that had beleaguered Israeli–Palestinian relations for so long.

Press reports at the time suggested that Barak's ideas at Camp David represented a significant shift in previous Israeli positions.<sup>27</sup> The difficulty lies in knowing exactly what he had in mind. Robert Malley, a member of the US negotiating team at the meeting, has written that Barak first spoke of a Palestinian state covering around 80 per cent of the West Bank and gradually moved this up to over 90 per cent. Malley and co-author, Hussein Agha, argue that:

... strictly speaking there never was an Israeli offer ... the Israelis always stopped one, if not several, steps short of a proposal. The ideas put forward at Camp David were never stated in writing, but orally conveyed. They generally were presented as

US concepts, not Israeli ones: indeed, despite having demanded the opportunity to negotiate face to face with Arafat, Barak refused to hold any substantive meeting with him at Camp David out of fear that the Palestinian leader would seek to put Israeli concessions on the record. Nor were the proposals detailed. If written down, the American ideas at Camp David would have covered no more than a few pages. Barak and the Americans insisted that Arafat accept them as general 'bases for negotiations'.

According to these 'bases', Palestine would have sovereignty over 91 per cent of the West Bank; Israel would annex 9 per cent of the West Bank and, in exchange, Palestine would have sovereignty over parts of pre-1967 Israel equivalent to 1 per cent of the West Bank, but with no indication of where either would be. On the highly sensitive issue of refugees, the proposal spoke only of a 'satisfactory solution'. Even on Jerusalem, where the most detail was provided, many blanks remained to be filled in. Arafat was told that Palestine would have sovereignty over the Muslim and Christian quarters of the Old City, but only loosely defined 'permanent custodianship' over the Haram al-Sharif ...<sup>28</sup>

The supreme irony of Camp David is that Barak's apparent flexibility may have been an impediment as it whetted Arafat's appetite for more. Arafat sat tight-lipped, offering no proposals of his own. His failing possibly was that of obduracy, it certainly was that of passivity—a refusal to test the merit of Israeli positions, to try to reshape them into Palestinian ones. So the negotiations 'started without a bottom line, continued without a counterproposal, and ended without a deal'.<sup>29</sup>

Following Camp David, in October 2000 another peace summit took place in the Egyptian town of Sharm El-Sheik involving the Israelis, Palestinians, Americans, Jordanians, the UN and the EU. The Israelis and Palestinians (only) met again the following January at Taba in Egypt but by then the Al Aqsa intifada had erupted, Clinton had gone and Sharon was waiting in the wings. In practical terms the period between mid-2000 and early 2001 ultimately came to little. Still it was a time when 'taboos were shattered, the unspoken got spoken, and ... Israelis and Palestinians reached an unprecedented level of understanding of what it will take to end their struggle'.<sup>30</sup> An Israeli–Palestinian statement issued after the conclusion of their Taba talks declared that the two sides had 'never been closer to reaching an agreement ... the remaining gaps could be bridged with the resumption of negotiations following the Israeli elections'.<sup>31</sup> Those words might seem tragically optimistic today. Ultimately, however, Israelis and Palestinians will have little choice but to return to the understandings reached between mid-2000 and early 2001 on the head-breaking issues of Jerusalem, Palestinian refugees, settlements and final borders.

## **Breakthroughs and Blockages: Jerusalem, Refugees, Settlements and Borders**

### Jerusalem

At Camp David, Prime Minister Barak accepted the possibility of shared Israeli–Palestinian authority over parts of East Jerusalem. Given the previous determination of all Israeli administrations on the issue of a 'united' Jerusalem this was an extraordinary shift. We do not know definitively why Arafat baulked. It may have been his distrust of the Israeli negotiating position combined with the imprecision of Israeli proposals, including over Jerusalem.<sup>32</sup> It may be, as Arafat's detractors argue, that he is not really capable of bringing the conflict to an end through a negotiated settlement. But there is another plausible explanation. Taken unawares by the Israeli offer, Arafat may well have felt wary about entering into an arrangement over Jerusalem in which he seemed to be claiming *de facto* leadership of the Islamic world. The issue of Jerusalem is larger than that of Palestinian independence and as one commentator has noted '... had Arafat been perceived to have given away Jerusalem he would not have been able to sell the deal—or to contain the opposition'.<sup>33</sup> US Secretary of State Powell has since acknowledged that a solution over Jerusalem will have '... to protect the religious interests of Jews, Christians and Muslims the world over'.<sup>34</sup> Camp David certainly broke new ground over Jerusalem. In doing so it offered a way forward not a final settlement.

### Palestinian Refugees

One of the most important legacies of the period between Camp David and early 2001 appears to have been a closing of the gap in Israeli and Palestinian positions over 'the right of return' of Palestinians refugees from the 1948 war. This is issue of extraordinary practical and symbolic significance. For Israel to grant 'the right of return' to nearly 4 million Palestinians would fundamentally alter its Jewish character. Israeli advocates of a two-state solution, such as the former Education Minister, Yossi Sarid, have commented that Israel 'can survive without sovereignty over the Temple Mount but it cannot survive ... the right of return'.<sup>35</sup> This now appears to have been publicly acknowledged by senior figures on the Palestinian side. Arguing the need for both Palestinians and Israelis to make real concessions, the PA's new Minister for Jerusalem Affairs, Sari Nusseibah, recently wrote: 'Clearly, Israel will not accept the demand that four million Palestinians return to within its borders'.<sup>36</sup>

Israeli and Palestinian negotiators appear to have agreed that a distinction be drawn between the 'right' of return and its actual implementation. Israel would accept the 'right' but would be left to implement it in a way that would not alter fundamentally the Jewish character of the state. In effect, refugees would be given the choice of remaining where they are, with financial compensation, settling in the new state of Palestine, or returning to Israel in limited numbers.

## Settlements and Final Borders

It is no accident that Israeli settlers in the West Bank and Gaza, totalling more than 200 000 are a leading target for Palestinian terrorists. The 'remorseless spread of settlements'<sup>37</sup> fuels Palestinian bitterness and is regarded by many countries, including those of the EU, as illegal under international law and in breach of Israeli–Palestinian agreements. The Mitchell Report called on Israel to 'freeze all settlement activity, including the 'natural growth' of existing settlements', adding that a cessation of Palestinian–Israeli violence 'will be particularly hard to sustain unless the GOI freezes all settlement construction activity'. The US acknowledges that settlements are a major impediment to peace (see below), as do some on the Israeli side.<sup>38</sup> A minority of settlers are driven by religious conviction, the majority by economic considerations as their housing and services are heavily subsidised. In both human and economic terms it may well prove cheaper, ultimately, for the Israeli government to pay (at least some) settlers to return to Israel's pre-1967 borders than to support their continuing presence in Palestinian areas.

The Mitchell Report noted that the Oslo process required the two parties to view the West Bank and Gaza as a single territorial unit, 'the integrity and status of which will be preserved during the interim period', and prohibited actions that might prejudice permanent status negotiations. There is little question, however, that Israeli settlement policy, whether under Labor or Likud-led Governments, has been intended to do just that. Israel has pointed out that the Oslo agreements made only general reference to settlements. It portrays current policy as one of 'thickening' individual settlements to allow for 'natural' growth. Such disingenuousness is a match for some of Arafat's 'commitments' over terrorism.

## Conflicting Histories

To understand some of the difficulties inherent in the Israeli–Palestinian negotiating process we need to appreciate their conflicting frames of reference.

For Palestinians, the starting point is the 1948 Arab–Israeli war. When that conflict ended Israel controlled some 78 per cent of Mandatory Palestine and the Palestinian refugee problem had been created. For almost four decades afterwards the official Palestinian position was to deny Israel's right to exist. The turning point came in November 1988 when Arafat, then based in Tunis, proclaimed 'the creation of the State of Palestine with Holy Jerusalem as its capital'. That may not sound a very auspicious start for Palestinian recognition of the Jewish State but Arafat's announcement also included acceptance of UN Security Council Resolutions 242 and 338. These flowed respectively from the 1967 and 1973 Arab–Israeli wars and called upon Israel to withdraw from territories occupied and for Arab States to respect Israel's right to live in peace in the region.<sup>39</sup> By accepting these two resolutions Arafat, implicitly at least, accepted Israel's right to exist.

Explicit mutual recognition came in the exchange of letters between Yasser Arafat and Israeli's Labor Prime Minister, Yitzhak Rabin, on 9 September 1993, in the lead up to the signing four days later of the Declaration of Principles. Arafat's letter confirmed 'the right of the State of Israel to exist in peace and security', the acceptance of UN Resolutions 242 and 338 and that:

... those articles of the Palestinian Covenant which deny Israel's right to exist, and the provisions of the Covenant which are inconsistent with the commitments of this letter are now inoperative and no longer valid.

Rabin's one paragraph letter stated that:

... the Government of Israel has decided to recognize the PLO as the representative of the Palestinian people and commence negotiations within the Middle East peace process.

Under the DOP, settlements, borders and Jerusalem were among the issues to be covered in permanent status negotiations. In that sense the eventual precise split of Mandatory Palestine between Israeli and Palestinian was left open. But as many Palestinians saw it, the Oslo process signalled formally that the battle for Palestine had been lost and that they were negotiating the terms of surrender. The Israeli perspective is quite different, the starting point being Israel's expanded post-1967 borders, with Israel controlling East Jerusalem, the West Bank and Gaza.<sup>40</sup> For Israel to contemplate ceding to the Palestinians some 90 per cent of this territory, as Barak purportedly did at Camp David, is regarded as an offer of unprecedented generosity. For Palestinians, the mathematics are quite different—90 per cent of the 22 per cent of Mandatory Palestine not under Israeli control after 1948 is anything but magnanimous.<sup>41</sup>

## **Palestinian Politics and the Mood of 'the Street'**

Judging the mood of the Palestinian street is an inexact science and there are few reliable tools available. One of the most useful indicators are the surveys of Palestinian public opinion carried out by the Palestinian Centre for Policy and Survey Research, headed by the respected Palestinian academic, Khalil Shikaki. The Centre's work suggests that the failure of Camp David and the subsequent eruption of the Al-Aqsa intifada had a dramatic impact on Palestinian public opinion. According to its surveys, 52 per cent of Palestinians already supported the use of violence against Israel after Camp David. A year later the figure had jumped to 86 per cent. Meanwhile, the popularity of Arafat and his Fatah political movement had slumped. Support for Arafat dropped to 47 per cent after Camp David, a year later it was down to 33 per cent. By mid-2001, only 29 per cent of Palestinians supported Fatah.<sup>42</sup>

The Islamists ( Hamas and Islamic Jihad) were not the immediate beneficiaries of declining support for Arafat and Fatah. Rather, those who deserted the nationalist mainstream initially sat on the sidelines. The Al Aqsa intifada changed that. According to the Centre's

research, by mid-2001 the Islamists' popularity had increased to 27 per cent and, for the first time ever, combined support for the Islamist and nationalist opposition groups, at 31 per cent, surpassed the 30 per cent for Fatah and its allies.

Shikaki, suggests that the intifada was not only a response by the 'young guard' in the Palestinian national movement to Sharon's visit and the stalled peace process, but also 'to the failure of the 'old guard' in the Palestine Liberation Organisation to deliver Palestinian independence and good governance'.<sup>43</sup> Ironically, Barak's unilateral decision to withdraw Israeli forces from South Lebanon in May 2000 set a precedent for younger, more militant Palestinians. They believed that if Israel had been worn down in Lebanon the same could happen with the West Bank and Gaza.

Shikaki says the intifada has crystallised two important trends in Palestinian politics and society:

The first, a split between old and young within the nationalist movement, has greatly constrained the PA leadership's capacity to manage the current crisis and engage in substantive negotiations with Israel in the short term. The second, a broader decline in the power of the nationalists relative to the Islamists (such as Hamas), has created a long-term challenge to the nationalists' ability to lead the Palestinian people.<sup>44</sup>

If Arafat has reason to worry about the mood of the Palestinian street there is also evidence that Arab leaders more generally need to pay close attention. A survey commissioned by US-based academic, Shibley Telhami, of public opinion in Saudi Arabia, Kuwait, the United Arab Emirates, Lebanon, and Egypt found 60 per cent of respondents in the first four countries regarded the Palestinian issue as the single most important question. In Egypt the figure was 79 per cent. Overall 'about 85 per cent of people in five states ranked the Palestinian issue among the top three issues'.<sup>45</sup> Telhami comments that:

Two factors explain the importance of the Palestinian issue that cannot be ignored. First, the Palestinian issue remains an identity issue for most Arabs, regardless of what they think of Yasser Arafat and the Palestinian Authority ... Second, the Arab narrative about the failure of the Camp David negotiations and the eruption of violence is the mirror image of the Israeli narrative ... Whereas Israelis understandably focus on the innocent casualties of horrific suicide bombings, Arabs focus on daily pictures of dead Arab civilians, helicopter gunships attacking Palestinian targets and demolitions of homes of ordinary people who look like their cousins.<sup>46</sup>

One other factor also should not be ignored. It is the striking disparity between the vigorous and often fractious public debate in Israel about its place in the region and the seeming absence of this in the Palestinian (and broader Arab) world. Israeli intellectuals have played an important role in fomenting discussion about the Palestinian issue. There is no 'mirror image' of this on the Palestinian side. One leftwing Israeli activist suggests that a great failure of Palestinian society is that 'despite almost never hearing a good word about Arafat from virtually any Palestinian, Arafat remains the leader'. He blames

Palestinian intellectuals for confining their criticism 'to voices shared behind closed doors'.<sup>47</sup>

## **Arafat's Position**

Arafat's non-Palestinian detractors argue that his formal acceptance of Israel through the Oslo process and indeed through his earlier acceptance of relevant UN resolutions was merely a tactical device rather than a political or philosophical sea-change. They also argue that he has turned a blind eye, and increasingly an open one, towards terrorist attacks against Israelis.

There is little doubt that Arafat and the PA have at least condoned, if not directly supported, some recent terrorist attacks, several of which have been carried out by the Al Aqsa Martyrs Brigade, a militia affiliated with Fatah.<sup>48</sup> Arafat could bring greater force to bear against the planners and perpetrators of terrorism. That he has not done so suggests that violence remains an option for maintaining pressure on Israel. Arafat has yet to make the '100 per cent effort' demanded of him by the Israelis and the Americans in particular. That said, a '100 per cent effort' is likely to see him criticised for human rights violations. One US academic notes that senior American officials had urged the PA to throw dissidents in jail without regard for due process or basic rights 'thereby signalling that American rhetoric about democracy and human rights does not apply to Palestinians'.<sup>49</sup> Arafat is regularly criticised, including within Israel, for his heavy-handed style. Yet that is exactly how many non-Palestinians want him to behave.

Whatever the contradictory messages delivered to or by Arafat, a '100 per cent effort' is unlikely ever to yield 100 per cent success for him any more than it has done for Israel as the occupying power, even when it has imposed total closure. This point is not lost on some Israeli commentators:

Israel's defense policy has not brought about a reduction of the violence. The opposite is true. None of the military tactics employed have curtailed the terror attacks: not the curfews, the house demolitions nor the uprooting of plantations; not the assassinations or incursions into the Palestinian controlled areas; not the road-blocks nor the humiliations, nor the siege of Arafat's bureau in Ramallah.<sup>50</sup>

Israel also appears to have conveniently forgotten that it played a part in the rise of Hamas, which emerged in 1987 as a rival to Arafat's largely secular PLO. A recent *Time* magazine article noted that Israeli military authorities '... consciously allowed Hamas—whose activities did not at that time include armed actions—to flourish as an alternative to Arafat'.<sup>51</sup> The situation was turned on its head by Oslo, Arafat becoming Israel's negotiating partner and Hamas joining with Islamic Jihad and others in rejecting the agreement. By then, however, 'Hamas was a large, well-established section of Palestinian political society, which Arafat could not simply wish away'.<sup>52</sup>

Arafat defenders, Palestinian and non-Palestinian, point to his difficult domestic situation, in which widespread bitterness about Israeli occupation blends with increasing resentment

of the entire structure of the Oslo process and the PA's oppressive rule. It needs emphasizing that Arafat's control is authoritarian, not totalitarian.<sup>53</sup> There are competing sources of power within Palestinian society and, if anything, Arafat's rule is increasingly under challenge. The UN Secretary General, Kofi Annan, recently described Arafat's position as 'extremely difficult' and suggested that he may not be in control of events in the Palestinian territories.<sup>54</sup> Shikaki notes that:

... the PA no longer enjoys a monopoly on the use of force in the territory, its legitimacy is questioned by the Palestinian street, its public supports violence and opposes cracking down on either the Islamists or the young guard radicals, and no viable political process looms on the horizon. If Arafat acts to suppress his internal opponents he risks being seen, if successful, as an Israeli lackey ... If unsuccessful, he faces a civil war.<sup>55</sup>

There is also an important practical element in the situation. With Arafat currently confined to Ramallah and his police and security services under attack from Israel, the PA's authority is more fragmented than ever. Arafat is expected to exercise 'national' authority as his 'national' assets are taken apart. *The Economist* recently described this as 'state-building in reverse'.<sup>56</sup> It has also pointed to Arafat's no-win situation, noting that when he 'more or less' imposed a ceasefire late last year which reduced gunfire to a 'sputter' Israel 'treated it as a ruse'. In the same period it killed 21 Palestinians, invaded Palestinian-controlled areas 16 times and demolished dozens of houses.<sup>57</sup>

None of this excuses some of Arafat's actions, including PA efforts to smuggle arms into Palestinians areas<sup>58</sup> and his errors of judgement, such as his support for Saddam Hussein during the Gulf War. He has missed opportunities, including at Camp David where his negotiating approach was to await further concessions from Israel rather than to offer his own proposals.<sup>59</sup> He has delivered fire and brimstone messages to domestic audiences while presenting himself to the outside world as a dedicated peacemaker. He has allowed PA incitement against Israel and operated a revolving door for terrorist suspects. He has created a conviction amongst Israelis that he is not interested in a negotiated outcome. One of Israel's leading political commentators on Palestinian affairs, Ehud Ya'ari, argues that:

Arafat has led the way but he cannot do the deal ... cannot make the concessions that will lead to a final settlement ... He wants the Palestinian State to be born not out of an accord with the Israelis but as a Palestinian *tour de force*. Created in a spirit of uprising, and under no obligation to be friendly towards Israel.<sup>60</sup>

But if Arafat cannot do the deal, cannot be the 'partner' the Israelis claim to seek, are there others on the Palestinian side who can? The 'simple truth' in the recent words of one journalist 'is that nobody knows what will happen after Mr Arafat's demise'.<sup>61</sup> Discussion of Arafat's possible successor usually brings mention of PLO stalwarts Mahmoud Abbas (also known as Abu Mazen), and the Speaker of the Palestinian Legislative Council, Ahmed Qreia (Abu Alaa),<sup>62</sup> as well as younger 'powerbrokers' Jibril Rajoub and Muhammad Dahlan, 'preventative security' heads respectively in the West Bank and Gaza. Arafat's removal, however, would end neither the quest for Palestinian statehood nor



resolve the intense socio-economic and political problems of Palestinian society.<sup>63</sup> Arafat's legacy would be negotiating lines in the sand from which no successor could retreat and remain in power and/or alive. The post-Arafat scenario therefore ranges from deep uncertainty to chaos. Arafat's longevity depends in large measure on his health and Israeli intentions. There are no clear indications on either, although the Israeli Foreign Minister, Shimon Peres, has stated that removing Arafat 'is not a solution. It could create an alternative that is much worse and bring Hamas and Islamic Jihad down on us'.<sup>64</sup> Such analysis finds resonance on the Palestinian side:

Today, Arafat's leadership is the glue that keeps the old guard and the young guard together, preventing a full and immediate take-over by the latter ... His presence deters the Islamists from posing an immediate threat to the shaky dominance of the nationalists; in his absence, all hell could break loose.<sup>65</sup>

Paradoxically, some on the far right of Israeli politics seem unperturbed by such a prospect. They believe it would paint the conflict in its true colours (and perhaps also that this would relieve pressure on Israel to compromise). Yitzhak Levy, the leader of the National Religious Party—a die-hard proponent of 'Biblical Israel'—said in late January that although the collapse of the Palestinian Authority was not a goal, he was 'not afraid of that happening ... So the Hamas will take over. Sometimes the wound has to come to the surface; at least then we know what we're dealing with'.<sup>66</sup>

### **Not Just About Arafat: the Dynamics of Israeli Politics**

Since 1967, foreign and security policy has possibly been the most divisive issue on the Israeli public agenda. This, and the country's purist form of proportional representation (parties need only 1.5 per cent of votes cast to gain parliamentary representation), has made for highly fragmented and often unstable coalition governments.<sup>67</sup> On one side the 'peace camp' believed a settlement was possible with the Palestinians in return for concessions that Israel had to make. Its proponents have also warned about the corrupting influence on Israel of its occupation of Palestinian territories. Recently, the Speaker of the Knesset, Avraham Burg (Labor), caused parliamentary 'uproar' by asserting that the occupation had stained, disfigured and corrupted Israel.<sup>68</sup>

On the other side, the 'national camp' held to the view that peace either was unattainable under any circumstance, or involved a cost in security and/or religious-national assets that Israel should not pay. The gap between the two camps narrowed in early 1997 with the Likud-led Government's grudging acceptance of the extension of Palestinian autonomy in Hebron. Since then, however, the credibility of the 'peace camp' has been severely dented—first by Barak's 'concessions' at Camp David and their rejection by Arafat; second by the Al Aqsa intifada and the horrific terrorist attacks directed against Israelis.

In the circumstances, Ariel Sharon's overwhelming victory in the prime ministerial race in early 2001 should not have come as a surprise. But his victory has not eased the

contradictions in Israeli policy. Sharon, once described by Henry Kissinger as 'the most dangerous man in the Middle East',<sup>69</sup> came to power repudiating Barak's Camp David ideas but offering no vision of his own for securing peace with the Palestinians. Yet his Foreign Minister, Shimon Peres, an architect of the Oslo process, has continued to speak of an 'historic compromise with the Palestinians' and the creation of a Palestinian State.<sup>70</sup>

Sharon's continuing excoriation of Arafat and the Palestinians might in part be directed at securing his domestic political position and in that sense, ironically, may be comparable to some of Arafat's wilder pronouncements about Israel. But if Arafat's statements and actions rightly raise the question of whether he is capable of the compromise needed for peace so should Sharon's. His track record offers little encouragement. His occasional genuflection to the idea of a Palestinian state should not be taken seriously. No Palestinian leader could survive Sharon's truncated 'statehood', which would mean Palestinian control over as little as 50 per cent of the West Bank and not much more in Gaza.<sup>71</sup> Sharon is of the school for whom peace means 'quiet' not resolution of the conflict.

## **Part Three—Where To?**

### **Empty Gestures or Painful Compromises?**

In the current climate of violence and distrust 'unilateral separation' might appeal to some Israelis just as a further declaration of statehood might hold symbolic attraction for Palestinians. In its baldest form, unilateral separation would involve a 'declaration' by Israel of its final borders (which would include most settlers), the construction of a 'security fence' between Israel and the Palestinian areas, and an end to all Palestinian workers entering Israel. It would no more offer long-term solace for Israelis as (another) unilateral declaration of statehood would for the Palestinians. As long as the central issues of the dispute remain unresolved Israelis and Palestinians will continue to live in insecurity. Those issues can be resolved only through a negotiated comprehensive settlement, which will come about when both communities finally accept that the pain of not compromising—evidenced by the cycle of blood and retribution—is greater than that of compromise. Such a compromise will have a moral dimension—acceptance of the legitimacy of the other in the region. It will also have a practical one—genuine preparedness to do deals over land, resources and symbols.

President Clinton's Middle East envoy, Dennis Ross, has noted that neither side will get everything it wants. 'Each will have to compromise. Each has legitimate needs that must be reconciled. And each has a responsibility to prepare its public for peace'.<sup>72</sup> Tragically, both sides now seem further away from that compromise than they have been for a decade.

### **The US as Peacemaker**

While the European Union and Japan, along with America, have been the major underwriters of Palestinian autonomy,<sup>73</sup> the US remains the critical external player. In mid-2001, the former US Ambassador to Israel, Martin Indyk, commented that as Palestinians and Israelis, left to their own devices, had not been able to end the violence, effective American intervention 'is necessary and does not require us to reinvent the wheel'. The work plan drawn up in June 2001 by the CIA Director, George Tenet<sup>74</sup> had provided 'a blueprint for ending the violence' and the subsequent Mitchell Report a 'roadmap for rebuilding confidence and resuming negotiations'.<sup>75</sup>

Building on the Mitchell Report and the Tenet Plan, US Secretary of State Powell's speech on 19 November 2001,<sup>76</sup> the 24th anniversary of Egyptian President Anwar Sadat's historic visit to Jerusalem, provided a check-list of the key actions necessary to stabilise the situation and restart negotiations. Powell spoke of America's 'enduring and ironclad commitment to Israel's security', which would 'never change', and promised continuing active American engagement in the Middle East. The conflict could be resolved, he said, but only 'if all of us, especially Israelis and Palestinians, face up to some fundamental truths'.

Powell said that the Palestinian leadership must make a 100 per cent effort to end violence and terror, 'with real results, not just words and declarations'. It must stop incitement and prepare its people for hard compromises ahead. The Palestinians must eliminate any doubt, 'once and for all', that they accept the legitimacy of Israel as a Jewish state and must make clear that their objective is a Palestinian state alongside Israel, not in place of it.

Israel's occupation of Gaza and the West Bank, Powell said, had been the 'defining reality' there for over three decades and the overwhelming majority of Palestinians 'had grown up with checkpoints and raids and indignities'. The occupation hurt Palestinians but also affected Israel, which must be willing to end its occupation consistent with the core principles embodied in Security Council Resolutions 242 and 338, and the concept of land for peace. It should accept a viable Palestinian state in which Palestinians could determine their own future on their own land. Israeli settlement activity, which the US had long opposed, 'must stop'. In 'preempting and prejudging' the outcome of negotiations it severely undermined Palestinian trust and hope and 'crippled chances for real peace and security'.

The importance of Powell's speech lay in its clear message to the Palestinian leadership over incitement, terrorism and genuine acceptance of Israel's right to exist, and its equally clear message to the Israelis over settlements and US support for a 'viable' Palestinian state. In effect, Powell, put the Palestinians on notice that without a secure Israel there can be no Palestinian state, and the Israelis on notice that without a viable Palestinian state, there can no security for Israel.

The fact of having to remind Israelis and Palestinians of such 'fundamental truths' is a sad commentary on the peace-making efforts of the past decade. It is also a reminder that, for all its economic and political sway, the US cannot impose a peace. This, in turn, points to the difficulty the US faces in proclaiming even-handedness, given the influence of its domestic pro-Israeli lobby. Despite occasionally harsh administration criticism of Israeli settlement policy, official US assistance to Israel between 1985 and 1999 never fell below US\$3 billion annually. In the year 2000 it topped US\$4 billion and was just under US\$3 billion in 2001.<sup>77</sup> This is additional to the substantial private US funding for Israel. While Sharon has been a regular White House visitor since his election, Arafat has not been invited once in the same period. Palestinian terrorist attacks reinforce American sympathies for Israel as the US 'War on Terrorism' continues, especially perhaps as Osama bin Laden has cited the Palestinian issue as one of the major sources of his battle with

America. Palestinian claims of Israeli 'state terrorism'—including the policy of assassinating terrorist suspects—appear to carry little sway with the Bush administration, which *The Economist* argues 'puts little or no pressure on Israel over its trampling of human rights in the occupied territories'.<sup>78</sup>

## **Other Players: Balancing Acts, Unease with the US**

In early October 2001, British Prime Minister, Tony Blair, told a Party conference that Israel must be accepted as part of the Middle East and that the Palestinians must have the chance 'to prosper in their own land, as equal partners with Israel'.<sup>79</sup> The UK Secretary of State, Jack Straw, subsequently reiterated that 'recognition of a Palestinian state in our judgement has to be part of the long-term path to peace in that area'.<sup>80</sup> In early December 2001, following further Palestinian terrorist attacks Straw said:

... it is now incumbent on the Palestinian Authority to arrest the people who they know are committing these outrages in Hamas and Hisbollah and Islamic Jihad, and not just to arrest them, but to ensure that they are effectively detained, and if necessary that there is verification of this detention ... We have always accepted that there could not be one hundred per cent result in terms of restraint of terrorism by the Palestinian Authority, but we have also believed that there had to be one hundred per cent effort.<sup>81</sup>

The message from other EU capitals is similar—support for Palestinian aspirations balanced against the clear need for Israel's security. But there is growing unease at the perceived US bias towards Israel. Sweden's Foreign Minister, Anna Lindh, told a recent EU meeting it was 'very dangerous if the United States is supportive of the Israeli government and of the confrontation Sharon has tried to use in the latest weeks'.<sup>82</sup> Responding to suggestions that Arafat might be toppled, the EU and also Arab States such as Saudi Arabia, Egypt and Jordan, have pointed out to the US that Arafat is, after all, the elected leader of the Palestinians. Arab leaders' unease may well reflect concerns about the repercussions of America's pro-Israeli stance on their streets.<sup>83</sup> *The Economist* asserted recently that the Middle East 'will burn ... unless the United States intervenes swiftly and much more neutrally in the conflict'.<sup>84</sup>

## **Endless Blood and Retribution?**

Israelis and Palestinians are now locked in a conflict that neither can win. The Palestinians do not pose an existential threat to Israel. They can cause grievous hurt to individual Israelis, can demoralise the country and severely undermine its economic well-being. But they cannot conquer it. Conversely, as much as a few Israelis might still cling to the idea of a 'Greater Israel' swept of Palestinians, that will not happen. For all its military superiority, Israel cannot expel the Palestinians, cannot silence them and cannot achieve reasonable security for its people. One Israeli commentator wrote recently that although Israel had destroyed 'virtually every vestige of Palestinian sovereignty, and bombed almost every target of value ... Palestinian quiescence has not been achieved'.<sup>85</sup>

In late 2001, Israeli Environment Minister, Tzachi Hanegbi, said that Israel's strategic goal of reaching an agreement with the Palestinians which did not undermine its vital interests 'for the time ... is not possible.' The alternative for Israel was to maintain security and 'to go back into the Palestinian areas if we have to'.<sup>86</sup>

Earlier, Israeli military planners had predicted that violent confrontations with the Palestinians might continue for the entire period of a strategic assessment plan stretching to 2006. They concluded that the best Israel could hope for was to negotiate a lull in the violence but even that was unlikely. They also assessed that Arafat's ability to implement a ceasefire would weaken because of the growing power of radical Palestinian groups, such as Hamas and Islamic Jihad, and that he may even lose control completely.<sup>87</sup>

This raises the vital question of whether shared resentments within Palestinian society are increasingly blurring the line between the nationalists, young Fatah supporters in particular, and the Islamists of Hamas, Islamic Jihad and also the Iranian-backed Hizballah.<sup>88</sup> Some commentators argue that a growing convergence and possibly fusion of Palestinian nationalist and religious elements is likely to undermine further the possibility of territorial compromise. The framing of the conflict to date in largely nationalist terms conceivably could have led to a 'Palestinian state manifesting Palestinian nationalism, next door to Israel as a Jewish state with a Jewish majority'.<sup>89</sup> But the creeping religious-ethnic flavour of the conflict could mean 'a long and bloody wait before a new perspective emerges that facilitates mutual compromise'.<sup>90</sup> That certainly appears to be the message coming out of Hamas: 'Ours is not just a struggle for land. It is a struggle for civilisation'.<sup>91</sup> Hamas leaders further claim they have the 'means to resist and offer up martyrs for another 20 years'.<sup>92</sup> This is bad news for Israel, for Arafat and for all those urging territorial compromise.

## **The Future State of Palestine**

Although prospects at present for the emergence of a Palestinian state are remote, it is useful to consider briefly the considerable challenges it will face.

### **Governance and the Rule of Law**

Arguably, this is the key to long-term peace and stability. The PA is stained by corruption and lack of transparency in its decision-making. Arafat has faced increasing pressure for political reform, which he has largely resisted. Ironically, geographic proximity to Israel has given many Palestinians a keen understanding of the workings of a democratic state<sup>93</sup> and an open media and increased the pressure for political reform.

## Economic and Social Development

With its relatively well-educated workforce (thanks in large measure to the UN's Relief and Works Agency, UNWRA), Arafat has spoken of making an independent Palestine 'the Singapore of the Middle East'.<sup>94</sup> Vital questions need to be addressed before that aspiration is even half-met. One is the level of future aid and financial flows, especially from the major donors and particularly in the light of the huge demands post-Taliban Afghanistan will make on the international community. A second question involves the nature of any agreement reached for access by Palestinian workers to Israel. As noted earlier, this vital source of income for Palestinians has been severely disrupted by Israeli closure policy. (To compensate, Israel has allowed in significant numbers<sup>95</sup> of other foreign workers, from countries such as the Philippines, Thailand, Turkey and Rumania. This has led to other social and economic problems. Potential security issues aside, the attraction of Palestinian workers is that they are commuters, not residents).

## Communications

Irrespective of the outcome of any Palestinian–Israeli agreement on final borders, an independent Palestine consisting of Gaza and the West Bank will be divided geographically by Israel. The troubled implementation of the Oslo agreements starkly illustrated the difficulties of establishing 'safe passage' between these two elements of the future state. Yet such passage will be essential for Palestine's future economic, political and social cohesion. Clear agreement will be needed on this and also over Palestinian access to any land given in compensation for parts of the West Bank annexed by Israel.

## Australia's Role

Australia's interests in the Middle East region and its involvement in the peace process were covered in the comprehensive Joint Standing Committee on Foreign Affairs, Defence and Trade (JSCFADT) report of August 2001. Although geographically distant, Australia has important historical, religious and community ties with the area. Many Australians have served with United Nations agencies in the region, particularly the UN Truce Supervisory Organisation and UNWRA. Australia has a growing trade relationship with Israel, although it is very much in the latter's favour and Australia's share of the Israeli import market (at 0.3 per cent) has not improved in a decade.<sup>96</sup> Australian policy towards the Israeli–Palestinian conflict was expressed by Mr Downer in December 2000 as follows:

... our Government will always remain fundamentally committed to the territorial integrity of Israel, and its right to live in peace behind secure and defined boundaries. At the same time we also recognise the legitimate right and aspiration of the Palestinian people to a homeland and a better future for their children.<sup>97</sup>

Mr Downer also noted that, in September 2000, Australia had opened a Representative Office in Ramallah to facilitate Australia's dealings with the Palestinian Authority in the West Bank and Gaza. One of the functions of this office is that of coordinating Australia's development assistance program (currently \$7.4 million annually) to the Palestinians.

Three points might be made about the future directions of Australian policy:

- Australia should continue to urge the parties to return to the negotiating table and should abhor violence by both sides,
- Australia should argue for a two-state solution as offering the best chance for the future security and prosperity for both Israeli and Palestinian and for the normalisation of Israel's relationship with the wider Arab world,
- As the situation allows, Australia should work to build the framework of a *viable* Palestinian state. A good example has been past official and non-official support for the rule of law program. This work is as important for the effective functioning of an independent Palestine as the development of its physical infrastructure, which Australia should leave largely to other donors.

As a final comment, we should remember Australia's prominent role in seeking independence for the East Timorese. Regional and other factors do not demand as conspicuous a role in pursuit of Palestinian independence. That said, the Palestinian issue demonstrably is a much greater source of regional and international instability, tension and violence. Australia does not have to be in the driver's seat in pursuing a two-state solution. But it should be in the vehicle.

## Endnotes

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1. Readers should refer to the August 2001 Parliamentary Joint Standing Committee on Foreign Affairs, Defence and Trade Report entitled *Australia and The Middle East*. See also Michael Ong, 'The Middle East Crisis: Losing Control?', *Current Issues Brief*, no. 6, Department of the Parliamentary Library, Canberra, 5 December 2000.
2. Ahron Bregman and Jihan El-Tahri, *The Fifty Years War—Israel and the Arabs*, Penguin Books and BBC Books, 1998, p. 36.
3. UN General Assembly Resolution 194, passed on 11 December 1948 and re-affirmed every year since, stated *inter alia*:  
... refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practical date ... compensation should be paid for the property of those choosing not to return and for the loss or the damage to property ...



4. The Gaza Strip and also Sinai were captured from Egypt, Sinai being returned after the 1979 signing of the Israeli–Egyptian Peace Treaty. The Golan Heights were captured from Syria and remain under Israeli occupation.
5. See Geoffrey Aronson, *Creating Facts: Israel, Palestinians and the West Bank*, Washington DC, Institute for Palestine Studies, 1987, pp. 16–19.
6. See Fareed Zakaria, 'Israel's danger to itself', *The Age*, 14 August 2001. Zakaria reports Arafat as having often said that his strongest weapon 'is the womb of the Arab woman'.
7. The Mitchell Report (Report of the Sharm el-Sheikh Fact-Finding Committee), 20 May 2001. The Report was prepared by George Mitchell, former US Senate Majority Leader; Suleyman Demirel, President of Turkey; Thorbjørn Jagland, Norwegian Foreign Minister; Warren Rudman, former US Senator; and Javier Solana of the EU. The Mitchell Committee was a compromise between the Palestinian demand for an UN-appointed inquiry into the causes of the violence that began in late 2000 and Israel's objection to this. The full text of the Report is at <http://usinfo.state.gov/regional/nea/mitchell.htm>.
8. For a map of these areas see [www.israel.org/mfa/go.asp7MFAJ01v30](http://www.israel.org/mfa/go.asp7MFAJ01v30).
9. See *The Economist*, 19 January 2002, and Sara Roy, 'The Crisis Within: The Struggle for Palestinian Society', *Critique*, no. 17, Fall 2000.
10. Sara Roy, *ibid.*, argues that 'when measured against the advances made by other states in the region, the economy of the West Bank and Gaza is weaker now than it was 33 years ago'.
11. Figures are in Australian dollars unless stated otherwise.
12. See Augustus Richard Norton, 'America's Middle East Peace Crisis', *Current History*, January 2001, p. 5.
13. *The Economist*, *op. cit.*
14. See 'Situation in the Middle East', speech to the European Parliament by EU External Affairs Commissioner, Chris Patten, 12 December 2001, at [http://europa.eu.int/comm/external\\_relations/mepp/](http://europa.eu.int/comm/external_relations/mepp/).
15. *ibid.* Also Ross Dunn, 'Israeli economy falter while parties bicker', *The Age*, 4 January 2002.
16. The Mitchell Report commended the 'inspiring' cross-community work undertaken by a small number of Israeli and Palestinian NGO's, regretting, however, that 'most of the work of this nature has stopped during the current conflict'.
17. See 'Situation in the Middle East', speech to the European Parliament by EU External Affairs Commissioner, Chris Patten, 12 December 2001, at [http://europa.eu.int/comm/external\\_relations/mepp/](http://europa.eu.int/comm/external_relations/mepp/).
18. BBC World Service, 7 March 2000.
19. *The Age*, 8 February 2001.
20. *The Canberra Times*, 2 February 2002.
21. Lee Hockstader, 'A small, peaceful revolution begins in the Gaza classroom', *The Age*, 4 September 2000.

22. Informed of the proposed visit, President Clinton's Middle East envoy, Dennis Ross, told the Israeli Minister of the Interior, 'I can think of a lot of bad ideas, but I can't think of a worse one'. See Jane Perlez, 'US envoy recalls the day Pandora's Box wouldn't shut', *The New York Times*, 29 January 2001.
23. *Ha'aretz* online, 25 June 2001, at <http://www2.haaretz.co.il/special/intifada-e/>.
24. See Khalil Shikaki, 'Palestinians Divided', *Foreign Affairs*, vol. 81, issue 1, Jan–Feb 2002, pp. 89–105.
25. See transcript of Prime Minister Howard's address to the Australia–Israel & Jewish Affairs Council and United Israel Appeal, 22 November 2000; transcript of Foreign Minister Downer's speech to the Annual Assembly of the State Zionist Council of Victoria, 5 December 2000.
26. Barak's decisive victory over Likud Prime Minister, Benyamin Netanyahu, in the 1999 elections did nothing to change the fractious and fragmented nature of Israeli politics. Although Barak managed to put together an impressive 75-member coalition, it included doubtful political bed-mates such as the ultra-orthodox Shas Party (whose representation in the Knesset had increased from 10 to 17 seats) and the strongly secularist Meretz. The coalition began to fray almost from the first when one of the smaller ultra-orthodox parties left in protest over the transport of electricity generators on the Sabbath. See Peter Rodgers, 'Introducing Ehud Barak, juggler', *The Age*, 8 July 1999, and Mark A Heller, 'Israel's Dilemmas', *Survival*, vol. 42, no. 4, Winter 2000–01.
27. Heller, *ibid.*, observes:

The paroxysm of violence that erupted in Israel and the West Bank and Gaza at the end of September came less than three months after Prime Minister Ehud Barak had reduced the gap in Israeli and Palestinian negotiating positions to the narrowest point ever—and lost his governing majority.
28. See Hussein Agha and Robert Malley, 'Camp David: The Tragedy of Errors', *The New York Review of Books*, 9 August 2001.
29. *ibid.*
30. *ibid.*
31. *The Jerusalem Post*, 28 January 2001.
32. Israeli–Palestinian negotiations are definitional minefields and the stuff of lawyers' dreams. At Camp David the Israelis apparently spoke of Palestinian 'permanent custodianship' over the Haram al-Sharif. But 'both the Haram and much of Arab East Jerusalem would remain under Israeli sovereignty'. See Hussein Agha and Robert Malley, *op. cit.*
33. Shibley Telhami, 'Camp David II: Assumptions and Consequences', *Current History*, January 2001.
34. Powell, *op. cit.*
35. *The Economist*, 6 January 2001.
36. *Ha'aretz*, 12 November 2001. Israeli peace activist, Gershon Baskin, has written:

'... in almost all of my very intensive talks with Palestinian leaders over the past years, I found a lot of understanding that the right of return of Palestinian refugees was not a real option. They all spoke of the need for Israel to recognise the principle of the right of return and then to negotiate the implementation in such a way that would lead the refugees to settle in the Palestinian state or stay where they are'.

See also Gershon Baskin, 'My Views on Arafat', *Israel/Palestine Centre for Research and Information*, 13 January 2002.

37. See 'Situation in the Middle East', speech to the European Parliament by EU External Affairs Commissioner, Chris Patten, 12 December 2001, at [http://europa.eu.int/comm/external\\_relations/mepp/](http://europa.eu.int/comm/external_relations/mepp/).
38. An editorial in the English language edition of *Ha'aretz* on 10 April 2001 stated:

A government which seeks to argue that its goal is to reach a solution to the conflict with the Palestinians through peaceful means, and is trying at this stage to bring an end to the violence and terrorism, must announce an end to construction in the settlements.
39. See Ahron Bregman and Jihan El-Tahri, *op. cit.* The resolutions referred to 'territories' rather than 'the territories' which provided room for debate about what was intended.
40. And also the Sinai, captured from Egypt, and the Golan Heights, captured from Syria.
41. See Hussein Agha and Robert Malley, *op. cit.*, and also Telhami, *op. cit.*
42. See Khalil Shikaki, *op. cit.*
43. *ibid.*
44. *ibid.*
45. Shibley Telhami, 'Sympathy for the Palestinians', *The Washington Post*, 25 July 2001.
46. *ibid.*
47. Gershon Baskin, 'My Views on Arafat', *Israel/Palestine Centre for Research and Information*, 13 January 2002.
48. See Christopher Kondaki, 'Down to the Wire', *Defense and Foreign Affairs Strategic Policy*, August 2001, also Ross Dunn, 'Israel strikes after massacre', *The Sydney Morning Herald*, 19–20 January 2002.
49. Norton, *op. cit.*, p. 5.
50. See 'The return to the 'Zionist entity' ', *Ha'aretz*, 29 January 2002.
51. See Tony Karon, ' Hamas Explained', *Time* magazine, online version, 11 December 2001.
52. *ibid.*
53. Glenn Robinson, 'Israel and the Palestinians: the Bitter Fruits of Hegemonic Peace', *Current History*, January 2001, writes, 'The notion of Palestinians-as-automatons would rightly be dismissed as ludicrous, perhaps even racist, if applied to nearly any other people'.
54. See 'US accuses Arafat of arms trade', *The Australian*, 29 January 2002.
55. Shikaki, *op. cit.*, p. 104.

56. *The Economist*, 19 January 2002.
57. *The Economist*, 2 February 2002.
58. There appears to be mounting evidence of Arafat's involvement in a recent attempted shipment of a large quantity of arms and explosives. US Vice-President, Dick Cheney, has said 'He has been implicated now in operation that puts him working with a terrorist organisation, Hezbollah, and Iran, a state that's devoted to torpedoing the peace process'. *The Australian*, 29 January 2002. Earlier, Arafat had offered a decidedly curious denial, arguing that the Palestinians already had weapons and if they wanted more 'they will buy them from Israel'. See text of Arafat's interview with Al-Jazeera Television on 14 January 2002, posted on the Palestinian National Authority's official website [www.pna.net](http://www.pna.net). Reflecting Palestinian frustration with the US's perceived bias towards Israel, senior Palestinian negotiator, Saeb Erekat, strongly criticised Cheney's comments, claiming they would 'only add to the cycle of violence and counter-violence and will not contribute to saving Israel or Palestinian lives'. See 'Palestinians Slam U.S. Over Arafat Criticism', *Reuters*, 29 January 2002.
59. Towards the end of the meeting a frustrated and angry President Clinton reportedly told Arafat:

If the Israelis can make compromises and you can't, I should go home. You have been here fourteen days and said no to everything. These things have consequences: failure will mean the end of the peace process ... Let's let hell break loose and live with the consequences.

See Hussein Agha and Robert Malley, 'Camp David: The Tragedy of Errors', *The New York Review of Books*, 9 August 2001.
60. See Tony Parkinson, 'Blood and fire: how Arafat fuels Arab angst', *The Sunday Age*, 4 March 2001.
61. Anton La Guardia, 'Succession a road no-one is brave enough to travel', *The Sydney Morning Herald*, 6 December 2001.
62. Who, nominally, would lead the PA for 60 days while fresh elections are held.
63. An Israeli commentator stated recently:

The 'contract' the Bush administration has taken out on him could be the beginning of the end for Arafat. Israel has now received the go-ahead from the U.S. to proceed with the humiliating siege of Arafat. For Prime Minister Sharon, that is excellent news, but it a bad omen for Israel ... Things will be no better when Arafat is gone. Whether he is succeeded by a leader-cum-collaborator or by a dictatorial regime run by the heads of the Palestinian security agencies, no new leader would dare concede to Israel more than that which Arafat has conceded. Any leader who exceeds Arafat's concessions would not be recognized as legitimate in Palestinian eyes. Israel would therefore find itself faced with anarchy, a radical leadership or leaders who will do its bidding but who will be condemned by their own people.

See 'Extending a hand to Arafat', *Ha'aretz*, 29 January 2002.
64. *The Sydney Morning Herald*, 6 December 2001.
65. Shikaki, op. cit. EU External Relations Commissioner Chris Patten, op. cit., although referring to the PA rather than Arafat specifically, warned last December:

While the PA has made mistakes and must correct them, the PA is the only structure that can provide stability to the Palestinian territories ... If the PA is disabled, we will face a situation of anarchy where Hamas and Jihad [*sic*] will no doubt gather increasing support and local extremist committees will compete in an escalation of violence.

66. See 'Bereavement and the Politician', *The Jerusalem Report*, 28 January 2002.
67. Mark Heller, *op. cit.*
68. *Agence-France Presse*, 29 January 2002.
69. See Tony Parkinson, 'Arik straps on the old armour', *The Age*, 13 January 2001.
70. See, for example, 'Peres puts faith in Palestinian State', *Australian Financial Review*, 8 October 2001.
71. *The Economist*, 2 February 2002.
72. Dennis Ross, 'Let the Truth-Telling Begin', *The Washington Post*, 20 November 2001.
73. Between them contributing some 40 per cent of the US\$ 2.75 billion dispersed between 1993 and 1999 and promising just over half of the US\$3 billion pledged at the international meeting in Washington in 1998.
74. The Tenet Plan called upon both sides to take immediate measures to enforce a cease-fire and included the following demands:

Israel will not conduct attacks of any kind against the Palestinian Authority Ra'is [Presidential] facilities: the headquarters of Palestinian security, intelligence, and police organizations; or prisons in the West Bank and Gaza ... Israeli forces will not conduct 'proactive' security operations in areas under the control of the PA or attack innocent civilian targets.

The PA will move immediately to apprehend, question, and incarcerate terrorists in the West Bank and Gaza ... the PA will stop any Palestinian security officials from inciting, aiding, abetting, or conducting attacks against Israeli targets, including settlers.
- Clearly, the plan remains nothing more than that.
75. See Martin Indyk, 'Arafat and the Power of Persuasion', *The New York Times*, 8 August 2001.
76. Powell, *op. cit.*
77. See 'US Assistance to Israel', data compiled by the America-Israeli Cooperative Enterprise, at <http://us-israel.org/jsourc/US-Israel/U.S. Assistance to Israel1.html>.
78. *The Economist*, 2 February 2002.
79. *The Sydney Morning Herald*, 4 October 2001.
80. *The Canberra Times*, 16 October 2001.
81. See FCO transcript of press conference at <http://fco.gov.uk/news/newstext.asp?5644>.
82. *Reuters*, *op. cit.*
83. *The Economist*, 2 February 2002.
84. *ibid.*

85. See Hirsh Goodman, 'The Only Ray of Hope', *The Jerusalem Report*, 11 February 2002.
86. *The Jerusalem Report*, 31 December 2001.
87. Ross Dunn, 'Israelis predict five years of carnage', *The Sydney Morning Herald*, 18 August 2001.
88. According to *Jane's Defence Weekly* Israeli military intelligence believes Iranian Mujhadeen instructors and Hizballah officers are training Palestinians in guerilla warfare and sabotage. See *JDW*, 16 August 2001. See also Kondaki, op. cit. Respected Israeli journalist, Ehud Ya'ari, claimed recently that 'contrary to Israel's routine assessments ... Arafat has maintained intimate working relationships with Hizballah and Iran'. See 'Arafat is Arafat,' *The Jerusalem Report*, 28 January 2002.
89. See Telhami, op. cit. and also Yezid Sayyigh, 'Palestine's Prospects', *Survival*, vol. 42, no. 4, Winter 2000–2001, pp. 5–19.
90. Telhami, op. cit.
91. *The Economist*, 18 August 2001.
92. *The Australian*, 4 December 2001.
93. Albeit, a democratic state that has, as a matter of official policy, used torture against Palestinian suspects. See 'Israeli government report admits torture of Palestinians', *The Guardian Weekly*, 17–23 February 2000.
94. See Matthew Engel, 'A nation waits', *Guardian Weekly*, 28 September – 4 October 2000.
95. The total number is estimated at around 300 000 consisting of 120 000 legal workers and 180 000 illegal. *The Jerusalem Report*, 14 January 2002.
96. See *Australia and the Middle East*, Report by the Joint Standing Committee on Foreign Affairs, Defence and Trade, Canberra, August 2001, Chapter 6, pp. 115–170.
97. Speech by the Hon. Alexander Downer MP, Minister for Foreign Affairs, Annual Assembly of the State Zionist Council of Victoria, Melbourne, 5 December 2000.