

The Palestinian Theater: A Crisis Arena with Opportunities for Israel

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The Palestinian political system is currently mired in a deep crisis owing to a host of intertwined and mutually reinforcing factors. The focal point is the crisis pertaining to the Gaza Strip and the serious deterioration there over the past year. In the current reality, there is no magic formula on the horizon to dispel the political, security, and humanitarian problems of the Strip and counter their negative implications for Israel's relations with the Palestinian Authority (PA). The Palestinian political system is keenly mindful of "the day after Abbas" (Abu Mazen), which has paralyzed its ability to make critical decisions. Another factor in the crisis is the unbridgeable gap between Fatah and Hamas and their inability to promote reconciliation. Also relevant is the Palestinians' lack of confidence in the Trump administration, after it overturned a number of fundamental premises of the traditional United States approach to the Israeli-Palestinian conflict. Against this background, the chances of promoting a political initiative between the Palestinian system and the State of Israel are extremely slim and will remain so, even after the Trump administration places its "deal of the century" on the table.

For its part, the Israeli government has retained its policy of conflict management, based on the assessment that under the current conditions, and before clear Palestinian and regional power relations emerge that enable Israel to fortify its interests, the parties lack the reason, the motivation, and the wherewithal to advance processes that entail security and political risks. In

light of the low chances of achieving a political breakthrough, Israel focuses primarily on responses to security risks. However, processes and trends in the Palestinian arena indicate an increasing chance of escalation, both in the West Bank and the Gaza Strip. This is joined by the risk that regional actors – such as Iran, Turkey, and Salafi jihadist groups – will attempt to accelerate the deterioration.

In response to this complex challenge – the political impasse, the weakness of the Palestinian system, and the potential for escalation – the Institute for National Security Studies (INSS) has formulated *A Strategic Framework for the Israeli-Palestinian Arena*. The purpose of the framework is to improve Israel's strategic situation and open up a wide spectrum of alternatives for political, demographic, and territorial separation from the vast majority of the Palestinian population, while maximizing Israel's strategic advantages vis-à-vis its adversaries in the regional arena. An Israeli political initiative would improve Israel's international standing, as well as its ability to take full advantage of the opportunity to establish formal relations with the pragmatic Sunni Arab states. Moreover, a new arrangement based on the measures and channels outlined in the INSS framework should prevent the slide into the complex reality of one state and result in a more stable political and security reality that will help Israel realize its destiny as Jewish, democratic, secure, and moral state.

The Deep Crisis of the Palestinian System

The crisis of the Palestinian arena, which was exacerbated in the course of 2018, is marked primarily by the political deadlock with Israel and the inability to promote Palestinian national aims; a weak Palestinian political system that is essentially paralyzed by the anticipation of “the day after Abbas”; a problematic economic reality in the West Bank that is far worse in the Gaza Strip; the deep political rift between the Palestinian Authority and Hamas and the crisis in the Gaza Strip; and the inimical relations between the Palestinian Authority and the US administration.

The weakened national idea. Disappointment and frustration continue to mount among the Palestinians as a result of the ongoing political stalemate, and in turn, erode the centrality of the unifying national idea. Public opinion polls conducted (by Palestinian pollsters) in recent years reflect a process

of a weakened national idea and a new set of priorities revolving around issues such as economic welfare and civil rights. Similarly, there is the sharp decline in support, particularly among young adults, for the two-state paradigm, which is the declared Palestinian national goal adopted with the Oslo process and advocated by the Palestinian mainstream political system.

The day after Abbas. Although Mahmoud Abbas still holds the three leading Palestinian positions – Chairman of the PLO, President of the Palestinian Authority, and Chairman of Fatah – in actuality, the Palestinian system and internal Palestinian forces are preparing for Abbas's departure from the stage, on the assumption that his old age and medical condition will make it difficult for him to retain his leadership for long. Most of the obvious candidates to succeed Abbas lack the broad public support necessary to secure selection as a sole heir, and are perceived by the young generation, which is frustrated and disillusioned with Abbas, as belonging to the national leadership's old guard – the outside leadership that came from Tunisia. The prospect of Abbas's departure from the Palestinian stage poses three options: (a) collective leadership by the Fatah movement, and the division of powers that Abbas holds in his three positions; (b) election of a single leader within the framework of the Fatah movement to control most of the power of the movement and the PA; and (c) division of the system and a strengthened decentralized factor of local centers of control, based on the current West Bank trend of strengthening the traditional local clan foundations that are ingrained in Palestinian society. It is therefore unclear what mechanism will drive the changing of the guard. Will the Palestinian system embark upon a process of general elections? How will Hamas fit into these processes? And what will be the reaction of the Palestinian street?

The internal Palestinian split. With Hamas's seizure of the Gaza Strip in 2007 and the geopolitical split between the Strip and the West Bank, the dream of a unified Palestinian political system appears to have dissipated. After the failure of the reconciliation attempts over the years, including efforts led by Egypt in 2018, the split has essentially become a fait accompli. Consequently, and due to Hamas's success in positioning itself as the sole political address in the Gaza Strip, the stature of the PA and the PLO as the only legitimate representatives of the Palestinian people has been undermined.

The crisis in the Gaza Strip. The humanitarian plight in the Gaza Strip has grown due to the ongoing effect of Israel's closure on the area, and civilian reconstruction has been delayed. Following Hamas's decision to establish an independent administration to govern the Strip, Abbas imposed sanctions, led by halting the transfer of funds to provide for the basic needs of the population of the Strip and to pay salaries. Abbas is unwilling to soften his demand for complete control of the Gaza Strip (including in the realm of security), based on the vision of "one authority, one law, and one gun."

Beginning in the spring of 2018, Hamas took advantage of a civilian initiative to conduct protest demonstrations along the border fence between the Gaza Strip and Israel, through the narrative of the "March of Return," in order to launch a series of weekly violent demonstrations and clashes along the border. These actions included cutting the fence, crossing into Israeli territory, hurling explosive devices and grenades at IDF positions along the border, damaging bulldozers and mechanical equipment used by Israel to build an underground obstacle along the border, and launching incendiary kites and balloons that resulted in hundreds of fires in the Negev – with the overall aim of "breaking the siege" on Gaza.

The demonstrations and the death of dozens of Palestinians sparked the onset of limited rounds of hostilities, during which hundreds of rockets and mortars were launched at the Gaza envelope communities. Egypt, under the leadership of President el-Sisi, assumed the role of the "responsible adult" and took determined action aimed at easing tensions on the ground, to the point of positioning itself as almost the sole restraining force capable of preventing a downward spiral into a high intensity military confrontation. Egypt established a three-pronged dialogue: indirect negotiations between Israel and Hamas and Islamic Jihad, aimed at achieving a ceasefire and easing the closure on the Strip; between the PA and Hamas, aimed at achieving inter-Palestinian reconciliation; and between Israel and Hamas, regarding the exchange of prisoners for the bodies of Israeli soldiers.

As a result of the deterioration in the Gaza Strip, Egypt has taken action, in conjunction with UN emissary Nickolay Mladenov, to advance an arrangement that would stabilize the situation for an extended period. Qatar has also been involved in the contacts as a result of its role in funding the Strip. Within the framework of the lexicon of the Israeli-Palestinian

conflict, the “arrangement” subsequently became “understandings,” which hold less significance than a formal agreement. To enable the sides to reach some agreement without mutual recognition, the Egyptian mediation was compelled to balance the three legs of the triangle – Israel, Hamas, and the PA – and to bridge gaps between the parties. With regard to the first leg, a settlement between Israel and Hamas would impact negatively on the status of the PA as the sole representative of the Palestinians and would perpetuate Hamas’s rule in the Gaza Strip. With regard to the second leg, the Hamas-led campaign against the “siege” (closure) of the Strip serves Hamas’s interests not only in its struggle to improve the humanitarian situation in the Strip, but also in its internal struggle against Fatah and the PA, given its ability to embarrass Israel and demonstrate its ability to lead a popular struggle. In addition, achieving internal Palestinian reconciliation between the PA and Hamas would undermine Israel’s policy to deal with the Gaza Strip as separate from the West Bank. With regard to the third leg, between Israel and the PA, Israel, in its desire to achieve security calm in the Gaza Strip, thwarted Abbas’s efforts to bring Hamas to its knees and refrained from advancing a process vis-à-vis the PA, and has not viewed it as a partner for a political settlement.

At first, Egypt conducted contacts toward an arrangement between Hamas and Israel via a track that bypassed the PA, without conditioning conclusion of the process on internal Palestinian reconciliation. PA President Abbas, however, took action to thwart a separate arrangement between Israel and Hamas, by challenging Egypt and involving international elements (emissaries of the UN and representatives of the Trump administration), and threatened to cut off the PA aid to Gaza completely. Ultimately, the “understandings” formulated by Egypt with the consent of the sides consisted of three primary phases: Phase 1 – an extended ceasefire in exchange for easing the closure; Phase 2 – reconstructing the Strip; Phase 3 – gradual return of PA rule to the Gaza Strip. Implementation of the deal to retrieve the bodies of missing Israeli soldiers will apparently be a condition for advancing from the first phase to the second phase, which is supposed to include infrastructure projects with the aim of reconstructing Gaza and creating tens of thousands of jobs, funded by the international community, and perhaps also constructing a maritime crossing between Gaza and Cyprus or el-Arish. The reconciliation process

between the PA and Hamas is essential in order to facilitate the contribution of the international community, which has made its aid for reconstruction conditional upon the transfer of budgets via the Palestinian Authority.

The escalation that erupted in November 2018 as a result of clashes between Hamas and IDF forces inside the Strip occurred during the implementation of Phase 1: Hamas had reduced the violence along the fence; Israel expanded the fishing area, allowed the entry of Qatari-funded fuel, and eased the process of bringing goods into the Strip; Qatar, with Israel's authorization, sent \$15 million a month into the Strip to pay the salaries of Hamas officials; and Egypt kept the Rafah crossing open for people and goods. The beginning of the implementation of Phase I and Israel's desire to avoid escalation enabled a quick return to the ceasefire framework after the escalation.

Israel must give precedence to its long term interests over the short term interests of security quiet and calm. It is preferable for Israel that the reconstruction of the Gaza Strip be conducted via the PA, to ensure that it, and not Hamas, reaps the fruits of the reconstruction among the Palestinian public. Therefore, it must formulate a joint plan, in cooperation with the PA, Egypt, and relevant parties in the international arena, with the specific goal of mitigating the humanitarian plight in the Gaza Strip and developing infrastructure, on condition that PA rule returns to the Strip. Joint action would serve as a significant means of pressuring Hamas and limiting its ability to maneuver, and the intervention of an international task force in the Strip would be a restraining element that would increase the cost if Hamas chooses to return to violent resistance. Therefore, Israel should assist Egypt in its efforts to achieve inter-Palestinian reconciliation, with the aim of strengthening the PA's foothold in Gaza as a responsible party and designating it as the address for advancing a political settlement. Given that Hamas will likely not cede its military power, sooner or later Israel will have no choice but to undertake a military operation in the Gaza Strip to strip Hamas of its military capabilities. Israel conditions every political settlement on a demilitarized Palestinian entity stripped of all military capabilities that pose a threat to Israel, and maintains this demand by means of an ongoing campaign against the terrorist infrastructure in the West Bank. Over time, Israel will be required to implement its demand on the demilitarization of the Gaza Strip as well.

The economic reality. The economic situation in the West Bank is immeasurably better than in the Gaza Strip, but it too suffers from fundamental problems. The Palestinian economy is completely dependent on Israel. Some 130,000 Palestinians work in Israel (some without legal permits) and in the industrial zones of the Israeli West Bank settlements. A report published by the International Monetary Fund¹ before the meeting of the donor countries, which surveys in detail the Palestinian economy in the past year, deals primarily with the economic, social, and humanitarian deterioration in the Gaza Strip – including 70 percent unemployment among young adults, every second person living under the poverty line, and the productive sectors in decline. The report also deals with the West Bank, depicting a decline in economic growth (approximately 2 percent) in the second half of 2018, and a situation in which the PA's deficit is expected to reach 8.2 percent of its GDP (approximately \$1.24 billion), due in part to an annual running deficit of \$600 million in the transfer of aid by the donor countries.

The report likewise highlights the dangers to the Palestinian economy in the event of a decrease in the aid provided by the donor countries and the continuation of economic pressure on the Strip by the Palestinian Authority. Moreover, if Israel passes legislation cutting the transfer of tax revenues to the PA, the fiscal pressure on the PA can be expected to increase significantly. The report finds that lightened PA sanctions on the Strip and the renewed flow of funds to Gaza, in addition to other factors, may have a significantly detrimental impact on the PA and its ability to pay salaries in the West Bank as well. That being the case, the confrontation between Abbas and Hamas has moved beyond the political dimension and is directly linked to the economic situation of the PA in the West Bank. In the economic context, the greatest hardship is felt by the generation of educated young adults, who suffer from high unemployment rates and difficulties and are hard pressed to find suitable jobs with appropriate salaries. Against this background, a serious crisis of confidence has emerged between this sector and the leadership – of both the PA and Hamas – and the search for alternative ideas to those offered by the political leaders continues to intensify. This mood (joining the weakened status of what was hitherto a unifying national idea, the establishment of an independent state) has found expression in growing support for the idea of a single Israeli-Palestinian state whose citizens would enjoy full equal rights.

Departure from traditional US policy regarding the Israeli-Palestinian conflict. US President Donald Trump has repeatedly undermined the basic principles of the Palestinian position. This stance is unprecedented in US policy, and deviates particularly sharply from the policies of the Obama administration. From the administration's perspective, it has removed the problematic issues from the negotiations agenda, thereby eroding the relevance of the Palestinian political path, most importantly, what it views as elements blocking the political process.

President Trump recognized Jerusalem as the capital of Israel and moved the US embassy to the city; reduced US economic support for the Palestinian Authority; ceased its support of UNRWA, which operates under UN auspices and perpetuates the refugee status of the Palestinians and therefore the Palestinian refugee problem as a whole; nullified the Palestinian veto on the establishment of formal relations and normalization between Israel and the pragmatic Arab countries that are close to Washington; and closed the PLO mission in Washington. These actions must be considered in conjunction with Trump's promise to advance a "deal" – an overall agreement between Israel and the Palestinians – without committing that the deal would be based on the establishment of a Palestinian state with full Palestinian sovereignty and the evacuation of Jewish settlements. In Palestinian eyes, Trump's statements were designed to serve Israel's interests, and the proposals of envoys Jared Kushner and Jason Greenblatt regarding the terms of the conflict resolution are biased toward Israel and detached from the reality on the ground. Therefore, Abbas and his spokespersons have declared that the United States has lost its status as a fair and credible mediator.

In his speech before the PLO Central Council on October 28, 2018, Abbas emphasized that the Palestinians are currently in the most difficult phase of their history and are facing a "historical moment" of "to be or not to be." He also stated that there would be no separate state in Gaza and no Palestinian state without Gaza; called for naming East Jerusalem as the Palestinian capital; opposed the establishment of a state with provisional borders; and reiterated his opposition to the "deal of the century." Abbas likewise addressed Hamas, asserting that its agenda served the proponents of severing the Gaza Strip from the West Bank and the establishment of autonomy in the West Bank. With regard to the stipends paid to Palestinian

prisoners, the wounded, and the families of martyrs, he explained that these elements constitute a red line, and that the Israeli law that calls for deducting terrorist stipends from PA tax money would not prevent the PA from this activity.

A Political Stalemate and Unclear Future

Palestinian and Israeli inability to make critical decisions will obstruct all initiatives aimed at both political progress between the Palestinians and the State of Israel and an end to the humanitarian and governance crisis in the Gaza Strip. Both the PA and the Israeli leaderships have positioned themselves in a comfort space known as the status quo, which does not require them to make difficult decisions but rather to continue managing the conflict. The Palestinian leadership has clarified that it will not address the proposals of the Trump administration due to its bias toward Israel and will continue to promote full international recognition of a Palestinian state. Prime Minister Benjamin Netanyahu would also prefer the United States to delay the unveiling of the plan, at least until after the Israeli elections (April 9, 2019) and after the issue of Abbas's successor is clarified. The leaders of the Arab states, who initially expressed support for an initiative by the Trump administration that includes regional components, have gradually and politely distanced themselves from approaches that deviate from the basic and traditional positions of the Arab world regarding the resolution of the conflict. At this stage, one would be hard pressed to find a respectable party who takes seriously the potential of "the deal of the century" promised by the US President.

The statements and actions of the Trump administration reflect signs of a new approach to an agreement that is closer to Netanyahu's positions, whereby the Palestinians are not necessarily entitled to a state based on the 1967 borders with full sovereignty on all levels. Regarding the Palestinian right of return, Nikki Haley, former US ambassador to the United Nations, said that the Palestinians' aspiration that refugees and their descendants be permitted to return to their homes within the borders of pre-1967 Israel has been taken off the table. The messages of the Trump administration emphasize that the old paradigm of an all-encompassing agreement has failed, and the Palestinians, of their own volition, have rejected the opportunities for

a permanent status agreement. Therefore, a new approach is necessary to define the terms of the conflict, along with substantial actions for a change in the situation. Thus far, President Trump has pushed off unveiling his plan, whether because it is not sufficiently formulated, or due to the difficulty of establishing a regional umbrella to support the plan and convince the Palestinians to cooperate, or in light of the difficulty of identifying suitable timing that would leverage the plan. At this stage, the intention is to launch the plan in early 2019.

Israel is particularly concerned with the stability of the Palestinian system on the day after Abbas, based on the understanding that an unstable, chaotic, or dissolving system will undermine the relative stability in the conflict arena and encourage increased terrorism. Regional actors such as Iran, Turkey, and the Salafi jihadist organizations are liable to take advantage of the opportunity as forces accelerating instability. In their view, Abbas's departure will be a propitiously timed window of opportunity to undermine the Palestinian system and reshape it according to their preferences, under Hamas's leadership. This situation creates a security, economic, and demographic threat to Israel.

Whither the Current Trends?

A comprehensive study conducted in 2018 by the Institute for National Security Studies concludes that analysis of the situation and a look ahead requires taking into account three fundamental possible future states of the Palestinian Authority (this analysis is relevant to the West Bank alone, as long as there is no internal Palestinian reconciliation):²

- a. A functional and cooperative PA: similar to the situation today, in which the PA, as a more or less functioning governing force that provides public services and holds a monopoly over the use of force (in the West Bank), serves as the official responsible party in the political arena and cooperates with Israel in the security realm and in other areas.
- b. A hostile PA: the PA continues to function as the recognized Palestinian governing force and constitutes the recognized responsible party but is hostile to Israel, does not cooperate with it, and permits and takes part in terrorist activity launched from its territory.
- c. A PA that is weak to the point of failing: the PA loses its hold and its systems cease to function, and loses its monopoly over the use of force

and is incapable of functioning as a central force of governance. This situation could result in broad-scale escalation.

Israel has a critical interest in a responsible, stable, and functional Palestinian Authority with which it can maintain security cooperation, based on overlapping interests against terrorism and against Hamas. Strengthening the political component and building institutions would constitute restraining factors, and in this context, are Israeli interests. At the same time, the processes described thus far reduce the chances of the emergence of a responsible and functioning PA cooperating with Israel, especially as long as there is no political breakthrough in the relationship between Israel and the Palestinian Authority and if the assistance to the PA is undermined. Assessments are that the chances of a violent outbreak in the West Bank have increased significantly, as long as Hamas, which is encouraged by Iran and Turkey, understands that it can escalate the terrorist attacks in the West Bank and at the same time enjoy relative calm in the Gaza Strip. These assessments emerge against the background of the political injury to Abbas's status, his loss of legitimacy in Palestinian public opinion, his strained relations with the Arab heads of state, and his poor health.

Israeli Policy: Significance and Recommendations for 2019

The Israeli government has come to terms with the fact that at the present time, it is not possible to reach a comprehensive agreement with the Palestinians. This situation stems from a number of factors, including the lack of a Palestinian leadership that is capable of reaching and most important, implementing an agreement with Israel; an Israeli government that comprises a right wing coalition and includes some elements that oppose a two-state solution, at least at the current time; unbridgeable gaps between the positions of the two parties regarding core issues of a permanent status agreement, and the inflexibility of Palestinian demands regarding refugees and the right of return, the division of Jerusalem, recognition of Israel as the national home of the Jewish people, and a two-state solution; the split in the Palestinian camp; and the fact that only Israel can prevent Hamas from seizing control of the West Bank.

The year 2018 marked the 25th anniversary of the Oslo Accords between Israel and the Palestine Liberation Organization (PLO). In the years since

then, Israeli policy has favored peace negotiations with the PLO/PA and war against Hamas terrorism, which is perceived as Israel's main enemy in the Palestinian camp. Last year witnessed a change in this policy, when the Israeli government chose to isolate the PA and conduct negotiations – albeit indirect – with Hamas regarding a possible set of understandings in the Gaza Strip. That was accompanied by a strong Israeli response to the terror perpetrated by Hamas in the West Bank in December 2018 when IDF forces entered official PA institutions in the West Bank. These developments have translated into a significant weakening of the PA and the provision of legitimacy to Hamas, which does not recognize Israel, is committed to its destruction, and exacts concession through terrorism. This process poses many dangers, as Israel is actually sending the message that terrorism pays.

Moreover, in practice, the Israeli government is implementing a policy of conflict management, which rests on the strategic perception that time is on its side and that there is no reason to advance processes that pose risks to Israel before the balance of power within the Palestinian system and the Arab world in general is clear. The focus is on responding to the security challenges and changing the situation on the ground by reinforcing the settlements, while at the same time preparing the legal foundation for the imposition of Israeli law and the annexation of territory in the West Bank.

A study of scenarios undertaken at INSS³ found that the entire spectrum of alternatives ultimately converges into two fundamental end-situations: two states, or one state (the scenarios of two states pertains to two situations – a Palestinian state with full sovereignty or a Palestinian state with limited sovereignty, known as a “state-minus”; the outcome of one state pertains to two different situations – a state of all its citizens with equal rights for Jews and Arabs/Palestinians, meaning, not a Jewish state, or a state in which there are not equal rights, meaning, a state that is not democratic). Continuation of the status quo, and scenarios of the imposition of Israeli law in the West Bank and the annexation of territories, would mean a high likelihood of slipping into a reality of one state. Whether as a result of the ideology of a radical fringe on each side, or leaderships that are unable to make weighty strategic decisions, the direction counters the State of Israel's purpose as a Jewish, democratic, secure, and moral state. Assuming that there is no change

in this reality in the short term, the option of advancing in the direction of separation and the implementation of a two-state solution will fade.

The prospect of one state has supporters among Jewish and Arab citizens of Israel, as well as within Palestinian society (primarily among the young generation). Still, this support ignores the fact that between the Jordan River and the Mediterranean Sea are two distinct national-religious groups that are neither eager nor able to merge with one another into a single functioning society. There is no successful precedent for this. More serious is the danger of slipping into the situation of one state with an Arab majority, which would endanger the future of the Zionist enterprise.

Public opinion polls, including some conducted over the years by INSS,⁴ show that the majority of the population in Israel is in favor of separation from the Palestinians and still supports the two-state solution. Presumably the support for separation and the willingness to pay its price will increase when the Israeli public thoroughly internalizes the significance of a single egalitarian state (for example, the Law of Return for Jews alongside a right of return for Palestinians), resulting in the emergence of resistance to this position. This will mean abandonment of the dream of “the whole land of Israel,” a construction freeze in the isolated Israeli settlements located deep within the Palestinian territory, and perhaps also their future evacuation. In any event, there is no chance that Israeli society will agree to full equal rights for Palestinian citizens within the framework of one state. Moreover, the attempt to implement equality will cause instability, as it will spark the development of an ongoing Palestinian struggle to close the gaps. Under these conditions, the violent struggle could lead to civil war.

And yet, at this point in time, Israel has intensified its military control over territory in the West Bank and expanded construction in the settlements, in what the Palestinians and the international community perceive as the unilateral establishment of facts on the ground for the purpose of thwarting the possibility of establishing a Palestinian state in the future. As a result, the future options for Israel continue to shrink, and a complex reality of the inability to separate is emerging. This situation erodes Israel’s standing in the international arena, as reflected *inter alia* in Security Council Resolution 2334, which stipulates that the settlements built by Israel in the territories occupied in 1967 are illegal; the resolution was approved after the United

States, under the Obama administration, refrained from using its veto. Also notable is the success of the BDS anti-Israel boycott movement, including the mobilization of Jews from the liberal camp in the United States – whose values in the realm of human rights run counter to continued control of the Palestinians – for active protest against Israel. In this context, the split between Israel and elements within the largest Jewish community outside of Israel is extremely dangerous.

Nonetheless, the Israeli government regards the Israeli-Palestinian conflict as a secondary arena compared to the threat posed by Iran's consolidation in the northern arena, and has focused on ensuring a number of basic interests:

- a. Security stability and calm based on managing an ongoing campaign to dismantle the terrorist infrastructure throughout the West Bank; cooperation with the Palestinian security apparatuses and an effort to improve the economic situation and the daily life conditions of the Palestinian population in the West Bank in order to reduce the motivation for terrorism and violence.
- b. A responsible and cooperative Palestinian Authority that constitutes a single address for establishing the rules of the game; that cares for the civilian population; that objects to the establishment of Hamas and the intervention of elements undermining stability such as Iran; and that is committed to coordination and security cooperation with Israel.
- c. Continued separation between the West Bank and the Gaza Strip and containment of the negative impact of the Gaza Strip and Hamas on the West Bank.

Taking the Initiative toward an Improved Reality

Based on the understanding that Israel is currently facing a dangerous dead end, and contrary to the assessment that nothing can be done to change the situation, the Institute for National Security Studies has formulated a political-security framework for the Israeli-Palestinian arena.⁵

The framework has two goals: to improve Israel's strategic situation and provide it with a range of options for the future; and to arrest current processes and trends and thereby prevent the slide into a reality of one state. The thrust is shaping an improved reality that will facilitate future options for ending Israel's control over the Palestinians, and for ensuring a solid

Jewish majority in a democratic Israel. In other words, the plan aims to create the conditions for political, territorial, and demographic separation from the Palestinians, for the sake of maintaining a secure and moral Jewish and democratic Israel.

In a major strategic planning project, INSS examined various policy alternatives for the Palestinian arena debated in the public and professional discourse. The finding was that the most stable alternative, which will enable Israel to contend with the challenges and with the future in the best possible way and will preserve its fundamental character and its basic security interests, is division into two separate state entities. As the alternative of a permanent status agreement based on two states is untenable at the present time and will apparently remain untenable in the near future, an alternative was formulated combining the advantages of three tracks: (a) interim/transitional agreements with the Palestinian Authority, based on the principle that what is agreed upon or acceptable is implemented, as opposed to the formula of all or nothing; (b) independent Israeli measures of separation to advance a reality of two separate distinct state entities, as evidence of the seriousness of Israeli intentions to open a path to a two-state agreement and negation of the possibility of a Palestinian veto; and (c) mobilization of regional involvement, including the provision of aid to the PA in its state building processes and improvement of its economic and infrastructure situation, along with closer cooperation with Israel.

Now is the Time to Act

Israel is currently facing a unique strategic situation that provides it with an opportunity to strengthen its future. Instead of a policy devoid of initiative that would mean sliding into a reality of one state, Israel should adopt a formative and proactive policy. This is particularly feasible given that Israel currently enjoys several strategic advantages:

- a. *A supportive US administration.* The policy proposed by INSS will suit President Trump's political plan ("the deal of the century") when it is presented, and can also stand alone as an alternative plan (Plan B).
- b. *A number of leading Arab countries are currently more willing than in the past* to cooperate with Israel and assist in a process to create the conditions necessary to establish an independent and functioning Palestinian state.

- c. *The Israeli-Palestinian conflict has lost its centrality within the politics of the Middle East and the international system.* This development has weakened the Palestinians' veto power and the unilateral Palestinian demand for "all or nothing" – all the territory that was occupied in 1967 (or the equivalent), a Palestinian capital in Jerusalem, and recognition of the right of return of the Palestinian refugees and its partial implementation.
- d. *The majority of the Israeli population supports separation from the Palestinians* and still regards the two-state option as preferable to other alternatives.
- e. *The international community still advocates a two-state reality* and can be expected to mobilize to help Israel, if Israel presents its actions as furthering this option.

Israel is strong and steadfast. Its stability, backed by its considerable military and technological power over its adversaries, provides it with room to maneuver in the political-security realm. Decisions made from a position of strength are preferable to actions resulting from being forced into the corner and decision making in response to internal and external pressure. Although the threats have not disappeared and Israel still contends with fundamental challenges from at home and abroad, their severity has decreased. Now, when Israel is not in a state of emergency and does not face an existential threat, is the time to embark upon a future-oriented initiative to establish a controlled process from a position of strength. Even if the process goes amiss, Israel will be able to contend with the developments, and its security and strategic situation will not be compromised as a result.

In light of the obstacles currently preventing Israel from reaching a permanent status agreement with the Palestinians that accords with its essential parameters, the political-security framework formulated by INSS includes measures that advance Israel's interests and enable a variety of options for the future, in order to advance separation from the Palestinians and ensure strategic stability over time. From there, Israel will be able to proceed as it sees fit, and in a graduated and controlled manner, toward additional political alternatives. The proposed framework will be managed with the hope of its serving as a basis for internal agreements within the Israeli public and for understandings with the international community, the pragmatic Arab states, and the Palestinians themselves. It will also reflect Israel's determination to

shape its own future. The plan does not propose a final political solution, but rather serves as a means of providing Israel with an improved strategic reality that will enable it to preserve most possibilities for itself.

Highlights of the Framework⁶

- a. *Modularity and broad flexibility.* The framework allows Israel, at any time, to choose between alternative courses of action, in accordance with the changing conditions in its strategic environment, with the aim of empowering its future as a secure and moral Jewish and democratic state.
- b. *Strengthened security component.* The framework preserves Israel's operational freedom of action throughout the West Bank, from the Jordan River westward, while reducing friction with the Palestinian population.
- c. *Cooperation with the PA security apparatuses,* based on the principle that the more they do, the more the IDF will be able to reduce its operational activity in the Palestinian territory.
- d. *Anchoring Israel's political, security, and territorial interests* in the West Bank with an eye to future agreements, as well as improving Israel's strategic situation in the absence of political progress, by clarifying its intentions to advance political and territorial separation from the Palestinians and create conditions on the ground for a two-state reality.
- e. *Reorganization of the West Bank* (figure 1)
 - i. Israel will transfer authority over Area B to the PA, similar to the powers it currently holds in Area A, and will allow contiguity in the Palestinian territory to create a uniform Palestinian space (A and B) that will serve as the foundation for a future Palestinian state and perhaps also become a Palestinian state with provisional borders. This area will cover almost 40 percent of the overall area of the West Bank, home to more than 95 percent of the Palestinian population.
 - ii. Israel will allocate up to 25 percent of the West Bank from Area C to the development of infrastructure and economic projects to encourage the development of the Palestinian economy, and to transfer Palestinian inhabited areas lying outside Area B and Area C to Palestinian control. Israel will engage in a joint effort with the international community to establish industrial and green energy enterprises, tourism and hi-tech projects, residential construction, and more. In the first stage, Israel

- will not transfer security and zoning plan powers to the Palestinians in these development areas. Rather, they can be transferred to the Palestinian Authority gradually, based on cooperation and effective performance.
- iii. The contiguous Palestinian territory will see the establishment of a contiguous transportation system from the northern to the southern West Bank, with the aim of reducing the daily friction between the IDF, the Jewish West Bank residents, and the Palestinian population. In addition, obstacles to Palestinian economic development will be lifted.
 - iv. Israel will take action to complete the security fence that will demarcate the boundaries of separation and its future territorial interests. In addition, up to 20 percent of the area of the West Bank will be designated as a special security area under complete Israeli security control, including the Jordan Valley up to the Allon Road and other strategic roads and sites.
 - f. *Differential construction in the West Bank.* Construction will continue in the settlement blocs that are in the broad public consensus. In contrast, building will be halted in the isolated settlements located deep in Palestinian areas, and government support for expansion within these settlements will be discontinued. The issue of evacuating settlements will only be raised in the context of a comprehensive agreement with the Palestinians.
 - g. *Strengthening Palestinian infrastructure, governance, and economy.* To this end, gradual actions will be taken, with international aid, to improve the performance and expand its powers. Inter alia, territory in Area C will be allocated to economic and infrastructure development to build the basis of a Palestinian state that will be able to function independently in the future.
 - h. *Strengthening Israel's international and regional legitimacy and standing* by validating the sincerity of its intentions to progress toward a two-state reality, enhance security and political cooperation, and boost cooperation in the realm of economics and infrastructure.
- A solution for the Gaza Strip problem is not a precondition to the advancement of this framework. It is crucial to mobilize international efforts in every way possible to improve the humanitarian situation in the Gaza Strip and to reconstruct infrastructures in exchange for the establishment of

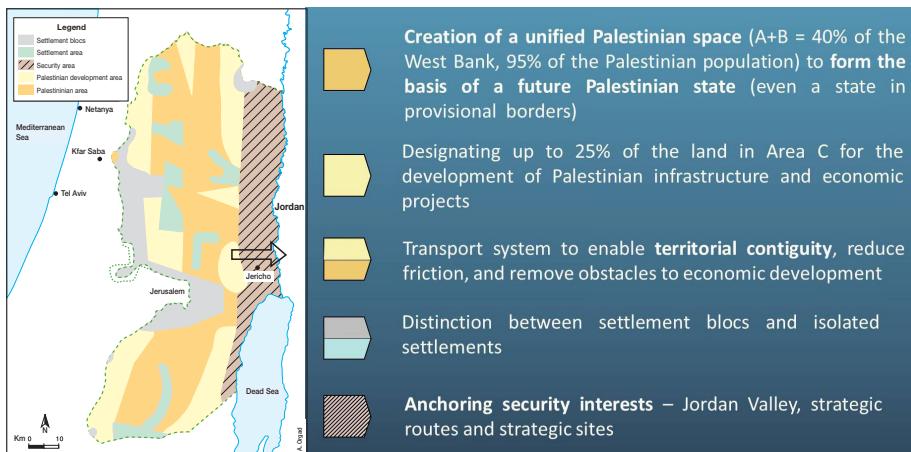


Figure 1. Reorganization of the Territory in the West Bank

an international mechanism that will take action to stop the military buildup of Hamas and other terrorist groups. Israel should advance this issue in parallel to its implementation of the framework in the West Bank, as well as independently of it.⁷ Israel should act to create the conditions that will enable the return of PA control in the Gaza Strip.

The Trump administration will presumably not prevent Israel from advancing any political initiative it places on the table and will support it, particularly in the case of the plan presented here, which matches the administration's ideas regarding an Israeli-Palestinian agreement. The face of the regional system is changing. Interests of Israel and the leading countries in the Sunni Arab world have converged in the present decade, particularly in the struggle against the threat posed by Iran on the one hand, and by Salafi jihadist Islam on the other hand. Cooperation with the countries with which Israel has peace treaties (Egypt and Jordan) is thriving in numerous areas, and in the realm of security in particular. Moreover, Saudi Arabia and the United Arab Emirates are demonstrating support of Israel in complete contrast to their past behavior, and are interested in strengthening their strategic alliance in the Middle East as a counterbalance to Iran. Although these relations are not formal or official, Israel is no longer taboo in the Gulf. Progress on the Palestinian issue will enable all these contexts to be managed freely and without the restraints that still exist.

In the Middle East in general and in Israel's immediate environment in particular, the conditions are not and will never be perfect. Conflicts and past and present baggage frustrate all attempts to change the reality overnight, and patience and restraint is required. Nonetheless, Israel cannot hope for a more favorable platform to advance proactive policy to change the strategic situation in the Israeli-Palestinian arena. Now is the time. Israel enjoys a unique opportunity to rid itself of the burden of controlling the Palestinian population in the West Bank and to shape the conditions for creating a reality of two states for two peoples in the conflict arena, while also reducing the risk of security escalation. This can be done by assisting in strengthening the economy, infrastructure, and security in PA territories. An Israeli initiative and commitment to a two-state solution will facilitate the mobilization of international and regional support for Israeli measures taken toward reaching an agreement, and at the same time will provide it with freedom of action for independent processes of separation in the event that Israel's contacts with the Palestinian Authority do not bear fruit.

Notes

- 1 World Bank, "Economic Monitoring Report to the Ad Hoc Liaison Committee," September 27, 2018, <https://bit.ly/2AqTTOV>.
- 2 Udi Dekel and Kobi Michael, eds., *Scenarios in the Israeli-Palestinian Arena: Strategic Challenges and Possible Responses*, Memorandum 186 (Tel Aviv: Institute for National Security Studies, 2018).
- 3 Ibid.
- 4 See the publications of *The National Security Index*, Institute for National Security Studies, <https://goo.gl/hsLdfJ>.
- 5 Amos Yadlin, Udi Dekel, and Kim Lavi, *A Strategic Framework for the Israeli-Palestinian Arena* (Tel Aviv: Institute for National Security Studies, 2018).
- 6 Ibid.
- 7 Anat Kurz, Udi Dekel, and Benedetta Berti, eds., *The Crisis of the Gaza Strip: A Way Out* (Tel Aviv: Institute for National Security Studies, 2018).