

An Israeli-Palestinian Confederation: A viable alternative for the “two states solution”?





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Through the encouragement and support of the Friedrich Naumann Foundation for Liberty, the S. Daniel Abraham Center for Strategic Dialogue decided to investigate the concept of an Israel-Palestine Confederation as a possible alternative to a two-state solution.

We would like to thank Dr. Walter Klitz, director of the Friedrich Naumann Foundation for Liberty and his team for sharing their thoughts with us and for giving us the support to bring this research to fruition.

Dr. Yair Hirschfeld
Academic Director
S. Daniel Abraham Center for Strategic Dialogue



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Introductory Note

Yair Hirschfeld

The repeated failure of Israeli-Palestinian peace negotiations during the last decades, regional unrest and destabilization throughout the Middle East, the numerical and geographical expansion of Israeli settler presence in the West Bank, and the repeated vicious cycle of violence, have all contributed to a diminished public belief and confidence in the viability of a peaceful Israel-Palestine two state solution. In this emerging void, a series of other ideas are being launched and tested. Prominent among these ideas has been the concept of an Israeli-Palestinian Confederation, which has been launched and is being advocated by different civil society groups. It is argued that it may serve several important purposes: provide security, stability and prosperity to both the Israeli and Palestinian people; define the constitutional rights of both the Jewish and the Palestinian people, and create supportive conditions for a comprehensive process of Israeli-Arab reconciliation in the region of the Middle East, mainly by permitting settlements to remain in present locations and allow Palestinian refugees to return to Palestine and the sovereign territory of Israel, but also by creating coordinated decision-making mechanisms in the spheres of security, economy and foreign relations.

Through the encouragement and support of the Friedrich Naumann Foundation for Liberty, the S. Daniel Abraham Center for Strategic Dialogue decided to investigate the concept of an Israel-Palestine Confederation as a possible alternative to a two-state solution. Mr. Eran Etzion, who served as director of the Strategic Planning Department of Israel's Ministry of Foreign Affairs, Dr. Yair Hirschfeld, the director of the S. Daniel Abraham Center for Strategic Dialogue and the research staff of the center undertook a series of individual interviews with Israeli Jews and Arabs, as well as with Palestinians and Jordanians.

Trying to test the possibility of a tri-lateral Israel-Palestine-Jordan Confederation, we received from Jordanian interlocutors a most distinctive negative reaction and thus concentrated on testing the viability and support, or opposition toward an Israel-Palestine Confederation.

The Center arranged for two extensive roundtables on the issue. Having seen the same research material and heard the same responses dealing with all relevant issues to be dealt with in promoting the concept of a Confederation, Mr. Eran Etzion wrote an essay supporting the idea; whereas Dr. Yair Hirschfeld offered a more critical account. Nevertheless, the entire project work, helped to identify several important shared analytical conclusions:

First, the aim of achieving an Israel-Palestine Permanent Status Agreement and solving all outstanding core issues of conflict, Jerusalem, refugees, borders, settlements, security, and commit to end of conflict, and finality of claims, as a pre-

condition for establishing a two-state solution, is presently absolutely unrealistic.

Two, it is shown that a policy of strict separation between Israel and Palestine, is neither doable nor desirable. Either a two-state solution or a confederation will have to enable very close economic cooperation between the two political entities, whether they agree to a confederative framework, or not. For both, the well being of the Israeli and Palestinian people, access and movement back and forth, will be essential. The narrow and immediate geographical conditions in the small area covered by both Israel and Palestine make understandings for close cooperation essential. Close bilateral cooperation, as well as multi-lateral cooperation with neighbors will be essential in order to create security for both peoples. Moreover, a process of reconciliation between Jews and Palestinians will only be possible (although still difficult), if intense interaction in all spheres of life will be made possible.

A third common conclusion has been that conditions either to reach a final agreement for a two-state solution, or for an Israel-Palestine Confederation have not matured. Particularly with respect to the idea of a Confederation, both sides fear that the other side will be given the opportunity to play a dominating role. Palestinians fear that the political and economic prowess of the Israeli side, will overrule essential Palestinian interests. Israeli Jews fear that open borders and free movement of people from one to the other area, will put in question the separate identity of Israel, as the state of the Jewish people, and in addition might cause further terror. With respect to a two-state solution, the achievability is being questioned, due to repeated failures in negotiations.

The most important conclusion of this project has been the understanding that either way – seeking a Confederation or a simpler two-state solution, the decisive policy question is: How to achieve a successful prosperous State of Palestine that shall live in good neighborly relations – under a confederative structure or otherwise – alongside Israel. If this question is being asked, a series of immediate policy actions appear to be useful and necessary: Enhancing security cooperation and cooperating together with neighboring countries; upgrading administrative capacities of the Palestinian Authority; expanding Palestinian economic growth substantially beyond areas A and B; preventing an expansion of settlements and seeking to stabilize the situation in Gaza.

These activities are not merely important as building blocks towards either a simple two-state solution or a Confederation. These policies are essential to rebuild trust and gradually renew the legitimacy for both the Israeli and Palestinian leadership and both societies, to return to a peace-seeking coordinated process, and to renew negotiations between them.



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Eran Etzion

The “classic” concept of a “two-state solution” to the Israeli-Palestinian conflict has been widely viewed for decades as the only viable formula for resolving the conflict. However, in recent years a plethora of critical voices in the region and beyond have been arguing that it is no longer – or according to some may have never been – a real prospect. An increasing number of opinion leaders and intellectuals are turning away from the “old” idea and towards either a “one-state” model or a set of “hybrids”, in-between a full-fledged two states model and a one state model. One of the ideas that is gaining considerable momentum in the public discourse is the so called “confederation”.

In an attempt to analyze the roots, composition and actual relevance of a confederative model to the current Israeli-Palestinian context, the Friedrich Naumann Foundation for Freedom asked the S. Daniel Abraham for Strategic Dialogue at Netanya Academic College to lead a research project with this idea in mind. The project included two research papers, two roundtable discussions and a series of meetings and interviews conducted by Dr. Yair Hirshfeld and former Deputy National Security Advisor Eran Etzion.

This paper is a product of the project. Based on independent research, including the two roundtables and other public and private discussions, it analyzes the current state of the Israeli Palestinian conflict and the failure to resolve it based on the conventional two state model. It continues to present the confederation idea in general, then posits a possible confederative model applicable to the Israeli-Palestinian conflict, and compares it to the two state model. The paper then describes the main findings from the two roundtables, and puts forward seven key common challenging reactions to an Israeli Palestinian confederative model. Finally, the paper describes potential ways and recommendations for a gradual implementation of an Israeli-Palestinian confederative approach.

The historical background of the conflict – a snapshot

The Israeli-Palestinian conflict has been a major feature of the Middle East strategic landscape for well over a century, since the early days of Zionism in the late 1900s. A glance of its major historic milestones will include the Arab uprising of the 1930s, the war of independence of 1948, the “Six Day War” of 1967, the Israel-Egypt Camp David Accord of 1978, the PLO’s 1988 recognition of UNSC resolution 242, the Madrid Conference of 1991 and more recently the Oslo accords of 1993 and 1995, with the mutual recognition of

Israel and the PLO and a “two-state solution to the conflict” as its conceptual basis, which was brought to its practical end by Yitzhak Rabin’s assassination. However, a closer examination of the post-Oslo period to this day – including the second Camp David summit of 2000 followed by the Second Intifada, the 2005 Gaza Disengagement and successive negotiations attempts including the Annapolis process and lastly the US-lead 9 months negotiations in 2013-14 - will accumulatively highlight the fact that despite a series of attempts to create the two-states reality on the ground – as opposed to a mere agreement on paper – this model today is increasingly seen as extremely problematic and even unfeasible. To quote former US president Jimmy Carter, a man who is fully identified with the two-state project since his historic mediator role at Camp David, in a discussion with *Prospect Magazine* (14/8/15) “**at this moment, there is zero chance of the two-state solution**”.

Underlying factors

This state of affairs was brought about by a number of structural factors. Throughout the evolution of the two-state model, it became clear that **the following four political conditions** would have to be met in order for it to become a geo-political reality, as follows:

1. A legitimate, democratically-empowered and capable **Palestinian leadership**, able to implement a coherent “one authority, one law, one gun” strategy;
2. An **Israeli leadership** fully committed to ending Israel’s control of the West Bank and Gaza and to the creation of a Palestinian state;
3. Wide-ranging **Arab support**, both political and financial;
4. Strong **US leadership** and support in the political, security and financial domains;

In addition, **three underlying assumptions** served to complete the conceptual foundation of the imagined two-state model –

1. **Separation is key** – from the “iron wall” of the late Zee’v Jabotinsky, through the “we are here and they are there” of the late Yitzhak Rabin, the popularity of complete separation – geographic, political, ethnic, cultural and economic – soared in the wider Israeli public opinion as well as political leaderships and strategic thinking circles.
2. **“The peoples will follow their leaders”** - It was widely believed that the wider citizenry of Israel and Palestine



will support the implementation of the two-states model, basically following their respective leaderships;

3. **“The Palestinian issue is the core problem in the Middle East”** - deeply-entrenched rationale has taken hold in practically every world capital with respect to the centrality of the Israel-Palestine conflict. The idea was that the implementation of the two-state model will not only bring lasting peace to the Holy Land, but will have a “positive domino effect” on the wider Middle East and even beyond, contributing to de-confliction and promoting regional and global stability.

Today, the collective experiences of both political elites and wider populations in Israel-Palestine, as well as those of successive regional and global leaderships in the last two decades, point very clearly in one direction:

- **All of the four political conditions have not been met, nor are they likely to be met in the foreseeable future.**
- **All three underlying assumptions are in today’s strategic context highly questionable.**

A bird’s-eye view of the political arena and its key actors will reveal that the PLO leadership and institutions are dysfunctional and have lost legitimacy and credibility both locally and regionally. Successive Israeli governments have failed to advance any meaningful negotiations on a two-state model and have continued its actual erosion through their actions on the ground. The Arab world has turned inwards as a result of its historic wave of revolutions and counter revolutions, effectively losing interest in the Palestinian cause. The US, having lost its wars in Iraq and Afghanistan and based on its newfound energy-independence, is distancing itself from the Middle East at large, the Israeli-Palestinian conflict notwithstanding. The Israeli public has largely turned its back to the conflict and became highly skeptical of its resolution. The Palestinian public underwent a process of “autonomization”, with Gaza becoming effectively a separate entity, and West Bank communities having to cope with increased internal separation and imposed cantonization. There is growing popular alienation vis-à-vis the PLO and Hamas, which are both perceived as ineffective and corrupt. The deeply-entrenched concept regarding the centrality of the Israeli-Palestinian conflict in the region and beyond, i.e. the impetus to resolve it as part of a “grand strategy” of regional stabilization and reducing the inter-civilizational tensions between Islam and Christianity, has been largely crushed by the harsh realities of Sunni-Shia perpetual wars in Iraq, Syria, Libya, Yemen and elsewhere. Any clear-headed leader reviewing the strategic environment in the region comes inevitably to the conclusion that a resolution of the Israeli-Palestinian conflict will do next to nothing to ameliorate the chronic schisms in the Arab world and the deep instability that they entail for decades to come.

In closer analysis, the model of total separation between Israel and Palestine underwent significant changes in terms of its perception by Israelis and by Palestinians:

- **In Israel** - the model has dealt a severe blow by the 2005 Gaza disengagement and its consequences. The ongoing rocket firing from Gaza serves as living proof to the impossibility of maintaining security across a security fence, and Israelis are much less inclined to attempt a similar exercise in the West Bank, an area which is the heartland of “Eretz Israel” and is immediately adjacent to Tel Aviv and all other major population centers of Israel-proper. Furthermore, the evacuation of 8,000 settlers – a small number compared to approximate 100,000 that would be evacuated in the context of a two-states final status agreement – hardened the foreseen resistance of the settler’s camp to any future agreement based on separation and evacuation. Given the rise in their political and social influence in Israel, any future Israeli government will find it extremely difficult to execute.
- On the other hand, the “security barrier” is widely considered as a success and for all practical purposes has shut the Palestinian issue out of the Israeli public’s collective “screen”. From a political, cultural and ethnic perspective, most Israelis still see a paramount need to keep Israel as a Jewish-majoritarian state, with minimal level of Arab/Palestinian presence. This primordial notion has even been strengthened in recent years in some sectors of the Israeli society.
- **In Palestine** - the daily reality of the walls and fences between the West Bank and Israel, and the total closure of Gaza, have had a very different effect. The younger generation is coming to realize that its economic prospects – and perhaps even its democratic prospects - are more connected to Israel than to the crumbling Arab state-system with all its hardships and horrors. Even the older generations are having second thoughts on the economic viability and other dimensions of the long-anticipated independent Palestinian state fully separated from Israel. It’s worth recalling that the PLO’s vision for Palestine was not based on full separation. Quite the opposite, it called for the creation of “one democratic and secular state”. Furthermore, Arafat himself spoke many times about a “Benelux model for Palestine, Jordan and Israel”. Thus, during the various rounds of peace negotiations, the political and professional circles that dealt with the negotiations with Israel continuously sought cooperative economic models.
- Needless to say that for its part, Hamas has obviously always stood against the two-state separation model, envisioning a “one-state” between the river and the sea, with some Jews allowed as second class citizens at best. The post-disengagement experience only serves to strengthen Hamas’ staunch resistance to any political or physical separation within Palestine.

The second underlying assumption turned out to be dubious, as successive Israeli leaders either chose not to test it (e.g. Ehud Olmert), or tested it and failed (e.g. Ehud Barak). The only two Palestinian leaders – Yasser Arafat and Mahmud Abbas – also chose on a number of historic junctures not to

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test this assumption, all of them probably fearing that their respective publics will not follow their lead.

Furthermore, today's Israeli and Palestinian societies are much less inclined to follow their respective leaderships. Deep societal trends are eroding the cohesion and “peoplehood” within both societies. Israelis are increasingly divided into “tribes” with distinct sources of authority and legitimacy (e.g. the Haredi community whose absolute obedience to its rabbinical leadership over any political leader is totally guaranteed). The political structures – the legislative and executive branches – are weak, lack credibility, and will have trouble supporting historical decisions.

On the Palestinian side, the historic platforms of the PLO are crumbling, the leadership is old and widely considered ineffective and untrustworthy, and the ongoing political and physical separation between Gaza and the West Bank practically precludes the emergence of leaders of the necessary historical caliber.

The third underlying assumption was completely “overtaken by events”; the Arab revolutions since 2011 which are expected to dominate the regional agenda for decades to come, reframing the Palestinian issue as a relatively minor conflict, another link in a long, complicated and bloodier chain of Middle Eastern conflicts. Relative to other regional conflicts, it suddenly appears to illicit no real regional or global sense of urgency. With some 11 million “fresh” refugees from Syria, Iraq, Yemen etc., the Palestinian refugees are put in a different, much less central light.

As far as one can track and assess trends of thinking in large populations, based on traditional and social media, public opinion polls and direct interactions, we can estimate that the two-state model, which has always been highly controversial, has lost a considerable amount of popularity and is perceived less and less by the Israeli and Palestinian majorities as a realistic and implementable model.

Alternative models

In parallel, we can identify a distinct rise in the popularity of the so called **“One State” model**. This is an umbrella-term for a number of different models, ranging from the historic one “secular, democratic, non-denominational” state identified with the communist-leaning “fronts” (the “popular” and the “democratic” fronts led by George Habash and Nayef Hawatme, respectively); through the one Islamic state promoted by Hamas. While the basic premise of any one-state formula is supposedly a unitary democratic state, or one-person-one-vote arrangement, it is clear that the question of relations between “church and state”, in this case between Islam and Judaism as the rivaling state-religion, is extremely pertinent.

Another rivaling concept is the so called **“Three States” idea**, aiming to permanently partition the biblical “Eretz Israel” between Israel-proper, and two “mini-states” in the West Bank and in the Gaza Strip, treating each one as

a separate political entity. Here again, there are distinct variations on the theme, ranging from a full separation to a gradual integration of Israel and the West Bank, or Jordan and the West Bank, and/or Egypt and the Gaza Strip. The obvious main obstacle to this idea is the long term socio-economic as well as the short-term political viability of such an arrangement.

Against this backdrop, during the last two years and particularly in recent months, another conflict-resolution scheme has emerged. That is the concept of a confederative arrangement between the Jordan River and the Mediterranean Sea. It has attracted attention recently, but it is not a novel idea. Rather, it has historical roots in Jewish and Israeli political thinking, as well as in Palestinian political and leadership circles, and amongst the Jordanian Hashemite dynasty.

The definition of Confederation

A confederation of two or more states is defined in Wikipedia¹ as follows:

A **confederation** (also known as confederacy or league) is a union of political units for common action in relation to other units (Oxford English Dictionary). Usually created by treaty but often later adopting a common constitution, confederations tend to be established for dealing with critical issues (such as defense, foreign affairs, or a common currency), with the central government being required to provide support for all members.

The nature of the relationship among the states constituting a confederation varies considerably. Likewise, the relationship between the member states, the central government, and the distribution of powers among them is highly variable. Some looser confederations are similar to intergovernmental organizations and even may permit secession from the confederation. Other confederations with stricter rules may resemble federations. A unitary state or federation may decentralize powers to regional or local entities in a confederal form.

In a non-political context, confederation is used to describe a type of organization which consolidates authority from other autonomous (or semi-autonomous) bodies. Examples include sports confederations or confederations of pan-European trades unions.

A number of today's existing political entities are confederations either by their self-definition or as defined by external observers. They include Canada, Belgium and Switzerland. Two additional pertinent configurations are the EU and Serbia and Montenegro (see Annex I for more details).

The concept of confederation is closely related to the concepts of **Federation, Federacy, Consociation, Union and a number of specialized derivatives and combinations of a unitary state and a neighboring entity.**

1 <https://en.wikipedia.org/wiki/Confederation>



The late Prof. Daniel J. Elazar (Bar-Ilan university), who devoted a lot of his academic work to the concept of Federalism² and its potential applications to the Israeli-Palestinian conflict, created a detailed typology which is very useful as a departure point. This is how he describes the main characteristics, strengths and weaknesses of these various configurations:

Forms of federal arrangements

Modern Federation is the dominant federal arrangement in the world today because it can be easily harmonized with the modern nation-state. A federation is based on a constitutional division of powers within a single political entity between a federal (sometimes called national or general) government, and the governments of the constituent entities (states, provinces, cantons, etc.) with both having direct contact with the individual citizen. The federation requires a strong general government operating directly on all citizens who, in return, are entitled to equal political status and rights.

Confederation combines elements of shared governance with a strong and permanent commitment to the maintenance of primordial divisions through its constituent states. The constituent states retain the better part of their political independence, and they band together to form a joint government for quite specific and limited purposes (usually defense and foreign affairs). In a confederation, each constituent/partner maintains a comprehensive set of governmental institutions. The confederative authorities work through the government of the constituent polities rather than directly with the citizenry. Today's successful confederations, like the European Community, have been constructed from joint and overlapping functional authorities established by the constituent entities to handle specific tasks. **The principal advantages of such an arrangement are that in multi-ethnic, multi-racial situations, the constituent polities are linked only insofar as they see the necessity to do so; otherwise they are separate.** Issues of political status and political rights are handled on two levels: with primary relations among the states within the confederation; while individuals are citizens of their respective states.

Federacy is a constitutional extension of the principle of self-rule in that it provides adequate guarantees to the weaker entity while eliminating the necessity to deal with the sovereignty question (a preoccupation characteristic of modern European nation-states and conveniently exported from Europe through the rest of the world). The major benefit of such a structure is that it allows both political entities involved to preserve their independent institutional structures undiluted, while maintaining a common framework in areas of mutual agreement. As an arrangement, it can only be dissolved by mutual consent. Associated States have greater freedom to

withdraw from similar arrangements since the decision to withdraw can be a unilateral one under terms set out in the initial agreement. The main drawback is that often this sort of arrangement is only transitional.

Consociation guarantees religious, ideological, and cultural differences, and autonomy, through a distribution of power among presumably permanent inter-generational groupings (religious, ideological or linguistic). While sharing in the governance of the whole state, these groups are able to ensure their particular ways of life through resources allocated from the state for self-maintenance.

Unions require the constituent polities to surrender their separate political character and institutions in return for a guaranteed share in the governance of the new whole. The constituent groups are guaranteed continued existence as sub-political or administrative entities with regional or municipal powers. This is distinct from a Constitutionally Decentralized State in that the state is formed from the subsidiary units. In a **constitutionally decentralized state** the state pre-exists the regions and constitutionally devolves some of its power to them.

Unitary States with Federal Arrangements consist of formerly unitary polities which make limited use of federal arrangements to accommodate ethnic, religious, linguistic or ideological differences within an existing population. Usually, this is articulated through autonomy arrangements for particular territories or groups.

Leagues and Partial Unions are also formed to provide for intergovernmental cooperation on a variety of issues without completely restructuring preexisting fundamental political arrangements. Economic unions provide two or more politically sovereign states with the opportunity to unite to form a common economy for mutual benefit. This may be done in specific spheres without formal linkages to any other sphere (e.g., Benelux). A league provides for less integration in a single sphere, but provides for intergovernmental sharing on a quasi-voluntary basis across several spheres (e.g., ASEAN or the Nordic Council).

Applying the concept of Confederation to the Israeli-Palestinian context

As early as the 1940s, a few prominent Jewish thinkers were promoting the concepts of confederation and federation as the main vehicle for the creation of a Jewish entity in Palestine. The most prominent of these were Dr. Yehuda Magnes and Dr. Hanna Arendt, who had put forward the idea of a Jewish-Arab confederation in the early 1940s.

Zee'v Jabotinsky's political thinking also included confederative ideas³.

² <http://www.jcpa.org/dje/index-fs.htm>

³ <http://in.bgu.ac.il/bgi/iyunim/DocLib3/zeev3a.pdf> - Arye Naor's paper includes fascinating details to that effect.

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Some elements of confederation-based collaboration between the Jewish and Arab state were already envisaged in UN resolution 181 in 1947. Interestingly, the resolution – commonly referred to as “the partition plan”, is actually entitled – “PLAN OF PARTITION WITH ECONOMIC UNION”, and while calling for the creation of two separate new nation-states, the resolution also specified areas of cooperation and power sharing, notably in Jerusalem which is defined as “Corpus Separatum” under UN and international control. The minority decision was to offer the Jews minority rights within a Federation.

Confederative ideas were common in the radical Israeli left in the 1960s (the “Matzpen” circle) and in 1968, Uri Avineri introduced a detailed confederation plan.

In the 1980s the confederation concept became associated with a Jordanian-Palestinian union, rather than an Israeli-Palestinian one, as conceived by Yasser Arafat and King Hussein of Jordan. In 1987 a similar idea was discussed between King Hussein and Shimon Peres (the “London Agreement”) but failed to materialize.

More recently, since 2013, a civil-society initiative led by Israelis and Palestinians has been working on a new variation of a confederative arrangement between Israel and Palestine. Dr. Yossi Beilin published a number of articles supporting this idea, and last month President Reuven Rivlin announced his (vague) endorsement of an Israeli-Palestinian confederation as well.

Analyzing the basic concept of confederation in today’s strategic environment

In its current form, generally speaking, the concept of an Israeli-Palestinian confederation may include the following characteristics:

- Israel and Palestine will be **two independent nation-states**, maintaining their respective sovereignty over their designated territories.
- **The 1949 armistice line will be the basis for the dividing line** between Israel and Palestine
- Israel and Palestine will **agree in principal to establish an Israeli-Palestinian confederation**.
 - Israel and Palestine will join together in **series of confederative arrangements**, with a view to **gradually enhance their cooperation and build a full-fledged Israeli-Palestinian confederation**.
 - In the first stage (5-10 years) **joint institutions** shall be created to manage common natural assets (e.g. water, environmental protection) and economic and civic spheres of common interest (e.g. labor, customs, criminal justice).
 - In the second stage, a **joint legislative council** as well as other joint confederative bodies may be established. The authorities and responsibilities of the

council and any other joint bodies shall be agreed based on a joint assessment of the first stage.

- **Jerusalem will be a shared capital** with special governing arrangements, with no physical division between East and West Jerusalem.
- Israel and Palestine will allow **freedom of movement for people, goods and services** across their internal borders (between Israel, Gaza and the West Bank)
- Palestinian external security (i.e. patrolling the international borders and border crossings of Gaza and the West Bank) will be **chiefly dealt with by the IDF**, in cooperation with Palestinian security forces.
- All current citizens of Israel and Palestine (West bank and Gaza) will maintain their legal status as citizens. **Residency of Palestinians in Israel and of Israelis in Palestine will be allowed**, based on negotiated agreements, including **quotas and benchmarks**, to be adjusted over a long period (decades).
 - Specifically - Israeli settlers will be allowed to maintain their residency in Palestine.
 - An equal number of Palestinians, including refugees, will be allowed to take residency in Israel.

Main differences between Israeli-Palestinian Confederation and the Two-State model

Table I - A concise comparison between the two concepts

Parameter	Two-State model	Confederation model
Sovereignty	Israel – 100% Palestine – demilitarized, economically dependent on Israel	Israel – 100% Palestine – external security partially delegated to Israel Economic integration with Israel
Borders	1949 Armistice line with mutually agreed swaps	1949 Armistice line. Swaps possible but not necessary
Settlements	Evacuation of 80-120,000 settlers outside of major population centers	No evacuation
Jerusalem	“greater Jerusalem” - divided Old city - divided	Greater Jerusalem - shared Old city – shared
Civil status	No changes compared to today. Full separation between Israelis and Palestinians	A de-linking citizenship and residency for all Israelis and all Palestinians (e.g. a settler can become a permanent resident of Palestine and maintain his Israeli citizenship)



Access & movement	Full-fledged international borders and controlled passages between Israel, WB and Gaza (with “safe passage between WB and Gaza)	In the short term – minimal security limitations. In the long term – totally free access and movement between Israel, WB and Gaza
Refugees	No return to Israel-proper. Possible return to Palestine	Possible limited return to Israel-proper, in correlation with settlers remaining in Palestine
Mutual recognition	Mutual recognition of the two states in their pre-1967 lines (with or without Palestinian recognition of Israel as the “Jewish State”)	Mutual recognition of the two states and of the two people’s legitimate connection to the entire land (i.e. both peoples have the right to travel and reside in all the territory of Israel-Palestine)
End of conflict & finality of claims	An Israeli demand. PLO apparently not ready unless and until refugee issue fully resolved	May be possible in the long run , as part of a durable confederation
Economic framework	Customs union based on an effective economic border along the armistice lines	Free trade area, leading to full economic integration (without an effective economic border)
Labor	Limited number of Palestinian workers allowed in Israel	Free movement and ultimately a unified job market
Monetary policy	The Israeli Shekel (IS) may continue to be the leading official denomination. Alternatively, Palestine may issue its own denomination or join a third denomination (Jordanian Dinar or any other)	The IS will be the official denomination of the confederation (perhaps not necessarily?)

- The main difference between the two-state model and the confederation model is **the replacement of separation with integration**. For Israelis, the current reality and the prospect of future full separation from the Palestinians is still a strong driver for conflict resolution. They see it as a necessary means to maintaining the “Jewish character” of their state, and keeping terrorism and other negatively-perceived features of the Palestinian people at bay. On

the other hand, separation is also perceived by right-wing Israelis as the relinquishing of historical territories and legitimate rights to the entire biblical land of Israel. A key issue with separation is the security dimension. Based on the Gaza precedents, a majority of Israelis are concerned that separation will not prevent missiles and rockets from landing in Israeli territory.

- On the Palestinian side, separation is perceived as a threat to their economic wellbeing and – perhaps even more importantly - as a brutal ending to their historic dream of returning to the old land of Palestine. While there is a strong desire to see the settlements and the IDF vacating Palestinian territories, there are concerns that a Palestinian “mini-state” in the West Bank and Gaza will find it difficult to prosper economically, certainly without access to Israeli markets. With the Middle East in turmoil, the Palestinians understand that their economic and political prospects in the Arab world are extremely limited for decades to come.
- Thus, the main promise that the confederation concept holds for both peoples is twofold:
 - The “intangible” promise – **gaining legitimacy to their respective historical claims for the entire land of Israel-Palestine**.
 - The “tangible” promise – **full access to all religious and historical sites, to the markets of goods and services, and to additional geopolitical arenas and markets that are currently shut**. Thus, Israelis will gain access to the Arab and Muslim world and markets, and Palestinian citizens, goods and services will gain much better access to the West.
- Conversely, the main danger that the confederation concept presents for both the Israeli and Palestinian peoples is also twofold:
 - The “intangible” danger – for Israelis, **a threat to the Jewish character of Israel**. For Palestinians, a danger of **compromised sovereignty and effective Israeli dominance** within the confederative framework.
 - The “tangible” danger – for Israelis, a renewal of **terror attacks**, with no possibility of sealing the territories off. For Palestinians, the **ongoing presence of the settlements and the settlers**, with its potential for significant frictions and frustrations.
- Another set of challenges presented by a confederative model relates to management, operation and co-operation of various assets and policies. It has long been clear to both Israeli and Palestinian establishments as well as all involved third parties, that the basic geographic and demographic realities on the ground make joint management an indispensable component in any stable and sustainable arrangement. The Oslo accords, specifically the “Oslo II” interim agreement, stipulate a complex array of joint-management and coordination mechanism across dozens of civilian spheres. These

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range from natural resources such as water and mining, energy production and electricity distribution, through transportation infrastructure and population registry and all the way to cooperation on legal affairs and “people to people” cultural activities.

- The rich body of research and analysis of “lessons learned” from the implementation of the Oslo accords suggests two fundamental traits:
 - **There are impressive examples of persistent, constructive and mutually beneficial cooperation** on certain issues, including extremely sensitive ones. Water management is a case in point.
 - **The basic structure of the Oslo-born mechanisms was a-symmetric**, reflecting the balance of power between Israel and the PLO, and the transient nature of the agreements which were designed for a five-year period.
- In a future confederation model, the two parties will have to build on the positive experience of joint management, but also design and implement more balanced, long-term load-bearing structures that will enable stability.

Testing the confederation concept in roundtable discussions

In order to enrich the analysis and understanding of the issue, we conducted two roundtable discussions with experienced Israeli individuals from a variety of backgrounds. The groups included former politicians, defense officials, academic experts and civic leaders, Jewish and Arab. The following are the questions that were presented to the discussants:

1. What are the critical necessary and sufficient parameters for a **viable** Israeli-Palestinian confederation?
2. **Identity and “intangibles”**: will confederation be perceived by the two majorities as an improvement or as a less-attractive option compared to the Two-States model?
3. **Security**:
 - a. External security - is there a **workable external security** model that will satisfy Israel's security needs and will still be acceptable to the Palestinians? (Including international border crossings, etc.)
 - b. Internal security:
 - i. In a “post-security barrier” reality of integration rather than separation, can security for Israelis and for Palestinians living and working in Israel be maintained? How?
 - ii. In a State of Palestine that controls all or most Israeli settlements, can security for Palestinians and for settlers be maintained? How?

4. **Economy, trade and labor:**

- a. For Israel – is a “confederate economy” more advantageous than the alternatives?
- b. For Palestine – is there willingness to tie the nations' economic future to Israel? Is there a viable alternative?
- c. Is confederation a potential economic model for success for Israel-Palestine?

5. **Civil status:** is the idea of separating citizenship and residency a potential solution to both the refugee issue and the settlement issue? If so, to what extent?

6. **Leaderships, political elites and public opinions:** what are the anticipated initial reactions and counter reactions amongst the various groups, opinion-shapers and wider populations to the confederation concept? What are its main strengths and weaknesses across the public spectrum?

The following are the main views that were presented in these discussions, indexed topically:

Sovereignty and security: the overwhelming weight of the security considerations for Israeli-Jews was brought forward by a number of participants. “Israelis have grown weary of the two-state model mainly because it failed to produce a stable security environment”. Furthermore, it was argued, unless and until a credible and viable security model is developed and presented to the Israelis, any discussion of a confederative model with its inherently open borders is null and void. Such a model will have to be based on a trusted, reliable Palestinian or Arab counterpart. Jordan and Egypt were mentioned in that context as potential security “anchors”.

Borders: an open border regime was widely viewed as undesirable and unsustainable, mainly because of Palestinian terror threats. The post-Oslo and post-Gaza disengagement terror-traumas created an Israeli-Jewish consensus for physical and human barriers and shields. Walls, fences, military, border police and other security elements constantly patrolling and guarding the lines between Israelis and Palestinians are seen as critical to the daily safety and security of the citizenry. The mere thought of a “normally open” border, it was claimed, is alarming to the majority of Israelis.

Settlements: the prospect of Jewish settlements under full Palestinian sovereignty in a confederal framework was debated, with some participants expressing doubts with respect to its feasibility and even its legitimacy. One participant (a settler) was especially critical of this idea, calling it a fundamental contradiction to the whole Zionist ideology. He argued – along familiar lines of previous two-state schemes – that the total area of the “settlement blocks” comprises a mere 10-11% of the West Bank, and suggested that this area alone is relevant for a confederative-style model. Calling it “the dialogue zone” as distinguished from Israel-proper (i.e. within the “Green Line”) and Palestine-proper (i.e. the remaining 89-90% of the West Bank, and



the Gaza Strip), he envisions a creative solution that may include confederative institutions.

Another representative of the national-religious public highlighted the ideological-theological dimension of Jewish settlement in the **Land** of Israel, outside the sovereignty of the **State** of Israel. He posited that such a proposition will create a fundamental historic dilemma for disciples of Rabbi Zvi Yehuda Kook, who will have to wrestle with basic theological principles in Kook's writings, specifically the principal of the creation of the state of Israel as a manifestation of "Atchalta De'Geulah" (the beginning of the redemption). The deep trauma caused to this sector by the evacuation of the Gaza settlements is still present in today's settlers' discourse. An attempt to once again change the status of a large number of settlements, settlers and land will undoubtedly create a sectorial and national rift on a similar – if not larger – scale.

Jerusalem: a participant negated the assertion made by a supporter of the confederation model regarding Jerusalem's "indivisibility". He contended that Israeli public opinion will immediately see the applicability of dividing Jerusalem if only – as a result of the current wave of terror attacks in the city – Israel's government would have enforced total separation and denial of access to Western Jerusalem on its Palestinian residents (the Hebrew term for such a temporary cut-off is "seger", i.e. quarantine or sealing-off of designated areas).

There was also a discussion of Temple Mount as a permanent trigger for violence and unrest, in any future model.

Long term demographic trends in Israel: a professional demographer presented pertinent long term trends. Israel's population is changing much more rapidly than other Western countries. The annual population growth rate is 2%, and the country's population will double by 2050. By and large the newborns and their families tend to remain in their existing residences, rather than move to newly developed parts of the country. Thus, population density is constantly increasing. Furthermore, the growth rate is uneven amongst the different segments of Israeli society, with secularists lagging far behind ultra-orthodox and national-religious sectors. The combined share of the latter two sectors is currently 20-25% of Israelis, but in 25 years their share will double to reach 45-50%. A massive religionizing process is therefore already in progress.

Another important trend is population aging, which typically creates more conservatism, and naturally increases the economic pressures on the younger, employed segments of the population that are forced to "carry" the pensioners and elderly sectors.

Most importantly – and widely known – is the fact that in terms of Jewish vs. Arab populations (including the West Bank and Gaza) we are already approaching a 50-50% ratio between the Mediterranean Sea and the Jordan River. The demographer suggested that in order to gain a deeper understanding of a confederative model, a more detailed demographic analysis is needed, which will map and forecast the demographic situation on a micro level (e.g. what will the Haifa area look like in 2050? The Nablus area? etc.).

Economic framework: the economic issue did not feature prominently in the discussion, but question marks regarding the viability of an independent Palestine – in the framework of separation-based two-state solution – were raised.

Arab citizens of Israel ("Israeli-Arabs", "Palestinian-Israelis") -

The issue of the approx. 1.8 Million (20.8% of the entire population) Arab citizens of Israel was a focal point of the two roundtables and was discussed extensively from various perspectives. Specifically, the second roundtable included a number of Israeli-Arab participants.

There was a wide agreement that this unique sector will be heavily effected by any future solution (or lack thereof) to the Israeli-Palestinian conflict. There was also consensus that the fundamental issue from the Israeli-Arab's perspective is not security or economic arrangements but rather their **collective identity and equal rights**, currently within Israel-proper which is deepening its self-perception as "a **Jewish State**", and just as prominently when contemplating any two-state of confederation model. Some experts linked the basic judicial rights granted to the Israeli Arabs (e.g. full access to the Israeli court system) as a major contributor to the extremely low level of terror activity amongst them over the last decades.

It was argued that the desire for separation and disengagement – so prominent amongst Israeli Jews – is widely shared by Israeli Arabs. "They don't want to mix with the Jews and they are afraid of assimilation" as one prominent Jewish civil society leader put it. "What troubles the main stream of the Israeli Arab society is the very definition of Israel as a Jewish State. If – in a confederation model as presented – there will be a significant number of Palestinians that will settle in Israel, it will be welcomed by the Israeli Arabs".

Conversely, a former security official argued that the Israeli Arabs see the Palestinians as something of 'competitors' and do not wish to see any such 'transgression' into "their" territories.

Yet another senior former official with considerable expertise on the issue argued the exact opposite. He claimed that the key to the future is gradual and full integration of the Israeli Arab population within Israel-proper, and eventually within the entire area of Israel-Palestine. He strongly believes that Israel can and must provide incentives for this "natural" process, which is a part of a wider desired "Westernization" common to most Israeli Arabs and objected to by extreme groups such as the "Northern Islamic Movement" (recently outlawed by Israel).

A prominent Israeli-Arab argued strongly for a separation of the issue of Israeli-Arabs from that of a potential confederation. He conceives of the Israeli-Arab "tribe" as a separate entity from the rest of the Palestinian people and does not accept the thesis – recently presented by Israel's President Reuven Rivlin – of "the four Israeli tribes: Religious, Secular, Haredi and Arab". He believes that Rivlin is artificially and intentionally "blending" the Israeli-Arabs with the Palestinians in an attempt

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to erase their unique national Palestinian identity. “It’s not about four tribes, it’s about two peoples. We need to open the 1948 issue, the Nakba”. He supports the confederation idea, as it does not avoid dealing with this issue and attempts to offer some resolution for it.

Another discussant, an Israeli-Arab strategist, suggested that the Israeli government is systematically excluding the Israeli Arabs from the political discourse and democratic representative institutions. The recent outlawing of the Northern Islamic Movement and the threats to outlaw another party (Balad - National Democratic Alliance) are all parts of this strategy, which he believes might lead to a popular total boycotting of national elections by Israeli Arabs. “The main issue for us is our **dignity**, and once it is perceived as denied, the leadership will call for such a boycott”. He offered a path forward based on national reconciliation process (reminiscent of the South African model – E.E), including justice committees, indemnification and compensation for past wrongful doings by Israel.

Additional frequently reoccurring themes in public and private discussions of a confederative model

The idea of an Israeli-Palestinian confederation has been gaining more attention in the Israeli public discourse, including in the media. Also, within the framework of this project, I have been discussing it on numerous occasions with senior government officials, members of parliaments, experts, opinion makers from Israel, various European countries and the US. It appears that the following seven reactions stand out as widely-perceived obstacles and challenges associated with a confederation plan. These have been assembled from numerous conversations and are purposefully presented here in a condensed, simplified manner:

1. **“The argument from inertia”**: There is **no need to abandon the two state solution**. All the current difficulties associated with it are **surmountable**.
2. **“The political realist’s concern”**: this is a **very naïve concept**. The Arab and Palestinian culture is incompatible with the enlightened notions of **power sharing, pluralism** and other “western” concepts inherent to a stable confederation. And even if parts of the population will accept it, the **radical Islamists** – Hamas, PIJ, ISIS etc. – **will never abide by the will of the majority and will continue to sabotage and terrorize**. Furthermore, within a confederation they will have **more destructive leverage and more maneuverability**.
3. **The economic realist’s concern**: the **asymmetries between the Israeli and Palestinian economies** are too significant to overcome. Are you seriously suggesting that these two entities can function and prosper within a unified economic framework?
4. **“It’s only a matter of sequencing”**: It may be an interesting concept, but it merits a serious examination and implementation only **after** a two-state solution has been implemented.
5. **“Has it been done before?”**: Is there a **precedent?** If not, why would you expect this to work?
6. **“Let’s cut to the chase”**: It’s too **complicated**. If indeed the two-state solution is no longer feasible, better go straight to a **one state** model with equal rights for all.
7. **“The globalist take”**: It runs against the global **“zeitgeist”** of isolationism, cessation and de-globalization.

Let us react to these seven points one by one:

1. **“The argument from inertia”**: There is **no need to abandon the two state solution**. All the current difficulties associated with it are **surmountable**.

The two states concept – having made its official international debut almost 80 years ago, in the Peel Commission report of 1937 – has shown remarkable durability and gradually gained something of a monopoly on public opinion, certainly amongst the political class, in the US, Europe, Israel, the PLO and most Arab countries. Despite the undeniable ongoing failure to reach an agreement on the basis of this formula, it is still considered by many as “the only possible solution to the conflict”. Currently, those who argue for the preservation of this plan have a strong inertia-based case. The long chain of UNSC and UNGA resolutions adopting it and calling for its implementation, the host of international mechanisms, organizations and forums that have endorsed it, and the innumerable expressions of support by a succession of heads of states – US Presidents, heads of all permanent and members of the UNSC, heads of virtually all European countries, all UN Secretary Generals. As far as international legitimacy and consensus go, the two-state solution is a standard bearer. It is therefore no surprise that a paradigm shift to a confederation (or, for that matter, to a one-state model) is nothing short of a Copernican revolution. In addition, the confederation paradigm is to date a much more ambiguous, fuzzy concept in the minds of the vast majority of world leaders, let alone wider political elites and public opinion. The question is under what conditions will supporters of the two-state model acknowledge its inapplicability? And when will the tide finally turn and a critical mass will understand the need for an alternative paradigm, will the confederation concept stand out as the most feasible one?

I suspect that in order for the two state paradigm to lose its longstanding “epistemic dominance”, one or more of the following developments will need to occur:

- An **Israeli government officially denouncing it, and annexing part or all of the West bank**.
- A **PLO official resolution** to “opt out” of it, in favor of a different model.
- **A collapse of the PA**.



- A **takeover of the PA and/or the PLO by Hamas**, either **democratically or violently**.
- A **referendum** – in Israel and/or in Palestine – that will **reject** a two-state agreement.
- The **collapse of the Hashemite Kingdom of Jordan**, possibly reframing “the Palestine question” to once again include the entire area of the 1921 British Mandate, i.e. Palestine and “Trans-Jordan”.

Simply put, the paradigm shift will occur as a result of drastic actions taken by either Israelis or Palestinians that will amount to a rejection of the two state model, or as a result of a major externality in Jordan. Absent such developments, we will witness an incremental process of attrition, such as the one we have been experiencing since the early 2000s. While many already believe that the conditions on the ground effectively prevent a successful implementation of a two-state solution, the inertia of this solution still rules in the global discourse.

Beyond inertia, support for the two-state model is also a product of various vested interests. The PLO leadership, the Fatah movement and the entire PA apparatus are totally dependent on the preservation of this concept. Without it, their “raison d’être” will be in jeopardy. This is also true regarding the Israeli center-left (Labor, Meretz and most of the Israeli Arab body politic). It also became a convenient common denominator for the American Jewish establishment. If and when there is a paradigm shift, the Jewish establishment’s worst fear might be realized, as it may be torn between its own government’s position – all US administrations since George W. Bush have sworn allegiance to the two-state model – and Israel’s government position.

What does it mean for the confederation concept? that a key challenge for proponents of the new paradigm will continue to be the inertial support for the old one. There is and will continue to be a correlation between the lowering level of support for the two-state model, and the growing level of support for the confederation concept.

2. **“The political realist’s concern”**: this is a **very naïve concept**. The Arab and Palestinian culture is incompatible with the enlightened notions of **power sharing, pluralism** and other “Western” concepts inherent to a stable confederation. And even if parts of the population will accept it, the **radical Islamists** – Hamas, PIJ, ISIS etc. – **will never abide by the will of the majority and will continue to sabotage and terrorize**. Furthermore, within a confederation they will have **more destructive leverage and more maneuverability**.

This argument goes very deep into the cultural, social and normative patterns of the Palestinian society and its Arab-Muslim roots. The Israeli scholar Prof. Dan Schoeftan is a known critic from this school of thought. In the final

paragraph of his recent paper⁴ analyzing the structural cultural failures of the Arab societies in the Middle East, he describes this Western, mainly European fallacy vis-a-vis the Arab world as follows:

... {Allegedly, according to the European view – E.E} ” “All you need” is the people that suffered more than they can endure, to harness these resources and dramatically improve their lot. If everybody will work for his own benefit and build his nation, ethnic group or religious sect, all can prosper. After all, “we did much more in post WWII Europe.”

And he proceeds to this concise criticism:

...”The problem is that the present predicament {of Arab-Muslim societies in the Middle East – E.E} is a product of a century of Arab mainstream rejection of this rational. The resources were there, the potential was available, the suffering was bad enough and the Arab mainstream preferred to take a course that produced civil wars (Yemen, Jordan, Lebanon, Iraq, Syria, Sudan, Libya, Algeria) to one of nation building and sectarian pluralism. Brave and determined Arabs who advocated constructive compromises and open society were marginalized and often excommunicated, silenced and punished. Some of them believed five years ago their time has come with the “Arab Spring”. We all know better now”.

Schoeftan’s views are widely accepted in Israel. While counter arguments pertaining to the entire Arab-Muslim world are beyond the scope of this paper, the case of the Palestinian people does offer some unique characteristics that can at least partially refute the “broad brush” cultural argument. The unique history of the Palestinian population in the West bank and Gaza provides some basis for democratic attributes in their society. Dr. Hanan Ashrawi describes in great detail – in a research paper published in 2009 by the Baker Institute⁵ and entitled “The case for democracy in the Palestinian national narrative” – the entire relevant Palestinian history. Ashrawi concedes that “exposure” to the Israeli democracy, which is the usual argument made by proponents of Palestinian democracy, did play a role in laying the foundations of a democratic Palestinian narrative. But, she argues, it is more the product of their long history of colonization, resistance and civil society movements, as well as a culturally-embedded strong emphasis on education in a broad sense, including Western values and norms.

While there is certainly a case to be made for democratic forces within the Palestinian society, there is no denying that the Islamist movements, primarily Hamas, are committed to non-democratic values and have – especially since the Palestinian elections in 2006 – demonstrated willingness and capabilities to violently overthrow their

4 Political Culture, Sectarian Strife and Borders in the Middle East, Dan Schueftan – February 2016 (still Unpublished)

5 <https://bakerinstitute.org/files/387/> - “The case for democracy in the Palestinian national narrative”

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opponents and take control of Gaza. The ongoing failure of Fatah and Hamas since then and to this day to agree on modalities for elections and other ground rules for Palestinian politics (a functioning unity government, proportional representation within the PLO etc.) is a testament to the degree of complexity and scope of the challenges faced by the Palestinians.

Within an Israeli-Palestinian confederative framework, this already intricate apparatus will of course be much more complex. The expected challenge to such a model from Hamas and other Islamist movements will be multifaceted – ideological, theological, political and quite possibly by violence and terror.

Regarding the enhanced potential for violence and terror, it is true that open borders will provide easier access and operational advantages to terrorists. If examined only through this narrow prism – the proverbial “looking through a drinking-straw”, famously attributed to various heads of the Israeli Security service, “Shin Bet”, to describe their narrow focus on counter terrorism – it definitely raises difficult operational challenges. However, one should adapt a broader view point, and include the overall calculus of the various stakeholders, including Hamas, the smaller terror groups and the wider Palestinian population. There is reason to expect that the “cost-benefit” analysis of Hamas will be different, especially if there is wide popular support for the confederation model and a process of implementation is under way. If the new framework is adopted in a due process – either through elections or a referendum – Hamas can be expected to refrain from violating the “will of the people”. Admittedly, anchoring a historic resolution of the Israeli Palestinian conflict on the “cool headedness” or “fair play” of an organization like Hamas is not a robust strategy. It will therefore be absolutely necessary to create a multilayered safety net that will minimize the risks and allow swift and decisive reactions to any attempts by Hamas or others to “break out” of an agreed confederative solution. While a daunting task, it is virtually identical to the one facing any other conflict resolution plan. A two-state model does not guarantee Hamas’ compliance any more than a confederative model. If at all, the confederation option may well be considered by Hamas more promising, as it acknowledges some Palestinian “rights” to the entire land, rather than limiting them to west Bank and Gaza. There is little doubt that Hamas will reject the “classic” fully separated two-state model, based on the June 4th 1967 lines. By changing its calculus, as well as that of the wider Palestinian population, the confederative model may offer better chances of long term stability than the plausible alternatives. Without a doubt, the risks associated with terrorism will need to be fully addressed by both Israel and Palestine, in terms of homeland security as well as external security. As explained above, a confederation model does offer certain potential advantages in that respect.

3. **The economic realist’s concern**: the **asymmetries between the Israeli and Palestinian economies** are too big to overcome. Are you seriously suggesting that these two entities can function and prosper within a unified economic framework?

The Palestinian GDP is 12.74 Billion USD (2014, according to the World Bank⁶), less than **1:4 ratio** of Israel’s 51.15 Billion USD (2015, OECD data⁷). Palestinian GDI per capita is 3,060 USD, a **1:11 ratio** compared to Israel’s 34,087 USD (2015). The basic features of the two economies are very different, with Israel’s being based on exports, developing a thriving Hi-tech sector, formidable defense industry and world-class scientific institutions; while Palestine’s economy is largely based on traditional light industries, agricultural products and an inefficiently large public sector. Numerous studies made by the World Bank and independent think tanks, some of them conducted jointly by Israelis and Palestinians, have by and large concluded that in a two-state model, economic cooperation is vital, especially for the nascent Palestine. From a purely economic perspective, Palestine’s economy will need to be open to Israel and to the global market if it is to gradually thrive. While prior to the 2011 eruption of the Arab revolutions there was a case for a Palestinian economy “facing Eastwards” and anchoring itself on intra-Arab trade and economic relations, it is evidently no longer a viable proposition.

The most common long term economic framework proposed by the various experts who have studied the issue is a “free trade agreement”, which requires the existence of a so called “effective economic border”, i.e. a controlled border regime that allows for the full supervision and accounting of all economic goods and services trade between the two entities.

A full analysis of the economic dimension of alternative models for Israel-Palestine will far exceed the scope of this paper. However, two key issues present themselves as paramount for this discussion:

1. **Can the basic economic asymmetries be overcome over time? If not, is political and security stability possible under such asymmetry?**
2. Is there a feasible way to create **strategic economic complementarity** between Israel and Palestine? If so, **does it contradict or align with a confederative model?**

An answer to these questions can only be given after extensive economic modeling and research. To date, none of the existing studies attempted to explore the long term prospects of a confederative model and the degree to which it will – over decades perhaps – alleviate or eliminate the basic economic asymmetries. Existing studies do show that there is a significant degree of

6 <http://data.worldbank.org/country/west-bank-gaza>

7 <https://data.oecd.org/israel.htm>



economic complementarity between the two economies, which initially suggests that a confederative model may be relevant and conducive to long term political stability.

4. **“It’s only a matter of sequencing”**: It may be an interesting concept, but it merits a serious examination and implementation only **after** a two-state solution has been implemented.

In many conversations as well as in some public debates over the issue, supporters of the two-state model, having listened to the arguments in favor of a confederation, are willing to “concede” to some of its rationale. They argue that while a confederation may be a promising concept, it actually does not contradict a two-state model and can be an additional “layer” on top of it. They envision a phased solution, beginning with an interim agreement – possibly based on phase II of the roadmap (creating a Palestinian state with provisional borders), followed by the delineation of permanent borders and the creation of a sovereign Palestine, and only then moving to confederative arrangements and institutions.

While such a scenario may still be feasible, this argument misses a critical point, which relates to sequencing but from a different angle. One of the major arguments in favor of a confederation is its added value as the first step, rather than the last. As explained earlier, the confederation may be the “tie breaker” in the public and political discourse on conflict resolution models. It has the potential for changing the level of support for negotiations and for the final agreement, granting it more chances of successful implementation. Adopting it at the get-go will also have a tremendous impact on the details of the negotiations on all issues. The most critical examples are the security arrangements. In all negotiation rounds till today, the parties failed to agree on external security arrangements. The deep gaps between Palestinian sovereignty and Israeli security demands were never bridged. IDF presence in the Jordan Valley was a particular case in point. However, if negotiations are conducted under a confederative framework, a whole new set of options will present itself, and the self-perceived interests and needs of both sides will be different, possibly allowing them to bridge their gaps. This dynamic is also possible on practically all other domains within the negotiations.

Sequencing is extremely important, and therefore confederation should be utilized to its fullest potential, presented at the outset as the strategic long term framework for Israel-Palestine, and shape the negotiations accordingly. If it’s only dealt with as a “possible future additional layer”, an ad-on to a basic two state model, we are missing the whole point.

5. **“Has it been done before?”**: Is there a **precedent**? If not, why would you expect this to work?

Confederations as a self-described political configuration have been in existence since 492 BC. Wikipedia lists

some 40 different confederations⁸. However, as described earlier, the term “confederation” is loosely defined and differentiated from federation, and both have evolved considerably throughout history. Today’s most relevant “precedents” are Serbia and Montenegro and the European Union (see Annex 1), and even their relevance to a future Israeli-Palestinian confederation is admittedly partial.

The best response to the “precedent argument” is that the Israeli-Palestinian conflict is unique in many of its features (duration, location, demographic and religious aspects etc.) and one should not necessarily seek a direct parallel in terms of potential solutions. The fact that there exists no other bi-national confederation exactly similar to the proposed model is not sufficient grounds to reject it.

6. **“Let’s cut to the chase”**: - It’s too **complicated**. If indeed the two-state solution is no longer feasible, better go straight to a **one state** model with equal rights to all.

The level of complexity presented by a confederative model is indeed daunting. The “temptation” of a “clean cut” separation to two states is certainly present in the discussion of both confederation and one state models. However, opting for a one state model has fundamental consequences which are drastically different from a confederation. The arguments against one state are numerous, ranging from the loss of the Zionist dream of a Jewish state, to the very real possibility of the new unified entity becoming more and more similar to its neighboring states in terms of internal instability, civil war and self-destruction. As importantly, the clear majorities in both Israel and Palestine are against the implementation of this model. It also contradicts all international decisions and third party positions in recent decades, which were all based on the creation of a Jewish and an Arab States.

7. **“The globalist take”**: It runs against the global **“zeitgeist”** of isolationism, cessation and de-globalization.

This interesting, little heard argument, is relatively new. Recent trends in Europe and of late also in the US, point to an “anti-globalization” school of thought which is gaining support very quickly. The unpredicted result of growing unemployment, socio-economic inequalities and identity politics, as well as emerging threats of terror and mass immigration from conflict ridden areas in the Middle East, Africa, Afghanistan and (in the case of the US) Mexico; this phenomenon is reshaping global politics and will have a significant, if unpredictable, impact on the Israeli-Palestinian conflict as well. A “yes” vote on the “Brexit”, potentially followed by a Scottish cessation, is a case in point. The collapse of the TTIP as a result of massive popular rejection in Europe is another. In the Middle East, the Kurds appear to be closer than ever to cessation from Iraq and Syria. Iraq’s future as unitary

8 <https://en.wikipedia.org/wiki/Confederation> - see a list of historic and present day political entities that describe themselves as confederations.

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state is on the line, as is Syria's, Libya's and potentially others. One can easily deduce that the proposition of a confederative model for Israel and Palestine runs against these trends and is therefore “out of sync” with global trends.

On the other hand, these trends also point to a historic opportunity. Certainly with regard to the Middle East, 100 years after the Sykes-Picot agreement, we are transitioning to a new era, where many of the states in the region will be reshaped and reconfigured, both internally and in relation to their neighboring states. This process is bound to also shape the future of Israel and Palestine, and it allows for a much wider strategic maneuvering space for the parties involved. The former rigidity – created in 1917 and enshrined in numerous agreements, resolutions and policies – has now been replaced by near-chaos, uncertainty, multiple options and alternative futures. Against this backdrop, models such as confederations and federations are suddenly talked about in the context of other regional conflicts, e.g. Syria and Iraq. It is quite possible that an Israeli-Palestinian confederation – if and when it is negotiated – will not be the first confederation in the “New Middle East”.

The way forward – how can an Israeli-Palestinian confederation be successfully negotiated?

For the confederation idea to move from theory to practice, the current conventional wisdom – i.e. the two-state model – has to change significantly. It seems reasonable to assume that the international fixation on the two-state model, while no doubt eroding, will not evaporate overnight. The narrow window that already exists for alternative models will undoubtedly open wider and wider with time. The first order of business for proponents of the confederation plan is to steadily open that window by presenting their ideas and engaging opinion makers, politicians, local and global think tanks and the media. The fact that eminent figures such as President of Israel Ruvben Rivlin have recently voiced support for the idea is an early testament to its potential public appeal. In today's idea market, civil society movements can sometimes play a key role in swaying public opinion and – in turn – governments and political elites towards their agenda. The Palestinian BDS movement is an unfortunate prominent example of this phenomenon. The confederation idea is promoted by an Israeli-Palestinian movement called “One Homeland, Two States”⁹ which has been active since 2013. The peace NGO IPCRI has conducted and published a research project on the confederation idea¹⁰. A number of articles such as the recent Washington Quarterly's “Confederalism – A third

way for Israel-Palestine”¹¹ are also evidence of growing international interest in the idea. A dramatic change of the situation on the ground – such as the collapse of the PA – will also accelerate the discussion of a post-Oslo new order, including confederative options.

Beyond public discourse and sowing the intellectual and political seeds, a “roadmap” for implementation will obviously include Israeli-Palestinian negotiation. One can envisage two potential avenues for such negotiations – a “top down” or a “bottom up” mechanism. As long as the current Israeli and Palestinian leaderships are at the helm, the “top down” option is not realistic. A “bottom up” process may very well already be in the making. The process should begin with setting revised “parameters” for the end state. Whereas negotiations henceforth have set parameters for the classic two state model, this time new parameters will have to be formulated, designed for the final creation of an Israeli-Palestinian confederation, and leaving the door open for Jordan¹² to join in. As discussed above, if the parties manage to agree on a confederative model as the strategic framework for their future relations, all other “parameters” will be heavily effected accordingly. In fact, even the allegedly “fixed list” of “permanent status issues” that has been the foundation for all Israeli Palestinian negotiations since the Israel-Egypt Camp David accord of 1978 (Borders, Statehood, security arrangements, Jerusalem, refugees) may very well be adapted to the new framework, with certain issues added, others reframed etc.

Furthermore, the modalities of the various spheres that will later be negotiated in detail – external and internal security, borders and settlements, Jerusalem, refugees, economic relations, foreign relations, civilian spheres and others – will also be reframed and shaped differently. Once new parameters have been agreed upon, it may be prudent to gain popular legitimacy to the new joint horizon. A referendum in both Israel and Palestine, or parallel elections, should be considered as an important component on the road to successful implementation. It is particularly crucial on the Palestinian side, given its structural difficulties in establishing national representative bodies, the ongoing Fatah-Hamas rift, and the fundamental religious, cultural and societal issues that the new parameters will reframe and define. While compatible with previous PLO decisions, the Oslo agreements and international resolutions, the new framework – if and when agreed – will be a historic milestone and a significant shift compared to these previous texts. Beyond Israeli-Palestinian legitimacy, it will be conducive to anchor such a framework in additional regional and international resolutions, such as an Arab League declaration of support linking the new parameters to the Arab Peace Initiative, and a UNSC resolution welcoming it and committing to a constructive role on the way forward.

9 <http://2states1homeland.org/en> - full disclosure - the writer is a member of the movement's advisory board.

10 <http://sites.xkute.co.il/ipcri2/index.php/projects/research-and-information/64-confederation-solution-to-the-conflict>.

11 https://drive.google.com/file/d/0B_oAFRmU07fQkU3S2Z0Q0c1TGc/view.

12 The prospect of a tripartite confederation of Israel-Palestine-Jordan merits a separate in-depth research.



The next steps, should all or most of the above is successfully completed, could be similar to the 1995 negotiations on the Israeli Palestinian Interim agreement. A complex apparatus of negotiating teams will have to be created, compatible with the numerous spheres that will need to be discussed, such as external and internal security, civil issues including civic status, citizenship, residency etc., economic relations, foreign relations, joint institutions and many more. These difficult and contentious talks will require years of painstaking negotiations and decades of implementation.

The main projected challenge for both leadership and their supporters will be – much like in the mid-1990s during the implementation and negotiation phase of the Oslo accords – dealing with terror and violence aimed at derailing the process, and figuring out ways to demonstrate “quick success stories” to present to their respective weary and justifiably skeptic constituencies. One can imagine third parties stepping in at this point and trying to bolster the agreement, for example Arab countries establishing diplomatic and commercial relations with Israel, the EU making concrete proposals and some quick and tangible policy changes under its “SPP” (Special Privileged Partnership, already envisaged as part of a future peace treaty). The global business sector can also play a visible role at that stage – again, not unlike the mid-1990s with its extravagant series of international conferences in Casablanca and Amman – by seriously engaging with local corporations and preparing the grounds for the new economic reality. In today’s hyper-connected media environment, such steps will be infinitely more visible and impactful than they were 20 years ago.

While it is encouraging to imagine such an optimistic scenario, prudent strategic planning must take other scenarios into consideration¹³. Suffice to say that in the event of a total failure, if it will be widely perceived as rendering the whole confederal model irrelevant, the most probable outcome will be a major reinforcement of three extremist narratives – the one state with equal rights narrative; the “Jordan is Palestine” narrative, and the radical Islamists’ narrative.

Conclusion

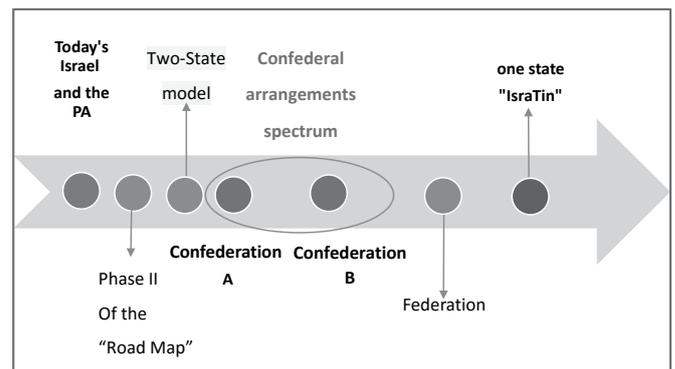
The newfound interest in alternative conflict resolution paradigms, generated by the apparent failure of the old two-state model, has resulted in a growing number of thinkers, public figures, and researches to examine the concept of an Israeli-Palestinian confederation.

An analysis of the state of the history and current affairs of the Israeli Palestinian conflict reveals the deep erosion of all pillars of the two-state model. While still backed by powerful powers of inertia, mainly in the international political diplomatic arena and local leadership rhetoric, its days as a credible formula for the resolution of the conflict are most probably numbered. It may come to an abrupt end in the form

¹³ Exploring alternative scenarios in the event of a failed attempt to agree on a confederation – “what ifs?” - should be the subject of a separate paper.

of collapse of the PA, or gradually loose the battle of ideas; within the Palestinian public opinion, to a one-state formula or worse still, to the Islamist idea represented by Hamas; within the Israeli public opinion in the longer run, to a “greater Israel” or “Jordan is Palestine”. In the meantime, reality on the ground is rapidly closing the space for a negotiated agreement based on separation of the two populations.

A close look at the components of a confederative model reveals a high degree of flexibility. Confederative arrangements are not a “packaged deal” but rather a “tool box”. In fact, there is a spectrum, as illustrated here:



By modeling one possible confederative configuration for Israel-Palestine and comparing it to the two-state model, we were able to present its advantages and shortcomings. The main conclusion is that such a model’s most positive trait is its ability to maintain tangible and intangible attachments by both peoples to the entire land, which both consider “rightfully their own”. The flip side of this quality is the **perceived and perhaps real threat to the national identities** - Jewish-Israeli vs. Muslim-Palestinian - of both peoples. An open-border confederation with permanent residency rights for Jewish settlers in Palestine and Palestinian returnees in Israel is a very significant paradigm shift that defies strongly held views on both sides.

The security sphere is perhaps the most challenging. The proposed tradeoff between external and internal security is both promising and challenging, being yet another major leap from previous negotiations on these issues, which were of course premised on the two-state model. For Palestinians, it might be seen as detracting from their external sovereignty, and for Israelis, as potentially detracting from their internal security.

The complex joint management of daily lives that a confederative model necessitates, and in the long run joint institutions, possibly even a joint parliament - in addition to the two respective national parliaments - are a major transformation and will take tremendous efforts, building on some encouraging existing examples, such as electricity grids management.

The set of six strategic questions (page 11) that were presented to the two roundtables discussants was only

An Israeli-Palestinian Confederation: A viable alternative for the “two states solution”?

partially addressed in the discussion and in this paper, and further research is obviously needed.

The second set of seven “frequently reoccurring themes in public and private discussions of a confederative model” (pages 14-15) will also continue to demand more elaboration.

Five major issues were mentioned only briefly in the paper, and merit an in-depth exploration – the modalities of the joint Israeli Palestinian confederative **mechanisms, institutions** and ultimately perhaps **joint representative bodies** such as a parliament; the linkage between a confederation and the **Arab Peace Initiative** in terms of process and “end state”; additional potential **international “envelope”** for a confederation (e.g. close association agreement – “SPP” - with the EU, etc.); **long term economic forecasts and prospects** for minimizing the socio-economic gaps between the two economies in a confederative context; and last but

not least the potential role of **Jordan as a third element** within a tripartite confederation.

The attempt to chart a path to successful negotiations - based on new parameters - in the final part of the paper, points to a real possibility. Despite the obvious and less obvious challenges, questions and dilemmas, **the confederative spectrum does hold a significant potential of breaking the current conceptual and political impasse**. Much will depend on the ability of proponents of this innovative idea to **effectively communicate** it to the Israeli and Palestinian publics and to key stakeholders in the regional and international political elites. One should hope that by leveraging policy innovations and bottom up civic action, the Israeli and Palestinian peoples can be stopped short of falling into the post two-state solution abyss, already visible and palpable.



Israel and Palestine: For and Against the Idea of a Confederation

Yair Hirschfeld

I. Introductory Remarks: Why we Decided to Study the Confederation Concept

"The King is dead, long live the king" was the old cry in the monarchies, "the two state solution is dead, long live the confederation" appears to be the new cry in Israel and Palestine. The difference is that when in the old times the announcement came "the king is dead" a real person had died, and when they said "long live the king" a real person was alive and would be crowned. In Israel and Palestine the "two state solution" has not died, and the "Confederation" has, yet, not come to live.

Nevertheless, it is important to understand, why it is argued that the two state solution has died, and why the confederation is viewed as a kind of "deus ex maccina" capable of replacing the older concept. So far Israeli-Palestinian negotiations to reach a two state solution have repeatedly failed: no agreement has been achieved on the final borders of each state, no agreement has been reached on other core issues of conflict, Jerusalem and refugees, and most severe of all, the presence of almost 500 000 Jewish settlers in the territory of the West Bank is viewed as an insurmountable impediment preventing the conclusion of a two state solution. In a Confederation, it is believed, it will be possible to agree on the border – i.e. the June 4, 1967 cease-fire line, the Jewish settlers will be able to stay where they live now, Jerusalem will become an "open city" and the descendants of Palestinian refugees will be allowed to come to Palestine, as well as to Israel. No less important, in a confederation scenario, Israel will be able to maintain control of its security, and Palestine will enjoy the fruits of close cooperation with Israel in promoting its economy. The logic in favor of the idea of an Israel-Palestine Confederation appears to be overwhelmingly convincing.

As director of the S.Daniel Abraham Center for Strategic Dialogue, I thought that the idea of a Confederation was important enough to be scrutinized. Hence, with the kind help of the Friedrich Naumann Foundation we decided to organize two round-tables and dozens of more confidential talks with Israeli Jews who represent the entire political spectrum of Israel's society, with Israeli Palestinian Arabs – Islamic fundamentalists, and secularists, with Palestinian and Jordanian counterparts. The outcome of these discussions had at first sight a problematic effect regarding the idea of a Confederation.

Many Israeli Jews – mainly those identifying with Israel's left-wing and center parties - feared that the concept of a Confederation was a "one state solution in disguise"; others who identified with Israel's right wing parties feared that

the Confederation was "a two state solution in disguise". Worse, the concept of "open borders" was feared most. Free movement within the Confederation would enhance terror, and under present conditions would be most fervently opposed by a great majority of Israelis and not less important, the Jewish and democratic identity of the State of Israel would be endangered.

Israeli-Palestinian Arabs liked the idea of open borders, but stressed their fear that in an Israel-Palestine Confederation, their collective interests might be violated. In Israel, the concept of a Confederation would offer a most dangerous enticement to right-wing parties to demand denying Israeli citizenship to the Israeli Arab community and argue that in the confederation they could stay where they are, become citizens of Palestine, and receive the social and economic benefits the Palestinian state could offer them, rather than what was due to them in Israel. It was also argued that in a confederation, the fear of one side dominating the other would cause Jewish-Arab tension and enmity to rise, rather than decrease.

Our Palestinian interlocutors did not even want to test the concept of a Confederation, nor discuss its components in detail. In their view the confederation idea was nothing more than a new Israeli attempt to "replace the occupation, by other means of military, governmental, administrative and economic controls".

The Jordanian reaction was not much different. They did not believe that an Israel-Palestine Confederation was realistically achievable; they opposed fervently the idea of a trilateral Confederation, Israel-Palestine-Jordan. Regarding the idea of a Jordan-Palestine Confederation we received divided opinions. Some of our Jordanian interlocutors strongly and vividly opposed the idea; others supported it, but only after the conclusion of an Israel-Palestine agreement on a two-state solution, permitting the establishment and recognition of an independent and sovereign State of Palestine. If this happened, negotiations on a Jordan-Palestine Confederation might get underway.

In pursuing these multiple dialogues and following the ideas raised during our workshops, I personally reached four very definite conclusions:

1. The idea either of a two-state solution or of Confederation was, when it came to essential details, an in spite of experience gained in negotiations, still too raw. The all powerful Islamic and Jewish religious leadership fervently opposes either the two-state solution, or the concept of a Confederation. The necessary public legitimacy and trust is missing on both sides, required to enable the Israeli



and Palestinian leadership to undertake the necessary concessions. So far the essential three questions of identity, territory and security have not been properly addressed, by either the two-state or the confederation concept.

2. The two ideas, the concept of a two-state solution, and the concept of a Confederation, particularly if these ideas would be pursued sequentially, offered important elements for an eventual conflict resolution concept.

On identity: The two state solution offers a clear answer strengthening the identity of Israel, as the State of the Jewish people (with equal civilian rights for all their citizens). Israeli Jewish respondents feared that the concept of a confederation would eventually undermine the Jewish identity of the state, whereas, the Palestinians thought that the Confederation concept would be more amenable to strengthen both the separate and the common identity between Israeli Palestinians and Palestinians residing in the West Bank and Gaza.

On security: The question of security cannot be solved on a bi-lateral Israeli-Palestinian basis, neither within the context of a two state solution nor within the context of confederation. Essential Israeli demands on security contradict essential Palestinian demands for obtaining full sovereignty over their territory. In order to solve the security issues a far more complex, combining bi-lateral Israeli-Palestinian security understandings, with a tri-lateral Israeli-Palestinian-Jordanian security structure, embedded in a multi-lateral regional structure with international support and guarantees is essential.

On territory: Our Israeli respondents denied the claim that the concept of a Confederation made it possible to solve the territorial question. Under the concept of a Confederation the Israeli settler community would not have to move out of their residences, however, they would have to accept the fact that they would be living in the State of Palestine, and not in Israel.

3. It is necessary to design and pursue a gradual conflict transformation process, that would reinforce and reassure the sense of identity and security to all concerned parties (Israeli Jews, Israeli Palestinian Arabs, and the Palestinian inhabitants of the West Bank and Gaza, as well as the Palestinian Diaspora) create change on the ground, in support of an ongoing Palestinian state-building process, which eventually shall lead to a two-state solution, and/ or a confederation.
4. It is important to test other conflict resolution structures and mechanisms. We have started to study consociational structures, which have been adopted in South Tyrol, in Northern-Ireland, in Bosnia and Herzegovina and elsewhere, with some success. Some of these concepts may become very useful in devising possible bridging concepts between Israeli and Palestinian demands on territory and identity. Yet, it definitely will need a more

in-depth further study and a joint Israeli-Palestinian brainstorming effort.

In pursuing an Israel-Palestine conflict resolution process, it is important to understand the underlying historical, political, religious and socio-cultural realities, upon which, either a two-state solution or confederation structure can be built. The aim of this essay is to try to understand the historical context of evolving processes, evaluate experience gained elsewhere and endeavor to contribute to design and pursue a gradual conflict transformation process in order to reach maturity for the hoped for end-game that will have to include important components of the two state solution, the Confederation concept and other approaches.

II. Some Historical, Political, Religious and Socio-Cultural Reflections

1. Some Historical Reflections

In my studies of Middle Eastern history I have been most influenced by the thinking and writing of Albert Hourani, and particularly by his major oeuvre "The History of the Arab Peoples".¹ Referring to Ibn Khaldun's concept of *asabiyya*, describing social communities, bound by common religious beliefs, by political, economic, cultural and economic bonds, which define their identity, Hourani described the Ottoman Empire, in its heyday, as a tolerant configuration of multiple communities, Muslim, Christian and Jewish, who lived relatively peacefully one beside the other. Influenced by the emergence of modern nationalism, as well as by the colonialist intervention, directed largely by the Sykes-Picot agreement of June 1916, largely artificially created nation-states replaced the old system, by a political structure, which is presently falling apart, in Iraq, Syria, Lebanon, Yemen, and Libya. Under the leadership of President Nasser of Egypt, and parallel but competing ambitions of the Syrian and the Iraqi Baath movements, the attempt to replace the British and French created nation states by a Pan-Arab Empire, failed completely. Later and still prevailing attempts to create an all-Islamic Empire have failed already, or – if pursued by ISIS – will undoubtedly fail. Instead, what is emerging is the revival of Ibn Khaldun's and Albert Hourani's *asabiyya* communities, as emerging mini-states, which may conclude various federal, confederal or consociational political structures in the future. In Iraq, the Kurdish minority has established a *de facto* state, and may declare sooner or later, a state of its own; in Syria, the Alawite community, may attempt to defend itself against genocidal revanchist tendencies of Sunni radicals, by establishing a state of their own; Christian communities in the East of Syria and in Iraq, are similarly attempting to create a largely autonomous area. The multiplicity of existing ethnic, religious, cultural and social communities is experiencing a revival. Whereas this

¹ Albert Hourani The History of the Arab Peoples; Faber and Faber, London 1991.

process threatens existing national structures, it may well be assumed, that through a complex process of trial and error, the re-emergence of existential needs of these communities and hereto linked political aspirations, will largely influence the reformation of the political structure in the Middle East in the decades ahead of us.

These developments will most likely influence the political thinking and action both in Israel and Palestine, as well as in the wider Middle East. Israel's struggle to obtain full recognition of the nation state of the Jewish people, will apparently be, easier acceptable, if the domineering and monolithic demand for an all-Arab, or all-Islamic state, will give place to the emergence of a multitude of various religious and ethnic national entities throughout the Middle East. At the same time, a variety of different constitutional and political structures, exercised already elsewhere, will have to be introduced in order to provide the necessary political, cultural, religious and security protection to minority groups. Concepts of liberal consociationalism (exercised in South Tyrol), corporate consociationalism (in Bosnia-Herzegovina, based on the Dayton Accords, in Lebanon, based on the Taif Agreement of 1980, attempted in Cyprus on the basis of the rejected Annan Plan, and in Northern Ireland on the basis of the Good Friday Agreement of April 1998) have already been more or less successfully implemented. Similarly, federative and confederative structures will have to be tested and adopted to the basic necessities of each different case.

After the first Oslo Agreement, i.e. the "Israel-PLO Declaration of Principles" was signed on the White House Lawn on September 13, 1993, Yossi Beilin, Ron Pundak and I turned much of our attention toward preparing guidelines, as how to reach an agreed Israel-Palestine two state solution. It took almost an entire year, until in August 1994, Ron Pundak and I started to discuss the potential understandings with Hussein Agha and Ahmed Khalidi, who had been asked by Yasser Arafat and Mahmoud Abbas, to work with us. At the first meeting in Stockholm, Hussein Agha and I decided to look at the historical dimension of an intended process of conflict resolution. Agha who is a descendant of Middle Eastern high aristocracy – on one side from the Qajar dynasty, who ruled Iran between 1796 and 1925 and on the other side from Ayatollah Khorassani, one of the most revered Shi'ite Ayatollahs of the late nineteenth and early 20th century – shared a view of the Middle East much in line with Albert Hourani's ideals. Agha envisaged a modern Middle East, as a community of nationalities, rather than as traditional nation states. We agreed that both the Jewish and the Palestinian people were not ready, under present circumstances, to agree to form such a political structure. Both nations had experienced too many tragedies and feared to be dominated by the other side, or by third nations, and needed at first, to strengthen and stabilize their own independent nationhood, whatever the price might be.

2. Some Political Reflections

In 1990, the European Union commissioned a research paper I was to write, on "Israel and the Palestinians, from Dependence to Interdependence".² Yossi Beilin, who convinced the Europeans to commission the paper, instructed me to prepare a blue-print for promoting a complete separation between Israel and the Palestinians. Beilin's rational argument was that Israel, in order to maintain its Jewish-democratic nature, needed an internationally recognized border between Israel and Palestine, similar to between Israel and all its other neighbors. Although identifying with Beilin's approach, the more I studied the intricacies of the Israeli-Palestinian relationship, the clearer I understood that complete separation was impossible, as much as a recipe for disaster. On the practical level, the Palestinian and Israeli physical infrastructure – water, energy, the road and railway network - both economies, were largely dependent one on the other. If Israel wanted a successful Palestinian state to emerge beside itself, the Palestinian people needed to rely on Israel. Israel was the most natural market for Palestinian goods. If Israel wanted to connect itself to Jordan and Egypt, the effective way was to cooperate with the Palestinians in doing so. As a recipe for conflict resolution, it was essential for the Jewish and Palestinian people to get to know each other and to cooperate.

In the early 1990s, I also understood that the first intifada had created a very dangerous development: the Israeli political and security elites understood that there was no military solution to the intifada and negotiations were essential; parallel hereto, the Palestinian leadership understood that the intifada itself would not bring about Israeli unilateral withdrawal and end of occupation, and hence, the Palestinian leadership in Jerusalem, Nablus, Ramallah, Bethlehem, Hebron and Gaza, as well as in Tunis, began to think of ways and means to start negotiations with Israel, under conditions they had rejected earlier on. While in such a way the elites of both people were moving closer to each other, and understanding that negotiations had become essential, the grass roots, the common people in Israel and the West Bank and Gaza, heavily resented the mutual violence that had accompanied the intifada. Resentment and hate was growing and hence the popular legitimacy for peacemaking was dwindling.

In order to bridge the gaps, I wrote what became (without any change) Annex III and IV of the Israel-PLO Declaration of Principles that was signed on September 13, 1993. It provided for Israeli-Palestinian cooperation in the fields of water, electricity, energy, finance, transport and communications, trade, industry, in labor relations, in the promotion of a Human Resources Development plan, environmental protection and coordination and cooperation in the field of communication and media; and it provided for a regionally supported Economic Development Program for the West Bank and

² Yair Hirschfeld Israel and the Palestinians, from Dependence to Interdependence; Tel Aviv 1992; the paper served as a major blueprint for the Oslo negotiations, and hence, has not been published so far.



the Gaza Strip, which was to include social rehabilitation, small and medium business development, infrastructure development and more.³

Very little was done, in order to implement the concept to which both sides had committed.⁴

Whatever the conclusion may be from past developments, the conceptual approach is today not less relevant, as it was in 1993. Political and national separation between Israel and the emerging state of Palestine has to be combined with a comprehensive program of economic, social, cultural and other cooperation that both sides need, in order to establish successful states, develop good neighborly relations, and pursue an ongoing process of social reconciliation.

My sense is that such cooperation can be pursued on a bottom up basis, be promoted by the civil societies on both sides of the divide, obtain the necessary governmental support, gain regional inputs and legitimacy, and gradually grow towards structures that might be incorporated into an agreed Two State and/or Confederation Agreement.

3. Some Religious Reflections

My most admired teacher was Professor Yehoshafat Harkabi. In 1986 he published a seminal study entitled "Fatal Decisions".⁵ There he argued that the Israeli-Palestinian conflict was in essence a national conflict between the Israeli and the Palestinian people, while indicating that the national conflict might all too easily turn into a religious conflict between Islam and Judaism, which would make a solution far more difficult, if not intractable. Having this argument in mind, the religious leadership, Muslim and Jewish, was intentionally excluded from the peace-finding negotiations. We thought that in Israel a democratic majority would eventually convince the Jewish religious leadership to consent and support a two-state solution. Rabbi Ovadia Yossef, the most revered religious Sephardic authority, had publicly announced his support for the Oslo process, and he decreed that the sanctity of life was more important than maintaining sovereignty over the land of Judea and Samaria.⁶ We also hoped that Yasser Arafat would work to convince, one way or the other, Hamas and the religious Islamic leadership, to support the envisaged two-state solution. In November 1994, Arafat actually clashed with the religious leadership, and it looked as if this was

the beginning of a Palestinian "Altalena-Event",⁷ where the majority would impose its power and decision-making on others. On that specific day in November 1994, when Arafat's forces clashed with fundamentalist Islamists in the "Filastin Mosque" in Gaza, and killed thirteen people, Ron Pundak and I happened to be in Gaza. In order to take care of us, we were quickly taken to a luxurious Fish restaurant at the sea side, and Nabil Shaath joined us, in order to keep us busy. He would speak about the causes of the break-down of the Soviet Empire, the causes for the oil crisis and anything else that came to his mind, only to prevent us, from asking to return to Gaza city. We then falsely hoped that the Islamic opposition could be dealt with effectively by the Palestinian national leadership.

Our hope that religious opposition on either side could be neutralized turned out to be unrealistic. The Jewish rabbinical leadership, particularly the disciples of Rabbi Avraham Yizchak Kook, and his son Zvi Yehuda Kook, most fervently opposed a two state solution. Their political influence has been not the only factor, but still a significant one, in denying social and religious legitimacy to the peace process with the Palestinians. The same is true for the Islamic leadership of Hamas, and Jihad al-Islam, who most fervently have so far opposed any compromise with Israel.

Any substantial headway toward a two state solution and/or an Israel-Palestine Confederation will have to achieve religious legitimacy from both the Jewish rabbinical and the Islamic religious leadership.

This appears to be a difficult, but still an achievable aim. In an ongoing dialogue with the rabbinical leadership that I have participated in, important rabbinical leaders have recognized "the collective rights of the Palestinians, living between the Jordan River and the Mediterranean" and they have also committed to accept any political solution, if a Referendum will be held, and a majority vote for the proposed solution will be obtained. I should point out that from a dialogue with these rabbinical leaders, it would appear that while there is a readiness to accept a limitation of Israeli sovereignty in Judea and Samaria in order to accommodate Palestinian national aspirations, they would not condone a solution based on separation and Jews being forcibly removed from their homes.

Rabbi Michael Melchior is pursuing a very intense dialogue with the Islamic religious leadership. Also here, important headway has been achieved. Five Jewish-Islamic religious dialogue centers have been established in Israel, in Ramallah, Gaza, Jordan and Egypt. Rabbi Melchior was able, by

³ See: The Israel-PLO Declaration of Principles, September 13, 1993.

⁴ It took me some time to realize that the fact that neither Rabin, nor Peres had corrected my draft proposal for Annex 3 and 4, did not indicate their full support, but rather indicated their lack of understanding of the importance of the proposed measures.

⁵ Yehoshafat Harkabi, Fatal Decisions [Hachraoth Goraliath] (Hebrew), Tel Aviv: Am Oved.

⁶ Rabbi Ovadia Yossef "Nothing must stand in the way of saving a Life", *Jerusalem Post*, October 6, 1989.

⁷ After the proclamation of the State of Israel, in May 1948, Israel's Prime Minister David Ben Gurion insisted that former para-military organizations as the Palmach, Etzel and Lechi should dissolve and be integrated in the Israeli Defense Forces. In disregard of this move, the leader of Etzel, Menahem Begin, made an effort to obtain for his para-military organization, arms, which were brought to Israel on the ship of the Altalena. When Ben Gurion's demand to hand over the arms was disregarded, Ben Gurion gave the order to take military action. Begin was decent enough to order his people to refrain from returning fire.

pursuing the inter-faith dialogue to reduce religious tension over Jerusalem.

There is a strong common ethical basis of beliefs between Islam and Judaism. Apparently the rising (criminal) radicalism of ISIS on one hand, as well as the less powerful radical and similarly criminal religious Jewish youth, have created a classical crisis situations, with the two classical components of any crisis: creating danger of further radicalization, as much as an opportunity to unify more moderate actors. Leading Islamic dignitaries in Israel, Palestine, Egypt, Tunisia, Abu Dhabi and Turkey have said in private conversations that the murderous content of the very radical Islamist groups make it essential to prevent them from abusing the Israeli-Palestinian conflict to their advantage.

What has been discussed in the interfaith dialogue is to agree on a peace concept, which might be based on the teachings of the Maturidiyya, defining conditions as how to maintain a state of peace,⁸ possibly to be combined with the precedent created by the Prophet Muhammad, when he signed the Treaty of Hudaibiyyah,⁹ which determines, how to end a state of war. Critics have argued that this treaty was broken, Rabbi Melchior responded – following religious assurances he received from his Islamic counterparts, that the word given by the Prophet could not be broken.

It is very evident that the great number of different opinions among religious Islamic as well as of Jewish religious leaders, make it difficult to obtain a clear authoritative commitment for peace on either side. My optimistic assumption in this context is simple: the more practical headway in creating an ongoing process of Palestinian state-building, besides and in cooperation with Israel, the more it will become possible, to widen the religious Islamic and Jewish support for the peace-making effort. My less optimistic assumption is that without effective religious legitimacy from both sides, a process of peace-building may well be possible, but an agreement achieving end of conflict will not become stable and sustainable.

8 Muhammad ibn Muhammad ibn Mahmud Abu Mansur al-Samarqandi al-Maturidi al-Hanafî (d. 333) of Maturid in Samarqand, Shaykh al-Islam, one of the two foremost Imams of the *mutakallimûn* of Ahl al-Sunna, known in his time as the Imam of Guidance.

Al-Maturidi surpasses Imam al-Tahawi as a transmitter and commentator of Imam Abu Hanifa's legacy in kalâm. Both al-Maturidi and al-Tahawi followed Abu Hanifa and his companions in the position that belief (*al-îmân*) consists in "conviction in the heart and affirmation by the tongue," without adding, as do Malik, al-Shafî'i, Ahmad ibn Hanbal and their schools, "practice with the limbs." Al-Maturidi, as also related from Abu Hanifa, went so far as to declare that the foundation of belief consisted only in conviction in the heart, the tongue's affirmation being a supplementary integral or pillar (*ruk'n zâ'id*). Dr. G. F. Haddad IMAM AL-MATURIDI retrieved from http://www.sunnah.org/history/Scholars/al_maturidi.htm

9 This was a treaty between the Prophet Muhammad representing the city of Medina and the Quraish Tribe, signed in 628 and created a ten years peace, permitting the Islamic community also to go on pilgrimage to Mecca.

4. Some Socio-Cultural Reflections

Reality is often self-contradictory. Although at the time of writing mutual suspicion, hate and resentment appears to reach a new peak, simultaneously – already for a long period of time – a process of social and cultural rapprochement is taking place. The Israeli-Palestinian community is undoubtedly – sustained by ongoing research – undergoing a clear process of intensifying cultural affinity with Israel's Jewish society. This is undoubtedly also true in the reverse. In the sphere of culinary culture – Jewish Israeli and Arab cuisine – is becoming identical; in the sphere of music, theater, poetry, and last but not least, in life style, the Jewish and Arab communities move closer one to one another.

Simultaneously important Israeli-Palestinian cooperation has been occurring among the civil society of both nations. In the Alliance of Middle East Peace (All-MEP) 93 Israeli and Palestinian non-governmental organizations are involved in pursuing cooperation in culture, sport, business, and many other fields, particularly in an ongoing dialogue between Israeli and Palestinian families who through terror and war have lost their loved ones.

I always have been convinced that historical changes are brought about by three combined factors: political leadership determined to achieve change; ongoing supportive historical, political, religious and socio-cultural processes; and finally, the preparation of effective action plans that make it possible to exploit emerging historical opportunities, in order to achieve the hoped for change.

Under present conditions the political leadership is not pursuing the necessary change; true, the various historical processes are unfolding against a reality of increasing radicalism. If historical processes unfold in a dialectical process of increased radicalization, causing an increased effort of unifying moderate forces, the need and opportunity for well thought out supportive action is necessary. In designing an Israeli-Palestinian conflict resolution strategy it seems important to learn from examples, where headway has been achieved.

III. The Jordanian Example

Seeking to deal with the Jordanian-Palestinian tension, the Kingdom of Jordan has offered an important example, how to deal effectively with the three major issues that have to be resolved between Israel and the Palestinians: territory, identity and security.

In a seminal address to the Nation, on July 31, 1988, King Hussein announced the full legal and administrative disengagement from the West Bank. He dissolved the Jordanian Parliament and redrew the electoral map of Jordan, restricting Jordan's territory exclusively to the East Bank of the Jordan River. Giving up political and territorial claims over the West Bank – which King Hussein's grandfather, King Abdallah I had annexed in 1950 – provided the Jordanian elites



with the capability to manage more effectively than before the already complicated Jordanian-Palestinian relationship.

During my first visit to Jordan, in May 1995, I was enormously impressed by learning about the Jordanian way of thinking and acting. The purpose of the visit was to meet with Crown Prince Hassan (King Hussein's brother) and ask him to plan together for a Jordanian-Palestinian Confederation. We did not merely receive a flat "no"; in order to stress the Jordanian opposition to the idea of a Confederation with Palestine, Crown Prince Hassan refused to meet us, in spite of the fact that Queen Beatrix of the Netherlands had asked for the meeting.

Yet, at the same time, we were offered a royal welcome. Two cars of the royal court (with the crown as their number plate) were put at our disposal and meetings with leading Jordanians, Palestinians and Circassians were arranged for us. Having lived before in Iran, I compared Amman to Tehran. Tehran was clearly divided into two parts: the North was wealthy, well-educated, modern, secular, pro-Western, and as a rule also pro-Israeli; the South was poor, semi-educated, traditional, religious and violently anti-Western and anti-Israeli. More important, the tension between these two parts of Iranian society was tremendous and led to the Islamic Revolution of February 1979 and the victory of "the South over the North". Amman, in some ways appeared to have evident similarities with Tehran. Areas of the very wealthy bordered on poverty stricken areas and the same "horizontal" tension, between the very rich, the educated and pro-Western, and the poor, semi-educated, traditional, anti-Western and Islamic was present also in Amman. Like in Iran, this dynamic created dangerous tensions, potentially undermining the stability of the Jordanian kingdom. However, there was a dramatic difference: In Amman, and in Jordan at large, there was also a "vertical" division, between Jordanians and Palestinians. The Palestinian elites were wealthy and had a vested interest to maintain the stability of the Hashemite Kingdom, while at the same time, they were socially committed and felt a sense of solidarity with the Palestinian poverty-stricken population in Jordan. The Palestinian owned banks in Jordan, the Arab Bank, the Cairo-Amman Bank, provided substantial funds to the Palestinian poor. In Iran there was tremendous hate and resentment between the rich and the poor; in Jordan, the situation was more complex: Horizontal tension between the poor and the rich was accompanied by vertical tension between the Jordanian and Palestinian population in Jordan. On the more positive side, this created also a sense of national inter-Palestinian and inter-Jordanian solidarity that could function as an important safety net for the stability and longevity of the Hashemite Kingdom. The humanity and wisdom of the Hashemite leadership – unlike the arrogance of the Shah and his family – and the determination of the Palestinian elites, the Bedouins and other Jordanian elites to maintain the stability of Jordan, made all the difference.

In dealing with the questions of territory and identity, the Jordanian example is most important. King Hussein's decision to give up the territory of the West Bank in many

ways stabilized the complicated balance of power between Jordanians and Palestinians. The political commitment of Jordan's Palestinian elites to maintain and support the stability of the Hashemite Kingdom, and their social commitment to care for the wellbeing of the Palestinian poverty stricken people, has added an important component to maintain the complex Jordanian-Palestinian identity of the Kingdom. The marriage of King Abdallah II with Queen Rania, coming from a Palestinian family from Tulqarem, has added an important symbolic component.

Regarding security, Jordan has created an effective army of its own, and has upgraded its own security by three other measures: pursuing close cooperation and support from the USA, maintaining effective security cooperation with Israel, and pursuing a regional policy, maintaining coordination and cooperation particularly with Egypt and Saudi Arabia.

IV. Learning from the Jordanian Example: Stabilizing the Jewish-Arab Relationship in Israel

The two communities in Israel, the Jewish majority, as well as the Arab minority, fear that the other side tends to undermine its own identity. Israeli Jews fear that the Arab demand to turn Israel into a "state of all its citizens" clearly aims to deny the Jewish character of the state, and the right of the Jewish people to exercise the right to self-determination in its homeland, the State of Israel. On Israel's right wing it is even feared that the Israeli-Arab aim is eventually to destroy the very existence of Israel and build instead a unitary Palestinian state. The Israeli Palestinian community fears that the Jewish majority will question the separate Israeli Arab identity and eventually make an effort to disfranchise the Israeli Arabs and withdraw all their citizen rights, or even expel them.

Fortunately, social and economic developments, as well as emerging political thinking may make it easier – as time goes on – to pursue the Jordanian example. We can refer to four relevant developments:

First, an evident process of Israeli Arab elite creation is underway. In all free professions, doctors, lawyers, high-tech experts and entrepreneurs, business magnates and engineering, Israeli Arabs are reaching most senior positions. This process of social and economic empowerment appears to accelerate with the younger generation. For instance, in the past, only 2% of the students of the Israeli Technion were Arabs, today this number stands at 11 %, and elsewhere at the Israeli universities and colleges, the number of Arab students is close to their numerical percentage in the wider population.

Second, Arab citizens are playing a most dominant role in the Israeli health system, in pharmacology, and all the service branches. This state of affairs creates a growing mutual dependency of the Jewish and Arab sector one upon the other (not without creating also a certain degree of friction).

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Third, the Israeli non-governmental sector has pursued an important bridging function among the civil societies of Israeli Jews and Arabs. Of particular importance has been the work of Sikkui and the Abraham Fund, in pursuing what has been called the concept of “joint public space”. In practical terms this means – the creation of regionally based joint hubs of Jewish and Arab communities; for instance in the wider Nazareth area – the mayors and their municipalities councils work together to promote common social, economic and cultural interests in their specific region. At the University of Haifa, the concept of “joint public space” is being gradually translated into mutual recognition of the separate identities. Jewish, Christian and Muslim holidays are celebrated, while an attempt is made to accept and recognize the separate historical narratives of each side.

Fourth, and probably most important, the present Israeli government has taken major steps to put an end to former budgetary discriminatory practices. Already in 2008, a study published by David Brodet showed that Israel's economic development, i.e. the desire to increase the national income, made it necessary to introduce affirmative action in the Israeli Arab, as well as in the religious orthodox sector.¹⁰ The present plan, which has achieved governmental approval provides for public budgetary mechanism to minimize discrimination in the field of infrastructure, employment, industry, transportation, and some aspects of the educational budget and provide in specific areas for affirmative action. In more specific terms, 40 % of the general budget for road infrastructure (outside metropolitan areas) will go to Arab communities; 25 % of the construction budget for new day care centers; 42.5 % for industrial parks providing income to Arab communities; and 40 % of the budget of the Ministry for the Development of the Galilee and the Negev are allocated to the Arab sector. Sikkuy, the peace activist joint Jewish Arab NGO, has commented on this development saying: “The process of correcting budgetary mechanisms is the high road towards equality.”¹¹

I would argue that the development of an emerging Arab elite in Israel, the development of mutual dependency in the social and economic spheres, the beginning of an Israeli policy of affirmative budgetary action, and the pursuance by Israel's civil society, of creating “joint public space” may create similar, but not identical to Jordan, a stabilizing horizontal and vertical Jewish-Arab solidarity structure. On the horizontal friction between the well-to-do and the poverty stricken population groups – joint political cooperation in support of poverty alleviation may create important political coalitions. On the vertical division, between Jewish and Arab elites, a shared interest for stability might create positive ripple effects on the entire society, strengthen the separate identity of both sectors, while maintaining the need for close cooperation.

10 See: Lilach Weissman “The Israel 2028 Plan is a strategic socio-economic vision for Israeli society” Globes, May 5, 2008.

11 Ron Gerlitz, Co-executive Director of Sikkuy Facebook January 20, 2016.

If ongoing developments will verify this basically very optimistic analysis, the necessary preconditions for innovative planning of consociational structures between the Jewish majority and Arab minority within Israel will have been created. What apparently would make most sense, would be to create a “three layered power sharing structure”¹²: permit a great deal of autonomy and empowerment on the level of local government; develop a joint decision-making mechanism on the regional level, aimed at exercising “joint public space”, while offering the necessary financial, legal and technical support by the central government.

In order to create a comprehensive conflict-resolution strategy I would argue that it is necessary and possible to achieve headway on three questions – how to define the relationship between Israel's Palestinians and Palestine; how to create good neighborly relations between Israel and Palestine, and how to arrange security, foreign affairs and economic cooperation, between the emerging two states. Headway on these questions will create the essential enabling conditions to finalize the territorial question and solve the other core issues of conflict.

V. How to Define the Relationship between Israel's Palestinians and Palestine?

In seeking a resolution of the Israeli-Palestinian conflict, paradoxically enough, the determination of the relationship between Israel's Palestinian community and Palestine, is the most tricky and sensitive issue. Having spoken to dozens of Jewish and Palestinian Israelis, I would argue that the clearer the division between Israel and Palestine, the better for all sides. The Israeli Palestinian Arabs need from the Jewish majority the reassurance of being full and accepted citizens in Israel, and Israeli Jews need to obtain a sense of solidarity and loyalty from the Arab Israeli community. The social, economic and political empowerment of the Arab community in Israel (described above) – in spite of all the setbacks – makes such a development possible and even probable.

The Israeli-Palestinian community does of course tend to identify and support Palestinian national demands and criticize Israel. This is in essence counter-productive, as seen from a conflict resolution point of view, as it feeds the mutual fears and suspicions of both sides. A social and political construct and process is needed to strengthen the process of “Israelization” of the Israeli Arab community, while maintaining their Arab Palestinian identity. The work of the chairman of the Joint Arab Knesset List, Ayman Oudeh, cooperating with the Ministry Finance, to diminish budgetary discrimination and pursue even in specific areas affirmative action, is an important beginning.

12 Stefan Wolff in his article “Complex Power-Sharing as Conflict Resolution: South Tyrol in Comparative Perspective” describes that a three-layered power sharing structure has been adopted in Bougainville, the Crimea and Northern Ireland.



In the dialogue I pursued as a result of this project, with the Arab political leadership, the issue of defining Israel as the nation state of the Jewish people and Palestine as the nation state of the Palestinian people came up. During former negotiations between Israel and the PLO, President Abbas was seriously weighing the possibility of accepting a formula that would accept the Israeli demand for recognizing Israel as the state of the Jewish people. It was the Israeli Palestinian Arab leadership, who opposed such a Palestinian concession, as the proposed formula did not seem to take sufficiently care of the rights of the Israeli Palestinian Arabs. Since then, the Israeli Palestinian leadership, who support a two state solution, is seeking a way out. In a dialogue with me, they suggested verbally and not in writing, a formula for allowing Israel to recognize the State of Palestine, while simultaneously, allowing the Palestinian Authority to recognize Israel as the nation-state of the Jewish people. The suggested formula, reads as follows:

"Recalling the UN General Assembly Resolution 181 of November 29, 1947, partitioning British Mandatory Palestine into a Jewish and Arab state; referring to Israel's Declaration of Independence of May 14, 1948, recognizing full civil rights to all its citizens; referring to the Palestinian Declaration of Independence, of November 15, 1988, which based on the UNGA Resolution 181, we recognize that the Jewish people shall implement its right to self-determination in the State of Israel, whereas the Palestinian people shall implement its right to self-determination in the State of Palestine."

The proposed formula may have to be scrutinized legally in order to be acceptable and prevent possible negative misinterpretations. Nevertheless, the idea that the Israeli-Palestinian leadership leads the way for an Israeli recognition of the State of Palestine (without defining the border) and a simultaneous Palestinian recognition of Israel as the nation-state of the Jewish people, carries substantial conflict resolution potential. It succeeds in advocating the most essential interests of both sides and prepares the way for the Israeli-Palestinian community to play a bridging role, between Israel, Palestine and the Arab world. It obviously also makes it evident that the Israeli Palestinian community shall obtain full civil rights in Israel. The suggested formula clearly advocates a two-state solution, although it does not necessarily exclude the idea of a Confederation.

The Israeli Palestinian society has over the last seven decades developed to a large degree, a strong social and cultural affinity to and with the Jewish society in Israel. The Israeli experience and knowledge in high tech, agriculture, modern technologies of all kind, health is largely shared by the Israeli Palestinian elites. This has potentially empowered the Israeli-Arab society to play a bridging role toward the Arab world at large and has caused Israeli Palestinian Arabs to be identified elsewhere in the Middle East, as Israelis of Arab descent. I view this as a very important factor in the need of a more general effort of Israeli-Arab bridge building. My personal intuition, based on discussions with various actors, is to assume that an Israel-Palestine Confederation

would tend to stress the Palestinian rather than the Israeli identity of Israel's Palestinian community, and thus in effect undermine the potential hoped for bridge-building effect. (This is somehow parallel to King Hussein's understanding that separating from the West Bank, made it possible to draw clear lines between the Palestinian community living in Jordan, and the Palestinian inhabitants of the West Bank).

VI. How to Create Good Neighborly Relations Between Israel and Palestine

Supporters of the Confederation concept argue that it provides the structural basis for good neighborly relations between Israel and Palestine. This argument appealed to my thinking that it was necessary to combine separation and cooperation, one way or the other: separation, in order to maintain the separate identities, and cooperation in order to move from dependence to interdependence. Nevertheless, I believe that the same result of combining separation and cooperation could also be achieved without forming a Confederation.

The following is an example of how separation and cooperation can be combined on a local level. In the late 1990s Governor Zuheir Menasreh, at the time, heading the governorate of Jenin and I developed, together with the help and support of Mayor Amram Mitzna of Haifa, Danny Atar of the Gilboa Regional Council, and Yael Shaltieli of the Emek Hamaayanot Regional Council, a well-functioning model, for cross border cooperation. On February 15, 1999, a detailed agreement creating "Cooperation North" was signed at the Haifa Municipality. It provided for a joint steering committee. The Israeli members represented the three municipalities and myself, while the Palestinian members were Governor el-Menasreh and three representatives of PA government offices. All steering committee decisions had to be made by an Israeli-Palestinian agreement, while no Israeli participant would have the right to veto another cooperation project of a rivaling Israeli municipal council. We agreed to engage in five areas:

- **Economic cooperation**, mainly to establish an industrial park near the border in Jalameh and to encourage cross-border trade and Palestinian agricultural exports to Israel, all of which required intense cooperation to manage quality checks, health provisions, and other bureaucratic measures that necessitated joint business operations and a close dialogue with the relevant Palestinian and Israeli authorities;
- **Regional infrastructure**, to guarantee sufficient water, sewage and drainage systems for the Jenin Governorate, and to coordinate the road network and plan a joint railway connection that would help to market goods from the industrial park and the entire Jenin region;
- **Civil security**, whereby Israeli and Palestinian forces would struggle together against theft (mainly of agricultural

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machinery from Israel) and the smuggling of illegal goods in either direction;

- **Human Resources development**, to enable municipal employees, planners and administrative staff to develop parallel professional capacities that would help coordinate work among the municipalities on both sides;
- **Cooperation and education**, particularly to protect the environment but also in other spheres of culture and sport.

After the intifada al-aqsa came to an end in 2005, the memory of cross border cooperation, made it possible to revive many of the joint projects, although the cooperation structure was not renewed.

Under almost any constructive scenario, concluding an agreement on Palestinian state-building, pursuing a two-state solution or a confederation, the cross border cooperation model that we developed before the intifada al-aqsa should be renewed and expanded toward a three-layered power-sharing arrangement: providing the local municipalities on both sides with a great degree of decision-making power, creating a joint Cross Border Cooperation Council, which should include not only a steering committee of its major members, but would enable the Notables and dignitaries on both sides to meet on a regular basis and design cooperation projects, while permitting both the Israeli and Palestinian central government to define the major guidelines for regional development.

I would argue that only the pursuance of effective cross border cooperation between Israel and the emerging State of Palestine will make it possible to create a successful and prosperous State of Palestine, while building good neighborly relations that are essential for a stable peace. We have proven on a bottom-up basis, that the creation of a model of cross-border cooperation and its expansion is possible before solving all the core issues of conflict.

VII. How to Organize Security, Economic Cooperation and Foreign Affairs?

Security:

In Israel the "winning" argument against a two-state solution, is the fear of a deteriorating security situation. It would be a mistake to define this fear as irrational. Even under the best circumstances of peace-making, militant and radical state and non-state actors in the Middle – such as Iran, Hamas, Hesbollah, ISIS, al-Qaeda, Jabhat an-Nusra, and other Jihadist groups have committed themselves to put an end to the existence of Israel ("end the occupation of 1948"). Such "commitments" should by all means be taken seriously, particularly in a continuously radicalized Middle East. It can be hardly assumed that a demilitarized State of Palestine, with most substantial internal problems, will be successfully capable to suppress and prevent militant action aimed at undermining any peace agreement.

With this in mind, the Palestinian and the Israeli leadership have already created a security cooperation which is functioning relatively well, but needs to be extended by four different developments: upgrading Palestinian security capacities; developing a well defined structure of Israeli-Palestinian-Jordanian security cooperation, starting to embed this security cooperation in pursuing a regional security structure in coordination with the US commanded NATO forces of CENTCOM, covering most of the Middle East, and providing necessary international support and guarantees. Such a complex security structure cannot be built in one day and it would be irresponsible to wait until a final Permanent Status Agreement between Israel and Palestine is built, in order to create the foundations and the structure of such a bilateral, multilateral and regional security edifice.

In proceeding in the creation of such security cooperation, it will be possible to envisage both a simple two-state solution, as well as a confederation. In the discussions we held with (Jewish) Israelis and with Palestinians, the picture we received was that the Israeli side would tend to prefer a Confederation, in order to fully oversee the security issues, whereas our Palestinian interlocutors feared that a Confederation would offer Israel an imposing control, and hence they tended to prefer arrangements that could be undertaken along a simple two-state solution.

Economic Cooperation:

Again here, full cooperation is possible and necessary, **before** signing a final Israeli-Palestine peace agreement. The truth is that substantial Palestinian state-building is necessary to create a prosperous, successful, democratic and contiguous State of Palestine, which will be an essential enabling condition for creating a peaceful two state solution. Without the necessary state-building effort, the emergence of Palestine as a failed state would become a major danger to peace in the entire area.

This, however, clearly necessitates substantial Palestinian administrative, security and economic empowerment not only in areas A and B, but also in large areas of Area C, making it also evident to Israeli settlements there, that they will have to prepare for relocating to an area of final and recognized residence. This Palestinian administrative, security and economic empowerment in the West Bank is an important predecessor for reaching a final territorial agreement, and not the other way around.

When, thus, in a phased peace-building process, a final territorial agreement will be achieved, both a simple two-state solution and a confederation may become possible.

During the Annapolis negotiations of 2008-2009, the Palestinian negotiators asked to replace the present Customs Union between Israel and the Palestinian Authority with a Free Trade Agreement between Israel and Palestine. For maintaining the Customs Union, the structure of a Confederation might be useful; if a Free Trade Agreement should be preferred, a simple two-state solution will be



essential. We could imagine an understanding which would provide a process, to move from one approach to the other.

Foreign Affairs:

In a confederation, two states forming the confederation would most likely pursue a joint foreign policy. My personal opinion is that such an arrangement might be counter-productive. Our Palestinian respondents clearly stated that they would perceive an Israeli demand to control the foreign policy of Palestine, as an intrusive and oppressive demand. I would argue that experience has shown that even if the Palestinians would agree on paper, it would not work. In concluding the Oslo Agreements, Israel maintained that it did not transfer powers to the PA to pursue its own foreign policy, which meant in legal terms, that foreign policy remained the sole privilege of Israel. Reality was very different. Probably the most impressive success of the PLO was the development of effective and successful foreign relations with most states of the globe, more than Israel itself could achieve.

Hence, a simple two state solution seems to provide a greater degree of flexibility, which may well serve both states, as well as the relationship among them. It would be essential to define necessary understandings to pursue complementary foreign policies, and cooperate together in third countries.

VIII. How to Achieve the Envisaged Territorial Divide Between Israel and Palestine

A central argument in support of the idea of a Confederation has been the claim (made in Eran Ezion's paper) that the concept of a Confederation would permit Israel and Palestine to draw the border along the cease-fire lines of June 4, 1967. We tested this idea, and received a most negative response: the settler community in their entirety would view such a development as an Israeli commitment to give up any claim for sovereignty, even only in the settlement blocs, and hence would oppose such a development most vividly, if not violently.

What we discussed instead was the idea of defining three different territorial areas: undisputed territory of the State of Palestine; undisputed areas in the settlement blocs that would be incorporated into the sovereign territory of Israel, and a third category, where win-win cooperation structures would be created. The acceptability of this proposal on the Palestinian side will depend undoubtedly on two factors: the capability to rebuild trust and legitimacy for a peace-making process and the territorial extent of each of the three categories. In past negotiations, the Palestinian leadership has suggested that 1.9 % of the West Bank territory could be annexed, in order to incorporate a part of the settlement blocs into Israel. If the area, where win-win cooperation structures will be introduced will be relatively limited, and permit the settlements West of the security fence, but beyond the defined 1.9%, to remain, it may have a chance of being accepted, particularly if both sides will be willing to create cooperation structures, before deciding on the final endgame.

For the area, where win-win cooperation structures shall be introduced – the future of Ariel – has been quoted as a possible example. There, the intention would be to turn the university into a Middle Eastern Center for High Tech Research and Cooperation, permitting Israeli researchers and firms to cooperate closely with Palestinian, Jordanian and other Arab counter-parts and create a Middle Eastern High Tech hub.

The enormous conflict resolution advantage of this approach is that it permits proceeding on an agreed phased basis, pursuing simultaneously three win-win issues: 1. creating the institutional, the physical and the attitudinal infrastructure for a successful, prosperous, democratic and contiguous State of Palestine; 2. Developing the structure and the institutions for good neighborly relations between Israel and Palestine; and 3. Creating a stable environment capable to minimize spoiler action by various radical and militant actors.

If this idea should gain acceptance, it will be necessary to plan for these joint areas, an agreed-upon consociational structure. Assuming the proposed concept for Ariel will provide the model for planning, at first sight a four-layered power sharing structure should be envisaged: It would be necessary to define an agreed constitutional structure for the joint management of the Ariel Middle East High Tech Center; the second layer, would be a regional governmental structure of the joint area, the third and fourth layer would be to define the powers and obligations of the Government of Israel and the Government of Palestine. Most evidently, important planning work to define an acceptable power sharing structure will be necessary.

IV. Concluding Remarks

I believe that the following conclusions can be drawn:

1. It would be a mistake to believe that the Israel-Palestine two-state solution is dead and that the concept of an Israel-Palestine Confederation can replace it.
2. It would be another mistake to assume that historical processes can be speeded up, by relying on specific constitutional structures, without having built the foundation for it on the ground and among the concerned societies.
3. Instead of "ready-made" end game solutions, a well thought out peace strategy is needed that will address the three decisive issues – identity, security and territory – and pave the way to a well orchestrated peace-finding process.
4. The process of ongoing radicalization in the Middle East, and the rise of militant radical forces, creates three different effects: it reinforces the danger of further destabilization and enhances the fears of all concerned groups; it opens up opportunities for creating a wide supportive coalition of forces that so far have opposed the peace process to work together, and it necessitates to develop an action program for an ongoing and continuing mutual confidence building and conflict resolution approach.

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5. It is of central and pivotal importance to pursue a growing degree of solidarity within Israel between Israeli Jews and Israeli Arabs; in spite of all resentment, suspicion and hate, ongoing social, cultural and economic processes provide necessary enabling conditions, which have to be stabilized and reinforced by the political leadership on both sides of the Jewish-Arab divide in Israel.
 6. In promoting a peace-building process between Israel and Palestine, much experience has been gained in developing security cooperation, civil society and economic cooperation, as well as a model of cross border cooperation. So far the political determination to reinforce these processes has been lacking. A proposed peace finding strategy would have to re-mobilize and energize the necessary political clout on both sides of the divide.
 7. We have gained an in-depth understanding that the security needs of Israel and Palestine cannot only be solved within a bilateral structure. Important efforts are underway to understand what is necessary to create trilateral and multilateral understandings and cooperation.
 8. The envisaged conflict resolution will have to develop on a bottom-up, middle-out, and top-down structure towards a two state solution, as well as adding important elements of a confederative nature.
 9. It may be wise and necessary to research in more depth possible consociational arrangements that could be valid in Israel proper, between Israeli Jews and Palestinians, as well as in certain areas in the West Bank, where such arrangements could assist in bridging remaining gaps in regard to the territorial division, while creating mutual win-win propositions. The example of creating a Middle Eastern High Tech Center at Ariel illustrates this approach.
 10. The idea of granting Israeli recognition to the State of Palestine, as the nation state of the Palestinian people, and Palestinian recognition to Israel, as the nation state of the Jewish people, is of great symbolic and political importance and can make it easier for both sides, to move gradually towards an agreed two state solution. As a matter of fact this approach is fully in line with UN Security Council Resolution 1515, which was unanimously adopted on November 19, 2003, confirming the Quartet (US, EU, Russia and the UN) supported "Performance Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict".
- Instead of looking for imaginary quick-fix solutions, it would make sense to mobilize Israeli, Palestinian political forces and the necessary regional and international support, to follow the envisaged line of action.



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**S. Daniel Abraham Center for Strategic Dialogue
Netanya Academic College**

Tel: +972-9-860-7400 Fax: +972-9-860-7401

1 University Street, Kiriat Yitzhak Rabin, Netanya 42000

Mail: strategic-dialogue@netanya.ac.il

Web: www.netanya.ac.il



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