Contours of an Israeli-Palestinian Peace Settlement
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Both adversaries profoundly mistrust one another. They are internally divided on a “two state solution” that risks civil strife within Palestinians and within Israelis. Neither party bears the full costs of continued conflict, which has been outsourced to external international organizations, foreign donor states, and religious groups. Thus, both Israel and the Palestinians prefer the status quo to a risky peace process, although they publicly go along with the international rhetoric and rituals of peace making.

Israelis believe that an independent Palestinian state will be a weak or failed state not able to enforce security to prevent attacks on Israel, as has been the Gaza experience, and that security will require Israeli reinvasion of the Territories and military operations, as in Gaza. A genuine peace process might precipitate civil strife among Palestinians, as happened in Gaza when Hamas ousted Fatah by violence, and result in a hostile, unstable state controlled by religious and nationalist extremists. The status quo is preferable.
Palestinians believe that an Israeli government will not be able or willing to deliver on East Jerusalem as their capital and evacuate many WB settlements because armed settlers and their allies will resist the IDF, and Israelis shooting one another is anathema to all Israelis. Palestine will thus remain a Swiss cheese” entity with very limited sovereignty, i.e. the status quo, not a viable independent state.

Neither adversary pays the full costs of conflict. For Israel, the American government provides financial, military and diplomatic support and the American Jewish community finances settlement expansion. The Palestinians have become the largest per capita recipients aid [World Bank 2013: WBGS got $495 per capita, double the next largest refugee recipient; European Commission 2017: in Gaza, 80% rely on humanitarian aid, mostly for food, UNRWA operates one of largest Middle East school systems for Palestinians, ½ m. students, pays 70% teaching staff, $750 per annum per student], The Palestinian refugee status and aid programs created by the UN in 1948 and 1967 have morphed into permanent dependency and an aid economy that dwarfs the real economy.

Under the Geneva Conventions and other international agreements, an occupying power after the end of hostilities must ensure the provision of food, medical care, public health and education to the occupied people. Israel has outsourced the obligation to the international community. The Palestinian authority is not held to the norms of a modern state responsible for employment, social, health and education services. The “refugee” status has enabled outsourcing to the international community especially in Gaza.
For a peace process and settlement, Incremental tinkering with boundaries, Jewish settlements, and security arrangements, as happens now in two state diplomacy, has not built confidence and led to checkmates. The recognition of realities has to overturn fictions maintained by the Israelis, the Palestinians, and the international stakeholders.

Reality 1: **Israel is permanent** and will remain a Jewish state; the **Palestinians are permanent** and will not be a quasi-colony of Israel. Reality 2: Beyond the Green line, Israel is an occupying power in WBGS and East Jerusalem and has to assume the responsibilities of occupation. Reality 3: Palestinians must end their unparalleled privileged status as the oldest unsettled refugee population in UN history and the Palestinian state must end its dependency on outsiders (including UN and Israel) and assume responsibilities of a normal state. 4. The end of the peace process is a peace agreement by **two sovereign states**, Israel and the Palestinian state endorsed by the international community and the majority of voters of both states.

The peace process will be helped by respected statesmen and diplomats, international agencies, commissions, groups of experts (military, jurists, science, etc.) and by a substantial segment of the Israeli and Palestinian publics, a.k.a moderates or compromisers, who will increase in numbers during the peace process. The publics need to know what the contours of the outcome are and get proof of the fairness of the process. The start is negotiating institutions that eventually result in permanent peace. I foresee seven sets of negotiation.

1. The **Palestinian Authority leases land** currently occupied by Jewish settlements to **Israel** (probably long-term 50 year leases for settlements) and for military
bases, access roads, security barriers and buffers etc. The justification under the Geneva Conventions is that “the occupying power does not acquire ownership of immovable public property in occupied territory” and the “transfer of civilian populations by the occupying power into occupied territory” is illegal. The amount of lease will be a matter of negotiation, and its application for past years.

There are some guideposts, e.g. urban and agricultural leases in Israel. Land appropriated by Israeli agencies under 19th century Ottoman laws will be voided because of the asymmetric, coerced context for contracting under occupation. As an expert wrote,” …probably most jurists throughout the world, including many in Israel, regard all the settlements in the West Bank as illegal under international law, specifically article 49 of the Fourth Geneva Convention…” [David Schulman, *NYRB*, 5/22/14].

The rents go into a **Palestinian Fund** divided into sub-funds for compensating Palestinian refugees who give up their right or claim to return, for government expenditures covering the phasing out of international donor aid, for Palestine state building, and for economic development. A Rand study estimated that a Palestinian state will need a capital investment of $33 bn. for the first ten years. Each sub fund will also raise moneys from other sources like the World Bank, Arab states and Islamic foundations, European Union, U.S., UN agencies, the American Jewish community. The Fund will pay Israel for electricity,
telecommunications, water, port facilities, transportation, technical and other
services provided to the Palestinians.

2. International agreement for access to and administration of the Temple Mount
and other Holy Places

3. Security arrangements and enforcement, including decommissioning of weapons
and dignified demilitarization of militants (as in South Africa and Northern
Ireland) in a swap of “violence for jobs” program in infrastructure development
and the normal economy.

4. Recognition of neutrality of the Palestinian state (like Sweden and
Switzerland), agreement of all stakeholders to bar all offensive military weapons
the Palestinian state, and commitment of outside states and organizations (Iran,
Saudis, Gulf states, Turkey) to stop supplying weapons and shelter to rejectionists
of the peace agreement and to stop their proxy wars in Palestine.

5. Phased withdrawal of IDF and gradual assumption of responsibility of security
by Palestinian police authorities

6. The two states have been partially integrated for decades and will become even
more so with peace. Joint and separate institutions will have to worked out on the
flow of goods and people, transportation, currency, official language, religious
rights, law courts, education, recognition of licenses and degrees, tariffs, identity
papers, coordinated administration, in particular for Jerusalem. The goal is not an
East Berlin/West Berlin segregated municipality, but Jerusalem, One City with
Two Capitals.
7. **Further agreements** to make these changes work, like Israeli law and authority for long term leased Jewish settler areas, the boundaries of Jerusalem, land swapping between Israel and Palestine authorities, and provision for permanent buying and land annexation by Israel and the Palestinian state.

The Permanent **peace settlement between Israel and the new Palestinian state** will be approved by all stakeholders in an international peace treaty and **legitimized in referenda** by both the Israeli and the Palestinian population.