

**THE FUTURE ISRAELI - PALESTINIAN RELATIONSHIP**

**A Concept Paper Prepared By The Joint Working Group  
On Israeli - Palestinian Relations**

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## **Abstract**

In this concept paper, the Joint Working Group on Israeli-Palestinian Relations – a group of influential Palestinians and Israelis that has been meeting periodically since 1994 to discuss final-status issues in the Israeli-Palestinian negotiations – explores the future relationship between the two societies after the signing of a peace agreement. The paper considers a relationship based on total separation between the two societies and states as neither realistic nor desirable. Instead, it envisages a future relationship based on mutually beneficial cooperation in many spheres, conducive to stable peace, sustainable development, and ultimate reconciliation. The basis for such a relationship must be laid in the process and outcome of the final-status negotiations and in the patterns of cooperation established on the ground.

Efforts at cooperation and reconciliation cannot be pursued apart from their political context. The paper argues that the only feasible political arrangement on which a cooperative relationship can be built is a two-state solution, establishing a genuinely independent Palestinian state alongside of Israel. The resolution of final-status issues must be consistent with the sovereignty, viability, and security of both states.

The paper then proceeds to describe several models for the relationship between the two states and societies. It advocates a model of close cooperation, but proposes that this relationship be built in stages. The scope and speed of expanding and institutionalizing cooperative activities must be determined by experience – by the extent to which such activities meet the needs of both parties, enhance mutual trust, and reduce inequalities between the parties.

Finally, the paper discusses three avenues for promoting a cooperative relationship based on equality, reciprocal benefit, and mutual trust and respect: the development of functional ties and civil-society institutions across national borders; programs directed toward attitude change and stereotype reduction; and efforts to close the economic and political gap between the two societies.

## THE FUTURE ISRAELI-PALESTINIAN RELATIONSHIP

### Editor's Introduction

The authors of this paper are members of the Joint Working Group on Israeli-Palestinian Relations, which has been meeting periodically for private, unofficial discussions of the Middle East peace process since the Spring of 1994. The group was organized by Herbert C. Kelman and Nadim N. Rouhana in the aftermath of the 1993 Oslo agreement, after extensive consultations within the two communities. It was decided that, at this new stage in the Israeli-Palestinian conflict, one of the most valuable contributions of an unofficial group of influential Palestinians and Israelis would be the drafting of joint concept papers on some of the difficult political issues - such as settlements, refugees, and Jerusalem - that the Oslo accord had left to be resolved in the final-status negotiations. The framework within which the Working Group has addressed these issues is the long-term relationship between the parties once a final agreement will have been signed. Thus, for each final-status issue, the question has been how this issue must be resolved if the final agreement is to provide the basis for a stable peace and a cooperative, mutually enhancing relationship between the two parties. The present paper draws together the group's views about that future relationship itself: What kind of relationship between the two polities and societies should ideally emerge from the final peace agreement and its implementation over time?

The Joint Working Group, co-chaired by Herbert Kelman and Nadim Rouhana, is a project of the Program on International Conflict Analysis and Resolution (PICAR), which is based at Harvard University's Weatherhead Center for International Affairs.<sup>1</sup>

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<sup>1</sup> The Program on International Conflict Analysis and Resolution (Herbert C. Kelman, Director; Donna Hicks, Deputy Director), has been supported by grants from the William and Flora Hewlett Foundation to the Weatherhead Center for International Affairs. We are grateful to the Foundation and to the Center for providing the infrastructure for this work. We are also grateful to the organizations that have provided financial support for the Working Group itself: the Nathan Cummings Foundation, the Carnegie Corporation, the Ford Foundation, the Charles R. Bronfman Foundation, and the U.S. Information Agency, as well as the Renner Institut in Vienna and the Weatherhead Center for International Affairs.

The Working Group is the latest project in a long-standing, unofficial third-party effort to promote resolution of the Israeli-Palestinian conflict, based on an approach called *interactive problem solving*.<sup>2</sup> Using this approach, the third party has over many years brought together politically engaged and, in some cases, highly influential Palestinians and Israelis for private, confidential discussions, facilitated by a panel of social scientists who are knowledgeable about international and intercommunal conflict, group process, and the Middle East. These discussions take place in intensive workshops designed to enable the parties to explore each other's perspective and understand each other's concerns, needs, fears, priorities, and constraints. On the basis of this analysis, participants are encouraged to engage in a process of creative, joint problem solving in order to generate new ideas for solutions to their conflicts that are responsive to both sets of needs and fears. The ultimate goal is to transfer the insights and ideas gained from these interactions into the public debate and decision-making processes in the two communities.

The future Israeli-Palestinian relationship was discussed, off and on, over the course of four plenary meetings of the Working Group in 1996-97. In January 1998, a subcommittee of three - one member from each of the three parties (Moshe Ma'oz, Ghassan Khatib, and Herbert Kelman) - met to develop a detailed outline for the paper. This outline was substantially modified after a full discussion at the next plenary meeting. Further discussion by the subcommittee and by the entire group at five subsequent plenary meetings led to further revisions, which were incorporated into the final draft presented here.

Though much of the drafting was done by members of the subcommittee, the paper is a product of the entire Working Group. The members of the group played an active role, over a series of meetings, in developing the ideas presented in the paper and in shaping the actual

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2 For recent descriptions of the approach, see H. C. Kelman (1992), "Informal mediation by the scholar/practitioner," in J. Bercovitch and J. Rubin (Eds.), *Mediation in International Relations* (New York: St. Martin's Press, pp. 64-69); N. N. Rouhana and H. C. Kelman (1994), "Promoting joint thinking in international conflicts: An Israeli-Palestinian continuing workshop," *Journal of Social Issues*, 50(1), 157-178; H. C. Kelman (1996), "Negotiation as interactive problem solving," *International Negotiation*, 1, 99-123; and H. C. Kelman (1998), "Interactive problem solving: An approach to conflict resolution and its application in the Middle East," *PS: Political Science & Politics*, 31, 190-198.

language that is used. The final text represents a conscientious effort to reflect the thinking of all group members. It is, of course, extremely difficult to find language that will fully satisfy so many individuals, particularly when these individuals represent two communities that have been engaged in a long and bitter conflict, and are writing about some of the most sensitive issues in the conflict. Thus, although all of the members of the group support the general thrust of the paper, their willingness to sign on to the paper should not be taken to mean that they necessarily agree with every word in the document or the precise formulation of every point. It should also be noted that the members of the Working Group have participated in this project as individuals, rather than as representatives of their respective organizations or governments.

This paper is unusual in that it was written *jointly* by Israelis and Palestinians, working together on it over a period of more than two years. The participants in the project are all politically and intellectually influential members of the mainstream of their respective communities. They know their communities intimately and are fully aware of the expectations, priorities, and constraints that pervade their bodies politic. They personally share their societies' historical memories, existential fears, and hopes for the future. Thus, if the members of this group are able to move toward a consensus, it creates the hope that a consensus may indeed be achievable between the two societies, at the level of the leaderships as well as the publics.<sup>3</sup>

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<sup>3</sup> We take this opportunity to thank Donna Hicks, Kate Rouhana, Rose Kelman, Winnifred O'Toole, and Nancy McDonald, who contributed to the production of this paper at various stages and by various means, including administration, meeting facilitation, documentation, note taking, and processing of the manuscript.

## **A Vision of the Future Relationship**

To negotiate a mutually satisfactory final agreement, putting an end to a century of Israeli-Palestinian conflict, it is essential that the parties develop a shared vision of a desirable future relationship between the two peoples and their societies. Such a vision provides a standard for formulating and evaluating the terms of the agreement and its approach to resolving the final-status issues: Conduciveness to the desired future relationship can serve as a criterion for determining the overall direction of the agreement and its specific provisions.

The thrust of this paper is that the political arrangement most conducive to a desirable future relationship at this historical moment is a two-state solution, putting an end to Israeli occupation of the Palestinian territories. The Palestinian and Israeli members of the Working Group agree that the Palestinian state envisaged in this two-state solution would consist in principle of the West Bank and Gaza. As understood by the Palestinian members, the borders of the state must be those of June 4, 1967. For them, this is a basis for accepting the two-state solution and for their willingness to share with their Israeli counterparts the vision of the future relationship outlined in this paper. The Israeli members see a need for some border modifications based on security and other vital interests, achieved through mutual agreement and trade-offs that are not necessarily territorial.

The premise of a two-state solution formed the basis of the earlier work of our Working Group, but the present document presents the rationale for it in fuller detail. The paper spells out the advantages of a two-state solution and the disadvantages of the main alternatives to such a solution. Within this political context, the paper seeks to define the nature of a desirable future relationship in the political, economic, cultural, and security spheres, and to identify the conditions for achieving such a relationship.

At a general level, the characteristics of a desirable relationship within a two-state solution can be readily summarized: A durable and sustainable peace between the two states prevails over the long term. The two states and societies, on a basis of equality, engage in cooperative, mutually enhancing interactions, conducive to independence, security, dignity, and prosperity for each. The Palestinian people's rights to freedom, self-determination, and sovereignty are fully established. The final-status issues have been resolved to the satisfaction of both sides (as described in the section on The Two-State Solution). Israel's legitimacy has been accepted by Arab and Muslim states, and Israel, as well as the Palestinian state, maintain normal, friendly relations with their neighbors. Finally, the new relationship does not only serve the interests of some elites, but addresses the needs of the general populations on the two sides and is, therefore, conducive to peace and ultimate reconciliation between the two peoples.

### **The Political Context of the Future Relationship**

The future relationship envisaged here calls for continuing movement - before, during, and after the final negotiations - toward cooperation and reconciliation. However, a basic assumption of this paper is that the processes of cooperation and reconciliation cannot be meaningfully pursued apart from their political context. A desirable future relationship has to be based on a political agreement that is acceptable to both parties. Efforts to build cooperative relations in the economic, cultural, scientific, and other spheres can ultimately succeed only if a mutually acceptable political agreement has been achieved. Before the agreement is finalized, the gradual development of cooperative relations that are beneficial to both sides should be encouraged, insofar as it promotes progress toward achieving an acceptable political agreement. But it must be understood that efforts at cooperation and reconciliation pursued without reference to the political context cannot produce peace and certainly cannot serve as a substitute for a political agreement or as a way of bypassing such an agreement.

To be mutually acceptable and conducive to a desirable future relationship, the political agreement must conform to certain general principles.<sup>4</sup> It should be responsive to the fundamental needs of both parties, including their needs for self-determination, security, identity, dignity, and prosperity. It should be accepted as the final settlement of the conflict, with the understanding that the parties relinquish any further claims that might have been made in the past. It should represent an outcome that does not allow one side to gain advantages at the expense of the other, but transcends the balance of military, political, economic, and demographic power to accommodate each side's sense of justice and fairness. It should have international legitimacy by being anchored in Resolutions 242 and 338 and other relevant UN resolutions as agreed upon by the parties, by conforming to accumulated principles of international law, and by deriving from the freely achieved consent of both parties. It should be comprehensive and address all of the parties' concerns, including those related to the issues of refugees, Jerusalem, settlements, security, water resources, and religious sites. It should provide for the creation of joint problem-solving mechanisms to help in coordinating the implementation of the agreement and in resolving whatever conflicts may arise in the course of implementation. Finally, the agreement should provide for both peoples' national rights, including the right to self-determination, through the establishment of two sovereign, viable, and secure states.

### **The Two-State Solution**

We have argued that building the desired future relationship, by way of cooperative efforts and steps toward reconciliation, can occur only in the context of a mutually acceptable political agreement. Furthermore, it is our premise that the only feasible political arrangement on which the desired future relationship can be built in the present

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<sup>4</sup> See "General Principles for the Final Israeli-Palestinian Agreement," developed by the Joint Working Group on Israeli-Palestinian Relations. Program on International Conflict Analysis and Resolution, Weatherhead Center for International Affairs, Harvard University, 1998. This document can also be found in the Winter 1999 issue of *Middle East Journal*, 53(1), 170-175.



historical situation is a two-state solution. Since there is considerable variability in the conception of the new Palestinian state within a two-state solution, we need to be more explicit about the precise meaning of the term.

The two-state solution envisaged here refers to two states, each of which is sovereign, viable, and secure. A two-state solution thus calls for ending the occupation and establishment of a genuinely independent Palestinian state alongside of the State of Israel, with mutually agreed-upon security arrangements. It must have the essential properties of a meaningful state. A Bantustan, reservation, autonomy, dependency, or satellite would not constitute an independent Palestinian state under this definition. A sovereign, viable, and secure state must not be fragmented, must be free of occupying troops and extraterritorial enclaves, must be able to exercise control over its land, resources, and population, and must be able to secure the rights of its citizens.

The commitment to a two-state solution as the outcome of the final negotiations implies that the final-status issues are resolved in ways that are consistent with the sovereignty, viability, and security of the two states. We shall not attempt, in this paper, to propose specific formulas for resolving these issues. We do, however, advocate a general approach to resolving each of the issues that addresses the central concerns of both sides and that seeks arrangements consistent with a genuine two-state solution and conducive to a desirable future relationship and ultimate reconciliation. In the end, the precise arrangements will have to be worked out around the negotiating table, as part of

an overall package addressing the entire array of issues in relation to each other.

The final negotiating process may well involve trade-offs between concessions in different final-status categories. A good case in point is provided by the area of security. The security of both sides should be protected through mutually acceptable arrangements that address the special security concerns of each state and that are consistent with the security, sovereignty, and viability of the other state. Any constraints on their military capabilities

accepted by the Palestinian side would be balanced by Israeli reciprocal steps in other final-status categories.

The same principles should apply to the other final-status issues. Thus, in setting the final borders of the two states, the points of departure for negotiations should be UN Resolution 242 and the 1967 lines. These negotiations must address both sides' central concerns about borders: Palestinians' stress on the fact that the 1967 lines represent the basis on which they accepted the historic compromise of partitioning Palestine, and Israelis' stress on considerations relating to their vital interests, such as the defensibility of borders.

The solution of the Jerusalem problem should respect the national, cultural, religious, political, legal, and historical rights of both peoples. Jerusalem should be an open and undivided city, with free access to the holy sites, serving as the capital of both states.

The problem of Israeli settlements should be resolved in a way that does not compromise the sovereignty and viability of the Palestinian state or infringe on the national rights of Palestinians, while at the same time maintaining the civil rights of those Israelis remaining under Palestinian sovereignty. It should be noted here that an Israeli policy that encourages or permits the establishment and expansion of settlements has damaging effects on the future relationship because it preempts a resolution of the settlements problem in a way that is consistent with a genuine two-state solution.<sup>5</sup>

Similarly, the problem of Palestinian refugees should be resolved in a way that addresses both sides' deepest concerns about the return of refugees: Palestinians' need for an Israeli acknowledgment of their right of return, and Israelis' concerns about the security, identity, and stability of their state. Once a way is found to meet these concerns, within the context of a two-state solution, mutually acceptable modalities of implementation could be worked out through the approaches discussed in an earlier paper on "The Palestinian Refugee Problem and

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<sup>5</sup> The Joint Working Group on Israeli-Palestinian Relations is currently completing a concept paper on "Approaches to Resolving the Problem of Jewish Settlements in the West Bank and Gaza."

the Right of Return" published by the Working Group.<sup>6</sup> A successfully negotiated solution should close the file on the refugee issue. The solution should also address the issue of personal property rights of Arabs and Jews in pre-1948 Palestine.

Finally, the issue of water supplies should be solved in an equitable way that ensures Palestinian and Israeli water rights, based on international conventions, and institutes joint management of water resources and development of new projects.

### **Advantages of a Two-State Solution**

If our purpose is to build the kind of future relationship that was sketched out briefly in our presentation of "A Vision of the Future Relationship," a two-state solution has many advantages. A two-state solution meets some of the basic needs of the two peoples, including in particular the need for self-determination and recognized independence, which has been at the heart of their national movements. For Palestinians, it provides the possibility of meaningful citizenship in a state of their own. Citizenship is an essential right in the modern world, since it is a condition for enjoying many other basic human rights. Meaningful citizenship is a right of which most Palestinians - in the Palestinian territories and in the diaspora - are now deprived. For Israelis, a two-state solution has the advantage of encouraging a majority of Palestinians to internalize the existence and legitimacy of Israel. It would also spell the end of the conflict for most Arabs and Muslims and thus open the door to a process conducive to genuine acceptance and participation of Israel in the region and to a dramatic change in its relations with the Arab and Muslim worlds.

A two-state solution provides a framework for resolving some of the difficult issues on which the two sides are divided. For example, it contributes to resolving the problem of

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<sup>6</sup> J. Alpher and K. Shikaki with the participation of the additional members of the Joint Working Group on Israeli Palestinian Relations (1998), "The Palestinian Refugee Problem and the Right of Return." *Weatherhead Center for International Affairs Working Paper No. 98-7*. Cambridge, MA: Harvard University, p. 28. This concept paper was also published in February 1999 in *Middle East Policy*, 6(3), 167-189.

Palestinian refugees by creating the opportunity to absorb part of the refugee population in the Palestinian state. A sizable number of refugees would thus be able to implement the right of return in Palestine, without raising Israeli concerns about the impact of their return on Israeli society. A two-state solution also contributes to resolving the problem of Jerusalem by enabling each state to establish its capital in an open and undivided Jerusalem, in which there is free access to the holy shrines of Judaism, Christianity, and Islam. Within an overall solution based on giving each people a share of the land, it should be possible to find a formula for giving each a share of the city, which has such great symbolic and practical significance for both peoples.

Furthermore, a two-state solution facilitates the transformation of the relationship between the two peoples. In the short run, it allows enough separation of the two populations to minimize friction and tension, and to combat terrorism. For the long term, it provides a way of changing the Israeli-Palestinian relationship from one between a dominant, controlling occupier and an oppressed, resistant occupied to a healthy relationship between equals who are ready to engage in peaceful, mutually beneficial

interaction. A two-state solution also makes it possible to explore further political arrangements that can only be undertaken by independent states - such as perhaps a future confederation between the Palestinian state and Jordan and/or Israel. Finally, a two-state solution facilitates the integration of both states into the region and increases the prospects of peaceful neighborly relations and economic prosperity for both.

The advantages of a two-state solution become particularly apparent when one compares that solution to its logical alternatives. It is very important for the parties themselves, as well as for the United States and other outside powers, to have a very clear conception of precisely what the alternatives are if a two-state solution is rejected. The most obvious alternatives are establishment of a Palestinian autonomy or some such non-sovereign entity, and establishment of a single, binational state over the whole of Palestine. In our view, both of these alternatives are - for different reasons - clearly undesirable and unfeasible at this time, and thus

underline the critical importance of a two-state solution as the only realistic foundation for a long-term, peaceful, and cooperative relationship between the two peoples.

Establishment of a non-sovereign Palestinian entity was the option that was apparently favored by the recent, Likud-led Israeli government. It is important to note, in this connection, that the acceptance of a peace process based on territorial partition by a Likud-led government represented an important turning-point in the conflict. The option that the Netanyahu government was pursuing, however, fell short of a genuine Palestinian state. Such an option may take different forms, ranging from perpetuation of the status quo to establishment of a nominal Palestinian state. Whatever its precise form, this option envisages a Palestinian entity that is severely restricted in size. It consists of Gaza and several enclaves in the West Bank and has no free access to either Jordan or Egypt. There is no place for Palestinians as a national group in the city of Jerusalem. The West Bank enclaves are separated from each other by the Greater Jerusalem area and

by Jewish settlements. Moreover, the West Bank is crossed by a network of East-West roads controlled by Israel.

Such an option, even if it is ultimately called a state, would be humiliating and unacceptable to Palestinians and would vitiate any effort to develop a relationship conducive to long-term peace and cooperation. This option would perpetuate Israeli occupation in fact, if not in name. It would turn over to the Palestinians a limited autonomy, lacking territorial integrity, in which the Palestinian Authority would be unable to exercise control, to develop a viable economy, or to provide security. Such a non-sovereign entity would not solve the Palestinians' problem of lack of citizenship since it would not have the capacity to offer them the benefits and protection that meaningful citizenship entails. It would not end the conflict, since Palestinians would remain bitter and resentful, and the level of militancy and violence against Israeli targets - and the level of repression in response to such violence - would probably increase. It would destroy the peaceful relations that Israel has been developing with some of its Arab neighbors

and undermine Israel's gradual integration in the region. It would be unacceptable to the international community, which would perceive it as a Bantustan-style arrangement, and it would isolate Israel in the world. It would also be unacceptable to many Israelis, who would see it as perpetuating occupation and coercive control over another people.

The second logical alternative to a two-state solution is a single, binational state in the whole of historic Palestine. Theoretically, such a state could emerge out of a process of constitutional negotiations in which the two peoples decide to form a common political structure, or out of the incorporation of the Palestinian land and population into the State of Israel. In either event, the essence of this option is that Palestinians and Jews are full and equal citizens in a unitary state, with each community maintaining its cultural, religious, and linguistic identity.<sup>7</sup> This solution, in principle, has the considerable advantage of establishing a pluralist democracy, which would remedy the Palestinians' problem of lack of citizenship by offering them full citizenship in the binational state. Its major drawback is its unacceptability to Israelis and, at least at this time, to a majority of Palestinians.

The vast majority of Israeli Jews, including the left and the peace camp, reject the idea of a binational state because they see it as eroding the Jewish majority and undermining the Jewish character of the state. Indeed, one of the main reasons the Israeli peace forces have advocated territorial concessions is that they see such a move as the only way Israel can be both a Jewish and a democratic state. In the Israeli view, a binational state would spell the end of the Zionist project of national self-determination for the Jewish people and it would lead to further conflict between the two peoples within their unitary state.

On the Palestinian side, an increasing number of intellectuals - particularly from outside of the Palestinian territories - have been debating and advocating the option of a binational state. Within the West Bank and Gaza, support for this idea, and even discussion of it, are quite

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<sup>7</sup> This option does not refer to the possibility of a state that is "binational" only in the sense of providing municipal and cultural autonomy to Palestinian towns and villages without giving Palestinians full and equal political and civil rights. Such an arrangement would be rejected as an apartheid state by Palestinians, other Arabs, many Jews, and most of the world community.

limited. The majority of Palestinians do not find the option of a binational state attractive because they see it as frustrating the Palestinian national goal of attaining independent statehood and because they are skeptical about the possibility of attaining equal rights within a binational framework. Palestinians who have been speaking of a binational state in recent years have often done so because they were losing hope that the current peace process would produce a meaningful Palestinian state, especially in light of the continuing expansion of Israeli settlements in the West Bank. If it becomes evident that a two-state solution is no longer attainable, more and more Palestinians may turn to the idea of a binational state. Indeed, some of the Palestinian members of the Working Group consider a binational state the second-best option to which they would turn if they became convinced that the changes on the ground have eliminated the possibility of a genuine two-state solution. As of now, however, the majority of Palestinians favor an independent state within a two-state framework.

In sum, both of the logical alternatives to a two-state solution - establishment of a non-sovereign Palestinian entity or a unitary, binational state - are fundamentally unacceptable to one or both parties and, indeed, to much of the world at large. The two-state solution, thus, recommends itself not only because of its inherent advantages, but also because of the implications of rejecting it in light of the alternatives that are being considered.

However, despite its obvious advantages, there is no assurance that the two-state solution will remain available indefinitely. The establishment and expansion of settlements in the West Bank and Gaza, and the construction of access roads criss-crossing the West Bank, have already made it increasingly difficult to create the territorial base for a contiguous and viable Palestinian state. Any further changes on the ground would make a two-state solution ever less feasible. Such changing realities - and the escalation in threatening language and acts of violence that are likely to accompany them - would undermine the two sides' confidence in the peace process and thus further erode their ability to negotiate a two-state solution.

Changes on the ground, as well as changes in policy, are reflected in changes in public

opinion. The Oslo agreement created a strong expectation, in both the Israeli and the Palestinian publics, that the process initiated by the accord would ultimately lead to a Palestinian state. The concept of a Palestinian state in the West Bank and Gaza also gained considerable support in both communities. In the years since the signing of the Oslo accord, the percentages of each population accepting and expecting a Palestinian

state as the solution to the conflict have fluctuated, depending in part on the precise wording of the questions in different polls, but in part no doubt on the situation on the ground and on the progress of the peace process.

In a poll of the Israeli population conducted at the end of May, 1999, 78% of the respondents indicated that they expected the peace process to lead eventually to the establishment of an independent Palestinian state; only 42%, however, expressed themselves in favor of such a Palestinian state.<sup>8</sup> On the other hand, in a poll conducted on March 30, 1999, 56% of Israelis said that Palestinians deserved a state of their own – that the Palestinian demand for an independent state was morally justified.<sup>9</sup>

In Palestinian polls, the percentage of respondents who expect the peace process to lead to the establishment of a Palestinian state in the coming years has been declining. Thus, in a poll conducted June 3-5, 1999, 45% of the respondents indicated that they expected the peace process to lead to the establishment of a Palestinian state; the rest said either that it would not lead to a state (27%) or that they were not sure (29%). The 45% expecting a state was the same as the figure obtained in a November 1998 poll, but down from 62% in November 1997.<sup>10</sup> Changes in Palestinian support for a West Bank-Gaza state are more difficult to assess because questions were differently formulated in different polls. It is clear, however, that

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<sup>8</sup> This poll was conducted by the Tami Steinmetz Center for Peace Research at Tel Aviv University.

<sup>9</sup> These findings, also from a Steinmetz Center poll, are cited in an unpublished paper by Michael Brecher.

<sup>10</sup> These data were obtained in opinion polls conducted by the Center for Palestine Research and Studies (CPRS) in Nablus.



support is down from the 79% who favored a Palestinian state or a Palestinian-Jordanian federation in December 1993. When asked in November 1997 what solution they accepted to end the Palestinian-Israeli conflict, 41% of the respondents chose a Palestinian state in the West Bank and Gaza, 18% a binational state of Israelis and Palestinians, and 28% a Palestinian state in all of 1948 Palestine.<sup>11</sup>

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<sup>11</sup> These data were also obtained in CPRS polls.

These public opinion data do not reflect the most recent political changes, but they provide some insights into the mood of the two publics. They suggest that a two-state solution still has the potential of wide support in both communities if their leaderships clearly endorse such a solution and seriously try to give shape to it in the final-status negotiations. On the Israeli side, the three years under a Likud-led government have, if anything, reinforced the expectation that, in the end, a Palestinian state will be established and the acceptance of the concept of such state. What remains controversial are the precise dimensions and powers of that state. On the Palestinian side, the concept of a Palestinian state alongside of Israel has long been accepted by a majority of the population. Support for such a solution declines, however, when changes on the ground undermine the feasibility of a Palestinian state and lower the expectation that the peace process will in the end yield a viable, independent state in the West Bank and Gaza. Indications of a decline in Palestinian support for a two-state solution are likely to have a reverberating effect in the Israeli public and lead to the erosion of the two-state solution as a viable option in the thinking and debate within the two societies. Thus, the opportunity of realizing a mutually acceptable two-state solution must be grasped before it is overtaken by events. It is particularly urgent, therefore, that the new Israeli government make an early commitment to a genuine two-state solution as the parties move toward final-status negotiations.

### **Models and Stages of a Two-State Solution**

Having opted for a two-state solution as the political framework for the future relationship between the two societies, we must now consider what kind of two-state solution we envisage. That is, what should be the precise nature of the relationship between the two states and between the two societies that they represent?

Conceptually, one can distinguish four models of the relationship between the two states and societies, along a continuum from separation to integration. At one extreme is model A,

complete separation, characterized by hard borders and total disengagement of the two societies. Model B can be described as normal relations, characterized by diplomatic contacts, economic cooperation, educational and cultural exchanges, and other forms of interaction common among states that are at peace with one another but not especially close.

Model C involves extensive cooperation that goes beyond normal relations between states. It is characterized by a variety of joint ventures in the economic, social, and cultural spheres - such as industrial parks, free trade zones, cooperation between universities and hospitals, and joint projects in tourism, communication systems, public health, environmental protection, and the development of water and other natural resources.

Finally, model D envisages a high degree of integration between the two states and societies, characterized by the institutionalization and constitutional grounding of a wide array of cooperative activities. This model presupposes soft borders between the two states and establishment of a variety of joint institutional mechanisms with decision-making powers - such as joint airports, joint military or police units, a joint water authority, a joint tourism authority, or a joint elected council to resolve issues in the relationship that are bound to arise. Model D goes beyond the negotiation of specific agreements to cooperate in various domains, as envisaged in model C, to institutionalize cooperation in joint official bodies. Model D may ultimately take the form of an economic union or a confederation.

Complete separation, with hermetically sealed borders, as envisaged in model A, is entirely unrealistic in our view. Such an approach is advocated by some Israelis, who see it as a way of minimizing security threats and demographic changes in Israel. The

term "separation" is also used by some Israeli politicians to persuade right-wing voters of the advantages of what is in effect a two-state solution, but these advocates apparently do not have in mind total separation as represented by model A. Complete separation may also be favored by some Palestinians, who see it as a way of stemming the influx of settlers and reducing Israeli encroachment on the Palestinian economy and society. Advocates of this approach, however,

fail to take into account the implications of total separation. It would make it impossible to solve the Jerusalem problem and extremely difficult to solve the problem of Israeli settlements. It would seriously complicate efforts to establish links and facilitate movement between the West Bank and Gaza. It would have a negative impact on the Palestinian economy by eliminating Palestinians' opportunities to find jobs in Israel and closing the Israeli market to Palestinian products. It would also close the Palestinian market to Israeli products. Finally, it would hamper those activities in which cooperation between the two states is absolutely essential, such as sharing of water supplies and working out arrangements for mutual security. For all of these reasons, hard borders and complete disengagement of the two states from one another, as envisaged in model A, are neither possible nor desirable.

We advocate a relationship characterized by movement toward extensive cooperation between the two societies, as envisaged in model C, with at least some degree of gradual institutionalization, as envisaged in model D. This movement, however, needs to be gradual, with increasing levels of cooperation and integration as experience warrants. A gradual approach gives the two societies the time and experience necessary to transform their relationship from one of enmity and mutual distrust to one of mutual respect and openness to reconciliation. It provides the parties opportunities to learn more about one another's society, culture, history, and national aspirations, and thus become better prepared for peaceful coexistence and historic reconciliation. Furthermore, it provides the parties the opportunity to evaluate their various cooperative

efforts and institutional arrangements, to adjust them, and to improve them as they go along, before committing themselves to extensive agreements and institutional structures.

Thus, we conceive of the desired long-term relationship between the two states and societies as being built in two or three stages. The first stage calls for political separation of the two states and the establishment of essential cooperative arrangements between them (comparable to model B with some movement toward model C). The second stage calls for

more extensive and closer cooperation in a variety of domains with some degree of institutionalization of these arrangements (comparable to model C with some movement toward model D). The third stage would involve more thoroughgoing integration, based on the establishment of joint institutions (comparable to model D). Whether or not the relationship moves toward this level of integration will depend on the decisions made by the two states over time, in the light of their experiences in the course of the first two stages. Though the third stage represents an attractive vision for the future, it may well be too ambitious and, in any event, we do not regard it as a necessary condition for reconciliation. Let us elaborate somewhat on each of the three stages.

Political separation into two independent states - which is the essence of the two-state solution - is a necessary first stage in building a long-term cooperative relationship between the two societies. We have argued throughout this paper that cooperation and ultimate reconciliation can only take place in the context of a mutually acceptable political agreement and that the two-state solution is the only feasible political arrangement on which the desired future relationship can be built. The advantages of political separation as the first stage can be gleaned from our earlier discussion of the advantages of a two-state solution: Separation would reduce friction and tension and make it easier to combat terrorism; it would allow Palestinians to exercise their right to national self-determination and provide them the possibility of meaningful citizenship in a state of their own; it would help to legitimize Israel in the eyes of Palestinians and

facilitate Israel's integration in the region; it would establish a basis of equality between the two states on which future stages of cooperation and integration can be built.

But even at this first stage, cooperation and coordination between the two states is necessary. For example, the political separation of the first stage implies controlled borders with mutually acceptable security arrangements. The requirement of putting such security arrangements into place makes it evident that total disengagement of the two states from each

other is not possible: Given the high level of interdependence of the two societies, there is a need to work out certain cooperative arrangements from the outset if political separation is to work and to accrue to each society's benefit. Apart from the security sphere, cooperation is essential at this stage in economic affairs, labor policy, industrial development, tourism, sharing of water and other resources, health care, environmental protection, and communication systems. Cooperation in political, as well as in cultural and academic affairs, would also contribute to building the relationship at this stage. Finally, the arrangements governing Jerusalem, to be agreed upon in the final-status negotiations, will be implemented at the first stage and can perhaps serve as a model for further development in the overall relationship between the two societies.<sup>12</sup>

With regard to cooperative activities at the first stage of the relationship between the two states, it should be noted that there are certain types of interaction - notably in the areas of labor, industrial production, marketing, health, and telecommunications - that already exist in the present circumstances. But these circumstances differ from the premises of this paper. Some of these interactions could be continued, in an improved form, in the context of a two-state solution. Others would have to be radically modified because they are the outcome of an unhealthy situation of dependence, which contradicts the nature of the relationship between the two states envisaged here.

The second stage in the development of the relationship between the two societies would be marked by closer political, economic, social, and cultural ties between them. Insofar as experience with the cooperative activities undertaken in the first stage was positive, such activities would be expanded, pushed in new directions, and - where appropriate - institutionalized. Thus, at this stage one might see a variety of joint economic ventures, including

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<sup>12</sup> In developing cooperative relations with each other (at this stage, as well as at later stages), it is necessary for each side to understand the importance to the other of maintaining relationships to various outside parties. Thus, for both Palestinians and Israelis it is important to foster their separate relations with their respective diasporas, as well as with different parts of the world at large. For the Palestinian state, it is particularly important to promote political, economic, and cultural ties with other Arab nations, which underlines its need for free access to Jordan and Egypt.

industrial enterprises and tourism programs, and the establishment of free trade zones, industrial parks, and joint airports and seaports. At the person-to-person level, one might see joint meetings of Israeli and Palestinian town councils and parliamentary groups, scientific and professional organizations, and university and high school students, as well as mutual visits of sport teams, cultural performances, and art exhibits. The purpose of expanding and perhaps institutionalizing such activities would be to achieve mutual benefits through cooperation, to increase mutual understanding and acceptance, and to move toward reconciliation.

It is important to stress that the scope and speed of expansion and institutionalization of cooperative activities during the second stage must be determined by experience. If the cooperative activities initiated in the first stage and developed in the second are successful, further expansion and institutionalization of such activities would be indicated. Success can be measured by the extent to which both parties benefit (and are convinced that they benefit) from the cooperative activities and the extent to which mutual trust and respect increase in the course of these activities. Cooperation between parties of unequal power is often problematic. In some instances, the weaker party may have reason to conclude that the cooperative activities serve the purposes of the stronger party more than they serve its own purposes and may therefore feel exploited. In other instances, the stronger party may feel that the cooperative relationship is one in which it does all the giving and the other all the receiving. This is why the

political separation of the first stage is useful in that it can help close the gap and establish a basis of equality between the two societies on which expanded cooperation can then be successfully built. This is also why it is important to condition further expansion and institutionalization of cooperative activities on evidence that such activities are of mutual benefit to both societies and enhance mutual trust and respect. Increased cooperation that is of mutual benefit and enhances mutual trust and respect is a contributor to and indicator of reconciliation. Thus, movement, from the first to the second stage in the relationship between the two societies can serve as an

operational definition of reconciliation.

Movement to the third stage is not a necessary condition for reconciliation. For many of us, however, the third stage is an attractive vision for the future. It entails increasing integration of the two societies through the institutionalization of a wide array of cooperative activities. Thus, this stage might see the establishment of joint political, economic, social, educational, and medical institutions, and joint authorities to manage matters of common interest (such as water resources, electricity, or tourism). Integrative institutions might include a joint council for political coordination and a trilateral security council (including Jordan along with Israel and the Palestinian state). At a more comprehensive level, the third stage may culminate in an economic union or a confederation, conceivably including Jordan as a third partner.

Attractive though such a third stage may be as a vision for the future, the two societies are probably not ready at this point to commit themselves to such a high level of integration. We see the first stage as a necessary condition for a peaceful relationship and the second stage as a necessary condition for reconciliation. Whether the two societies are ready for fuller integration will depend on how the relationship evolves over time. If the experiences in cooperation during the first and second stage are mutually beneficial and if the realities on the ground reflect a relationship between

equals, then perhaps the two states and societies might be ready to opt for the vision of fuller integration that the third stage represents.

### **Promoting the Desired Relationship**

Toward the beginning of this paper, we outlined our vision for the future Israeli-Palestinian relationship, to emerge out of the final-status negotiations. We envisage a relationship characterized by a stable, sustainable peace that addresses the needs of both societies and is therefore conducive to ultimate reconciliation between the two peoples. We



have argued that the necessary political context for achieving this vision is commitment to a genuine two-state solution. Within that context, we advocate the initiation, the gradual expansion, and, when appropriate, the institutionalization of cooperative activities that are based on equality, that accrue to the benefit of both societies, and that foster the development of mutual trust and respect.

In this section, we discuss three avenues for promoting this kind of relationship: the development of functional ties and civil-society institutions across national borders; programs of attitude change and stereotype reduction; and closing the political and economic gap between the two societies. These avenues can and ought to be pursued even before a political agreement is achieved, as long as the political context of the future relationship is clearly understood: Steps to promote the desired relationship must be consistent with and indeed promote progress toward a genuine two-state solution.

***Functional Relations.*** Perhaps the most often cited avenue for improving the relationship between nations, and for cementing peace and promoting reconciliation between former enemies, is the establishment of functional ties between them: the development of cooperative activities that are of mutual benefit to the two societies. In

the preceding section, we have given a number of examples of functional domains in which cooperative activities might benefit both societies. Among these, cooperative activities in the economic sphere – such as joint business enterprises or the establishment of industrial parks – may potentially be of the most immediate practical value.

A variety of joint activities are already in progress in such diverse domains as economic relations, human rights, women's issues, healing in the context of political violence, study of genetic diseases, training of ambulance drivers, and treatment of waste water.<sup>13</sup> A number of

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<sup>13</sup> One of many examples of such joint activities is a project initiated by Herbert Pundak (former editor of the Danish daily, *Politiken*) in 1994, which offers Palestinian doctors advanced medical training in various areas of specialization in Israeli hospitals. Another example, in a rather different arena, is provided by EcoPeace,

organizations are devoted to organizing joint Israeli-Palestinian projects in many different fields. The Truman Institute at the Hebrew University of Jerusalem, for example, carries out joint projects with a number of Palestinian organizations, including a project on peace education with WIAM - the Palestinian Center for Conflict Resolution, and one on the management of shared aquifers with the Palestine Consultancy Group. The Peres Center for Peace has been organizing a series of joint projects between Israeli and Palestinian organizations in fields ranging from investment, economic development, tourism, agriculture, vocational training, and management training, to primary health care, medical research, negotiation, and youth activities. The Israeli-Palestinian Center for Research and Information in Jerusalem has carried out joint projects focusing on peace education, water, environmental issues, business, and other concerns.

Although functional relations cannot substitute for the political and diplomatic processes required for achieving and implementing a peace agreement, they can contribute significantly to transforming the relationship between former enemies in the context of a mutually acceptable political solution. They do so by establishing crosscutting ties, common interests, and personal relations that can help to cement a new peaceful relationship and create commitments and habits consistent with peaceful coexistence.

To contribute positively to transforming the relationship between the two societies, functional relations must meet certain prerequisites. First, the cooperative activities pursued by the two parties must have genuine functional value in meeting the needs of the two societies. The political and symbolic value of cooperation between former enemies is not insignificant, but it should be a by-product of activities that are inherently useful and thus create crosscutting ties and mutual trust.

Second, the cooperative activities must be based on the principles of equality and reciprocity. Cooperative ventures are often burdened by asymmetries in power and level of

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an umbrella organization that represents Egyptian, Israeli, Jordanian, and Palestinian environmental NGOs, with a joint Palestinian-Israeli office in Jerusalem; one of its key concerns is preservation of the Dead Sea basin.

development, such as exist in the Israeli-Palestinian case. The weaker party may be sensitive to signs of paternalism on the part of its stronger partner and afraid of being dominated and exploited. The stronger party may confront the dilemma of how to provide assistance to the other society without dominating it and interfering in its affairs. To contribute to transforming the relationship, cooperative activities must be marked by mutual respect and responsiveness to the other's needs and sensitivities, and must build toward increasing equality and reciprocity.

In this connection, a third prerequisite for effective functional relations is that they minimize the risk of perpetuating or even increasing a pattern of dependency. This problem is particularly acute in economic relations, where the occupation has created a Palestinian economy that is highly dependent on the Israeli economy. It is important to be aware of the danger that even well-intentioned cooperative efforts, such as increasing Palestinians' access to jobs in Israel, may have the unintended consequence of perpetuating the pattern of dependency.

In order to meet these prerequisites for functional relations that are mutually beneficial and promote mutual trust and respect, it is important to introduce, expand, and institutionalize cooperative activities gradually, as proposed in our discussion of the stages in building the long-term relationship between the two societies. This will make it possible to monitor the evolving functional relations and evaluate them in terms of the criteria of usefulness in meeting genuine needs, conduciveness to building equality and reciprocity between the two societies, and avoiding the perpetuation of a pattern of dependency.

The institutionalization of functional relations takes place not only at the official level, but also at the level of civil society. What is involved here, essentially, is the development of institutions of a civil society across national borders. In contrast to the official level, where institutionalization must proceed gradually and cautiously, institutionalization at the unofficial level can proceed more rapidly, on a case-by-case basis, in response to specific needs. The establishment and effective functioning of such institutions can build mutual trust and pave the way to reconciliation.

One type of transnational civil-society institutions for which there is an obvious need are non-governmental organizations working on problems that are regional in nature and marked by a high degree of interdependence between the societies. Good examples are organizations in the fields of public health, environmental protection, and resource preservation, which deal with problems that cannot be confined within political borders. There are other domains - ranging from regional arms control to archeological exploration - in which the interdependence is not as marked, but in which transnational non-governmental organizations could advance common interests.

There is also a need for joint, Israeli-Palestinian institutions at the civil-society level that examine textbooks,<sup>14</sup> media offerings, and other channels of communication within each society from the point of view of their portrayal of the society, culture, history, and population of the other side. Such efforts can help each side understand the sensitivities of the other and the meaning of different words and images in the context of the other's experiences. Such institutions may eventually undertake joint or parallel projects designed to develop new textbooks or programs that portray the other's society and history objectively and with due attention to each side's experience and perspective.

Of special significance to promoting the desired long-term relationship are transnational civil-society institutions concerned with the relationship itself. In particular we have in mind institutional mechanisms - at the unofficial level - for addressing conflicts in the relationship that will inevitably arise and finding creative ways of resolving them. Systematic application of the approaches of track-two diplomacy (including interactive problem solving), which have been used successfully in the peacemaking phase of the conflict, could also contribute to peace building in the wake of a political agreement. It could serve both as a vehicle for transforming the relationship between the two societies and as a component of the new relationship. Central

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<sup>14</sup> A step in that direction is represented by a joint Israeli-Palestinian project, sponsored by the Truman Institute of the Hebrew University of Jerusalem, which analyzes the treatment of Palestinian-Jewish relations and the perception of the "other" in Palestinian and Israeli textbooks in history and civics over the past decades. Another step is the Joint Committee stipulated in the Wye Memorandum in October 1998 to examine instances of incitement in textbooks and the media, which has now been reactivated.

features of an ongoing mechanism for conflict resolution through joint problem solving are a dynamic view of the relationship between the two societies, a readiness to engage in exploratory communication, and a non-adversarial approach designed to generate integrative, win-win solutions to conflicts.

Finally, there is a need for developing joint civil-society institutions that bring together Jewish and Palestinian citizens of Israel. Such institutions would be designed to foster a complete normalization of relations between these two Israeli communities and to promote the full equality of Palestinian citizens of Israel both individually and collectively. While the establishment of such institutions is an internal development within Israel, it has important ramifications for the relationship between the two states. Civil-society institutions across the national line within Israel can contribute to reconciliation between the two peoples across their political border.

***Attitude Change and Stereotype Reduction.*** Systematic efforts to change mutual attitudes within the two societies and reduce stereotyped views of the other represent another avenue for promoting a relationship conducive to stable peace and reconciliation. Such attitude change programs need to be introduced in school curricula at all levels, as well as at the level of public education, particularly through the mass media. It is important to take both proactive steps in the form of programs and writings that seek to change attitudes and correct stereotypes of the other, and reactive steps to counter communications that misrepresent, stereotype, vilify, and denigrate the other's culture, society, and population. Revision or rewriting of textbooks in history, geography, religion, literature, and other fields in order to eliminate stereotypes, distortions of historical events, and direct or indirect incitements to hatred and contempt is an essential part of this process.

In planning such attitude change programs, it is important to keep in mind that providing new information is often not enough to change deeply ingrained and socially supported attitudes. People have many ways of avoiding or reinterpreting contradictory information that allow them to keep their initial attitudes and stereotypes intact. The information must therefore be

presented in ways that challenge existing attitudes and motivate people to reexamine them. To that end, it may be useful to devise experiential programs, in which participants - whether children, adolescents, or adults - have an opportunity to interact with counterparts on the other side, hear their voices, see their actions, and explore their points of view. Direct contact with individuals on the other side does not in itself produce positive attitudes or break down stereotypes. Positive attitudes are likely to develop only when people interact as equals, in a context of interdependence, and are engaged in activities that are mutually rewarding. For such interactions to challenge group stereotypes, it is also important that the individuals on the other side be clearly seen as bona fide members of their own communities, so that it

becomes difficult to dismiss their positive qualities as atypical and thus keep the original stereotypes intact.

The content of communications and exchanges designed to change mutual attitudes and reduce stereotypes can vary widely. We can illustrate the possibilities by suggesting five types of information that might contribute to positive change if conveyed in the appropriate context and tone.

?? Information about each other's history, culture, religion, literature, music, and art: Such information can help to transcend the exclusive focus on the other as nothing but the enemy, to humanize the other, to create an interest in the other as a community in its own right, and to establish points of contact and common interest. It is important, in this connection, to promote the study of each other's language, including the establishment of joint "ulpanim" that bring together Jews and Palestinians to practice both Arabic and Hebrew.

?? Presentations of each other's national self-image and national narrative: If such information is conveyed in a personal, descriptive, analytical, and non-polemical way, it can help each side gain an understanding of the perspective of the other and perhaps discover that affirming one's own identity does not necessarily imply negating the

identity of the other.

?? Acknowledgments of the other's experience and identity: The way in which each side addresses the experience and identity of the other can have a powerful impact on the attitudes of the other. Communications that convey an acceptance of the other's humanity and peoplehood, an appreciation of the other's history and perspective, and a respect for the other's rights and requirements are particularly likely to engender positive change in the other's attitudes toward the communicators themselves.

?? Exposure to the variety and complexity of each other's society: Information about the range of occupations, backgrounds, interests, values, and views that characterizes the other society can help to break down stereotyped conceptions of that society. Furthermore, information about the sources of such differences can contribute to a dynamic conception of the other society in contrast to an essentialist view of the other as fixed by its culture, national character, religion, or ideology.

?? Exploration of common elements between the two societies: Common elements might include the shared Abrahamic background of the two peoples, historical and cultural links over the centuries, common values - such as the strong emphasis on the family in both traditions, or even common tastes in music and popular culture. Common religious values could be explored in dialogues between moderate religious leaders from the Muslim, Jewish, and Christian communities. Such common elements do not by any means bring about peace in the face of conflicting interests, but they can advance the dialogue and mutual acceptance required for reconciliation.

***Closing the Political and Economic Gap.*** An internal development within the Palestinian state that will have an important bearing on the future Israeli-Palestinian relationship is the rate of progress in closing the political and economic gap between the two societies. As we have argued throughout this paper, a relationship that is mutually enhancing and conducive to long-term peace and reconciliation must be based on equality. The starting-point for Israeli-Palestinian relations in the aftermath of an agreement will clearly be one of inequality at the

economic and political level. Table 1 displays selected demographic, economic, and quality of life indicators for Israel and the West Bank and Gaza Strip, which illustrate some of the current inequalities between the two societies. They underline the requirement of closing the gaps between the societies - of a steady increase in equality over time - as a top priority for the future relationship between them.

Economic development of the Palestinian society is clearly a top priority for the post-negotiation era, not only as an end in itself, but also as a condition for stable peace and reconciliation. Bridging the gap between the two societies in GDP, standard of living, and forms of production and consumption can lead to a healthier relationship that is more conducive to long-term peace and cooperation. At the political level,



**Table 1**  
Selected Demographic, Economic, and Quality of Life Indicators for Israel and the West Bank/Gaza Strip<sup>1</sup>

Indicators	Year <sup>2</sup>	Israel	West Bank/Gaza
<b>Total area<sup>3</sup></b>	1998	22,145 sq. km	6,220 sq. km
<b>Total population</b>	1998	5.88 million	2.90 million <sup>4</sup>
<b>Population density</b>	1998	283 per sq. km	420 per sq. km
<b>Average size of household</b>	1997/1998	3.51 persons	6.95 persons
<b>Age structure:</b>	1997		
0-14 years		28%	48%
15-64 years		62%	49%
65 years and over		10%	3%
<b>Population growth rate</b>	1997/1998	2.5%	3.7%
<b>Birth rate</b>	1997	20.16/1000	42.57/1000
<b>Infant mortality rate</b>	1997	8.3/1000 live births	26.6/1000 live births
<b>Fertility rate</b>	1997	2.93/woman	6.04/woman
<b>Average life expectancy at birth</b>	1997	78 years	72 years
<b>GDP</b>	1996	\$85.7 billion	\$3.8 billion
<b>GDP real growth rate</b>	1996	4.6%	1-2%
<b>GDP per capita: purchasing power capacity</b>	1996	\$16,400	\$1,497
<b>Labor force participation rate:</b>	1997/1998		
Males		76.5%	70.3%
Females		81.4%	11.3%
<b>Unemployment rate</b>	1996	6.7%	23.8%
<b>Budget:</b>	1996		
Revenues		\$41,000 million	\$684 million
Expenditures		\$53,000 million	\$779 million
<b>Literacy rate</b>	1992/1998	95%	84.3%
<b>Years of schooling among adult population</b>	1997/1998		
8 or less/6 or less		18.0%	34.2%
9-12/ 7-12		48.4%	52.3%
13 or more		34.8%	13.3%
<b>Students in universities</b>	1998	105,000	60,846
<b>Students in all institutions of higher education other than universities</b>	1998	60,000	34,406

<sup>1</sup> These data were culled from a variety of sources available on the Internet, including the U.S. Central Intelligence Agency, the U.S. Bureau of the Census, the Government of Israel and its Central Bureau of Statistics, and the Palestinian National Authority and its Central Bureau of Statistics. Many of the figures listed are based on estimates and the estimates provided in the different sources do not always agree. The overall trends, however, point in the same direction even when the precise figures vary.

<sup>2</sup> This column gives the latest year for which data were found. Where two years are cited, the first refers to the Israeli data and the second to the Palestinian data.

<sup>3</sup> The figure for Israel, taken from the *Statistical Abstract of Israel*, No. 49, 1998, refers to land area and lakes, and includes East Jerusalem and the Golan.

<sup>4</sup> This figure includes Palestinians living in East Jerusalem, who are also included in the Israeli total. The 1998 figure for Palestinians in the West Bank and Gaza exclusive of Jerusalem is 2.61 million.

<b>University graduates (in the specified year)</b>	1996-97/ 1997-98	23,106	6,323
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development of civil society and democratic institutions in the Palestinian state is essential. Democratic societies in general are more likely to have peaceful relations and less likely to engage in violent conflict with each other. Thus, closing the political gap between the Palestinian and Israeli societies is another important requirement for the future Israeli-Palestinian relationship. The range of cooperative activities proposed in this paper - if properly structured and implemented - can contribute significantly to closing the economic and political gap between the two societies. Closing the gap, in turn, can open the way for further expansion and institutionalization of cooperative activities.

Economic and political development is severely handicapped under the present conditions in the Palestinian Authority. A genuine two-state solution is a prerequisite for development in both spheres. This brings our argument full circle: Closing the political and economic gap between the two societies, as well as other steps toward promoting the desired relationship between them - functional relations and transnational civil-society institutions, attitude change and stereotype reduction - cannot be meaningfully pursued apart from their political context; and the only feasible arrangement on which such a future relationship can be built in the present historical situation is a two-state solution that establishes a genuinely independent Palestinian state alongside of Israel.

## **Conclusion**

Models of the future Israeli-Palestinian relationship based on total separation between the two societies and states are neither realistic nor desirable. Instead, we envisage a future relationship based on extensive, mutually beneficial cooperation in many spheres of life, conducive to stable peace, sustainable development, and ultimate reconciliation between the two peoples. The basis for such a future relationship must be laid now: both in the process and outcome of the final-status negotiations, and in the patterns of cooperation that are established

on the ground.

Our thinking about the establishment of a cooperative relationship in the present as well as in the future is guided by several basic assumptions, which run through the development of our argument:

?? Efforts at cooperation and reconciliation cannot be meaningfully pursued apart from their political context, defined by the political arrangements to be worked out in the final-status negotiations. The only feasible political arrangement on which a cooperative relationship can be built in the current historical situation is a two-state solution, establishing a genuinely independent Palestinian state alongside of Israel. The final-status issues must be resolved in ways that are consistent with the sovereignty, viability, and security of both states.

?? The groundwork for a cooperative future relationship between the two states must be laid in the patterns of cooperation that are built now at both the official and unofficial levels. Cooperative arrangements in the present are conducive to the desired future relationship insofar as they are predicated on the assumption of a genuine two-state solution and promote progress toward such a solution.

?? Although we advocate a future relationship based on a model of close cooperation between the two societies, we believe that the scope and speed of expanding and institutionalizing cooperative activities must be determined by experience. Cooperation should be expanded and institutionalized insofar as it meets the needs of both parties, enhances mutual trust, and reduces inequalities between the parties. Similarly, movement toward a model of economic and/or political integration of the two states should depend on how the cooperative relationship evolves over time.

?? The desired future relationship between the two societies can be promoted - both before and after a final political agreement has been reached - through the development of

functional relations in various spheres, building of civil - society institutions across national borders, programs directed to attitude change and stereotype reduction, and efforts to close the economic and political gap between the two societies. The ultimate contribution of such efforts to the quality of the future Israeli-Palestinian relationship depends on their sensitivity to the need for a fair political solution and for establishing a basis of equality for the two societies.

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