Israel and the Palestinians: From the Two-State Solution to Five Failed “States”

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There is an important distinction between prediction and warning. No one can now predict how the current fighting between Israel and the Palestinians will end, or if it will even pause for a prolonged period – a ceasefire between Israel and Hamas can easily become the prelude to a new low-level, sporadic war of attrition or Intifada. History teaches all too well that any form of new agreement can become the prelude to new acts of political extremism and polarization – to acquiring new arms and defenses, taking new security measures, and creating forms of resistance and terrorism.

The latest rounds of Israeli and Palestinian violence have already reached levels where they are a further barrier to any real and lasting peace between Israel and the Palestinians. Israel has reported that more than 3,400 Hamas rockets had been fired at Israel in the week ending on May 17, 2021. Israel had responded with steadily intensifying precision air strikes on 766 targets, and Hamas claimed that they had resulted in 200 casualties, including 59 children and 35 women – 1,305 injured by the same date – although Israel claimed that more than 130 of those killed were Palestinian militants.

There were reports that Hamas might be seeking a ceasefire, but the fighting and air strikes continued to intensify. Even once this fighting does end, it seems far more likely to polarize both sides than bring them together. At the same time, they already seem to be dividing outside states over support of Israel versus support of given Palestinian factions – further making the Palestinian issue one that divides Israel’s neighbors or one that they might attempt to exploit.

The Abraham Accords between Israel, Bahrain, Morocco, the Sudan, and the UAE occurred between Israel and states that had never really backed the Palestinians in war and that needed U.S. aid and political support or major U.S. weapons transfer like the F-35. They might, however, have still been the prelude to a broader accommodation between Israel and the Arab world.

However, the renewed attention to the Palestinian issue, the sheer intensity of the current fighting, and the level of civilian casualties and collateral damage caused by Israeli efforts to suppress Hamas’s rocket attacks seem likely to reverse such limited progress. It also opens up the risk of added divisions over the peace and Palestinian issues in Jordan, Egypt, and other moderate nations in the Arab world – an issue that Syria, Iran, and the Hezbollah will likely exploit for the Palestinian cause, and one that Russia, China, and Turkey will likely attempt to exploit to their own strategic advantage.

While many of the charges made against both Israel and given Palestinian factions are excessive, the escalating levels of Israeli air strikes and Hamas’s rocket attacks have led to new claims in the West that Israel is violating the laws of war and human rights on one side, while reinforcing charges that all Islamist movements are violent and “terrorist” in character on the other.

No one can now choose between optimism and pessimism on the basis of clear probabilities. At the same time, there is a real danger in assuming that any ceasefire or negotiation will be a lasting solution to the forces that have turned the hope for a “two-state solution” into five key areas of Israeli-Palestinian tension and conflict that have become the equivalent of five failed “states.” Even if the current fighting ends with some settlement that appears to move towards peace and
does involve some of the usual statements of good intentions and reassuring rhetoric, the real end result seems most likely to be a “no solution” solution to the divisions between Israeli Jews and the Palestinians – and yet another increase in the overall instability of the region.

From the Two-State Solution to Separation and Violence

The history of past violence and failed peace efforts sounds a clear warning. There is no one point in time when the Jewish portion of Israel’s population turned away from a “two-state solution.” In fact, many Jewish Israelis still back such an approach to peace. Many others back a more balanced approach to Palestinian rights and some form of partnership or at least peaceful coexistence with Israeli Palestinians.

However, many other Jewish Israelis support the concept of Israel as a Jewish state, the steady expansion of Israeli control over Jerusalem, and the annexation of parts of the West Bank – and many Israeli political factions oppose any real form of a Palestinian state. These Jewish Israelis have been a steadily rising factor in Israeli politics and recent Israeli elections, and the latest round of violence almost certainly means their number has already increased significantly.

These Israeli Jewish shifts against the two-state solution did not occur without cause from a Jewish perspective – although Palestinians have reason to feel that way about Israel. The Camp David Accords in 1978 did not lead to the creation of two states, and the Palestinians responded with Arafat and his Fatah Party triggering the first Intifada – a mix of low-level violence and political protests – in 1987. This was the first serious step in the pattern of sporadic violence and warfare that has now intensified for more than 30 years.

The first Intifada did trigger new peace efforts that led to the Oslo Accords in 1993. This agreement initially appeared to be a more definitive move towards a two-state solution, but Israel and the Palestinians could not agree on a Palestinian capital in Jerusalem, on how to deal with Jewish settlements in the West Bank, and on a wide range of other lesser issues dividing the Jewish population and Palestinians.

The ineffectiveness the Palestinian Authority “government” and posturing and divisions in the Fatah party in the West Bank and Gaza also helped to lead to the emergence of a rival and more radical party in Gaza called Hamas (an acronym for the Islamist Resistance Movement) in 1987, as well as other violent movements. Hamas then began series of low-level attacks in the 1990s, while Fatah triggered a second Intifada in 2000 that continued to 2005. Once again, this did little to create an effective peace process, and Hamas was visibly more effective in the fighting.

Fatah then held Palestinian election that was intended to strengthen Fatah in 2006, but that ended in dividing the Palestinian movement into two separate Palestinian entities. Hamas won the election in Gaza – and this victory was followed by a complex mix of coup efforts that defeated Fatah and drove it out of the area.

The end result was to divide the Palestinian movement into two “states.” One with Hamas ruling Gaza and taking a violent stand, which made progress in the peace effort even more difficult. The second with a gravely weakened Palestinian Authority, dominated by Fatah, ruling the West Bank.

A third round of more violent fighting then broke out between Hamas and Israel in 2008, killing some 1,110 Palestinians and 13 Israelis, that made the Gaza and border area in southern Israel something close to a war zone. More short bursts of fighting and violent incidents then followed in 2012, 2014, and 2018.
Hamas did reach a tentative reconciliations agreement with Fatah and the Palestinian Authority on control of the Gaza in October 2017, but it was far more cosmetic than real and might well have led to major new political battles if the Palestinian parliamentary election scheduled for May 22, 2021, and the follow-on Presidential election scheduled for July 21, 2021, had actually been held.

In practice, however, President Mahmoud Abbas (now 85 years old) cancelled the elections. He claimed to do so because Israel would not let Palestinians in East Jerusalem, but many felt he actually did so because an analysis of the probable voting showed that he and his allies might lose – either to Hamas or a mixture of younger Palestinian leaders like Marwan Barghouti and Nasser Al-Qudwa, a nephew of the party’s late founder Yasser Arafat – and instead he announced a rival slate of candidates to run against Abbas’s candidates. Abbas’s legitimacy was also questionable. He was elected in 2005 and had ruled by decree for more than a decade after his mandate expired – meaning that no Palestinian under 37 had ever had a chance to vote. A spokesman for Prime Minister Netanyahu also stated after Abbas’s decision that there had been no formal Israeli announcement on whether it would allow Palestinian voting in Jerusalem – as it did during the last elections in 2006 – and Israeli officials stated that Israel had made no change in this policy.\(^2\)

At the same time, Hamas steadily built up its Izz ad-Din al-Qassam Brigades and its stock of arms. It imported and assembled what some estimate as over 10,000 rockets by early 2021, and it created a steadily growing network of tunnels across the border from Gaza to Israel.

Both Israel and the Palestinians share the blame for this long history of recurrent violence, as they do for the current round of fighting. Israel has reacted by placing far more emphasis on security measures and the use of force than on the peace process and improving the living conditions and economic security of the Palestinians. It has emphasized the creation of a “Jewish state” over a peace settlement, and it has encouraged the expansion of settlements in the West Bank area, Jewish areas in Jerusalem, and the use of “facts on the ground” as a substitute for peace.

The Intifadas, lesser forms of violence, and the division of the Palestinian movement into a steadily weaker Palestinian Authority “government” in the West Bank and a Hamas “government” as well as a major military build-up in Gaza have all been a matching cause of the collapse for any prospects for a real two-state solution, including Israel’s treatment of Gaza, creeping annexations and facts on the ground, and shifts towards making Israel a Jewish state.

The end result is a situation where there now are at least three equivalents of “failed states” in the practical sense, and to some extent five. Each is a major source of division and tension that seem likely to block any lasting functional settlement between Israeli Jews and the Palestinians indefinitely into the future.

- The first “state” is Israel, and its failure to both give the Palestinians the equity and aid that could bring stability and compromise on some equivalent of a two-state solution. Israeli politics have declined from an effective democracy to something beginning to approach a “chaos-cracy,” focused more and more on opportunistic annexation, and chosen security forces and the use of force over the peace process.

- The second “state” is the Palestinian Authority in the West Bank, which proved equally unwilling to compromise, tried to use violence when it had little chance of success, and failed to provide the leadership and governance its people need. While the Palestinian Authority and Fatah have many competent and honest officials and voices, far too much of this leadership is weak, aging, corrupt, and incompetent. It no longer moves forward
with any authority, and it cannot reach a very young and often unemployed population under thirty.

- The third “state” is Hamas in Gaza, which has relied on increasing levels of violence that inevitably provoked an Israeli reaction in kind, and one where Hamas’s use of civilian and urban areas to base its operations and its creation of a massive mix of tunnels and underground facilities – or “metro” – inside Gaza as well as across the border with Israel made civilians in a densely populated and highly urbanized Gaza more and more of a target.

- The fourth “state” is formed by a mix of Palestinian citizens living in Israel and outside of the West Bank and Gaza. While they are divided and only beginning to emerge as an effective political bloc or identity, they are reacting to the fact that they face serious discrimination and exist as a separate class within an increasingly Jewish state and have an uncertain status and rights.

- Finally, the fifth “state” is the uncertain role of religion in Jerusalem, along with Bethlehem and some other shrines, mosques, and synagogues. Religion is not a state or a cohesive political movement, but it increasingly divides Israeli Jews and Palestinians along religious lines. The violence and demonstration over the right to the Al Aqsa Mosque (Haram al-Sharif) or Temple Mount complexes, efforts to push Palestinians out of East Jerusalem and the city’s suburbs, and the debate over making some part of Jerusalem a Palestinian capitol – especially in the old city – have all been a critical and consistent barrier to any lasting settlement.

Each “state” seems likely to interact with the other sources of tension and violence in the region – sources which vary from chaos and collapse in Lebanon, civil war and state terrorism in Syria, instability in Jordan, ethnic and sectarian tensions in Iraq, and Egypt’s uncertain stability and development. And, each can further interact with Iranian and Turkish efforts to expand their regional role as well as the competition for regional influence between the U.S., Russia, and China. While principal barriers to any real and lasting peace settlement seem likely to remain dominated by Israel and the Palestinian factions, this is the Middle East.

**Israel as the First “Failed State”**

Israel has to be classified as the first of the five major factors, or “failed states” that have locked both sides into an open-ended process of confrontation and violence simply because it is the largest and most powerful factor shaping the prospects for peace or further conflict. At the same time, one needs to be very careful not to assign special blame to Israel simply because it exerts its strength in defense of, and to the advantage of, its Jewish population. The United states and other major powers are equally guilty, and – as Hamas demonstrates – the Palestinian side would almost certainly exert its superior strength in equal or worse ways if it had that strength and could do so.

Israel is the dominant military power in the entire MENA region. It is a nuclear weapons state with the most advanced conventional forces; internal security forces; intelligence capabilities; and a massive internal security network of security forces, walls and barriers, and surveillance systems – as well as IS&R assets to target Palestinian operations in Gaza, the West Bank, and throughout the region.

As has already been described, Israel has often used force at the expense of the Palestinians – and in ways that produce civilian casualties, collateral damage, and action against Palestinian civilians
by its security forces – but it has scarcely done so without provocation. Any criticism of Israel for its use of forces must be tempered with a realistic assessment of the nature of modern warfare, and it is difficult to blame either side for the violence that has followed.

The U.S. State Department *Country Report on Terrorism for 2020* does note that,\(^3\)

Significant human rights issues included: With respect to Israeli authorities in the West Bank: reports of unlawful or arbitrary killings due to unnecessary or disproportionate use of force; reports of torture; reports of arbitrary detention; arbitrary or unlawful interference with privacy; restrictions on free expression, the press, and the internet, including violence, threats of violence, unjustified arrests and prosecutions against journalists, censorship, and site blocking; restrictions on Palestinians residing in Jerusalem including arbitrary or unlawful interference with privacy, family, and home; substantial interference with the rights of peaceful assembly and freedom of association, including harassment of nongovernmental organizations; and significant restrictions on freedom of movement, including the requirement of exit permits.

It also cites a long list of possible abuses by the security service; serious problems in the Israeli legal treatment of prisoners, especially in the treatment of West Bank prisoners that come under military law; uncertain prosecutions and demolitions, and growing limits on the ability of Palestinian’s living in Israel to obtain residence permit or bring in relatives.

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… The Israeli government conducted multiple demolitions of Palestinian property in the West Bank, including in Areas A and B, for lack of Israeli-issued permits, construction in areas designated for Israeli military use, location of structures within the barrier’s buffer zone, and as punishment for terrorist attacks. Several Israeli and Palestinian human rights groups and the United Nations claim punitive demolitions are a form of collective punishment that violates the Fourth Geneva Convention. Some human rights NGOs claimed that Israeli authorities often placed insurmountable obstacles against Palestinian applicants for construction permits in Israeli-controlled Area C. Obstacles include the requirement that Palestinian applicants document land ownership despite the absence of a uniform post-1967 land registration process, high application fees, and requirements to connect housing to often unavailable municipal infrastructure. Israeli authorities charged demolition fees for demolishing a home, according to the United Nations, which at times prompted Palestinians to destroy their own homes to avoid the higher costs associated with Israeli demolition.

In the majority of West Bank demolitions, the Civil Administration, a part of Israel’s Ministry of Defense, initially presents a stop-work order, which gives the property owner 30 days to submit an appeal to the Civil Administration and also apply for a retroactive permit. If neither is successful, the Civil Administration will issue a demolition order to be executed within two to four weeks, during which time the property owner may petition an Israeli court for an injunction to stop the demolition.

In the West Bank, Israeli authorities, including the Civil Administration and the Ministry of the Interior, demolished 673 Palestinian structures, a 61 percent increase from 2019, according to the UN Office for the Coordination of Humanitarian Affairs in the Occupied Palestinian Territories (UNOCHA). The demolitions included 116 inhabited residences, displacing 605 persons, including 315 minors, according to the United Nations. The demolished structures included homes, water cisterns, farm buildings, storehouses, and other structures, more than 98 percent of which were demolished on the basis that they lacked construction permits. Several rights groups, including B’Tselem and HRW, and the United Nations stated the Israeli government rarely approved Palestinian construction permit requests. From 2016 to 2018, the Civil Administration approved only 56 Palestinian construction permits in Area C out of 1,485 filed (3.7 percent), according to the Israeli government’s response to a freedom of information request from the NGO Bimkom. During the same
period, the Civil Administration issued 2,147 demolition orders for Palestinian structures in Area C, according to Bimkom.

… While all West Bank demolitions are authorized under military orders, the Civil Administration used two particular military orders to impede Palestinians' ability to challenge demolitions, according to the United Nations, several Israeli and Palestinian rights groups, and Israeli and Palestinian lawyers familiar with cases in which the orders were used. Under one of these military orders, the Civil Administration is authorized to demolish a newly built structure as soon as 96 hours after issuing a demolition order. During the 12-month period ending May 31, the Civil Administration used this order to demolish 47 structures, according to the United Nations.

In August the Israeli government amended a second military order, which allows for the immediate demolition or confiscation of any mobile structures to include any structures built within 90 days. The order originally allowed for the immediate removal of mobile structures within 30 days of construction. Rights groups stated the Civil Administration broadly translated the order to demolish animal pens and other structures and to confiscate building materials and vehicles. On November 3, the Civil Administration confiscated nine tractors, five utility trailers, and two cars from a village in the Jordan Valley, according to B'Tselem. Several rights groups, including Bimkom and St. Yves, stated the Israeli government is increasingly utilizing these military orders. According to the Israeli government, all land ownership cases are assessed individually by an administrative committee, which is subject to judicial review, and decisions are made according to the evidence provided.

The same report also notes, however, that there are many Palestinian security abuses of fellow Palestinians. The full report is well worth reading before judging Israel’s actions. Some excerpts include:

NGOs reported the PASF arrested Palestinians for political reasons in the West Bank. There was no reliable estimate of the number of political prisoners the PA held in the West Bank. In 2019 there were reports Palestinian security forces arrested, intimidated, and tortured Palestinians following their participation in an international conference in Bahrain. Other sources reported that the PA was targeting the individuals for criminal behavior. Some of these individuals, labeled “collaborators” for working with or engaging with Israelis on political initiatives the PA did not support, reported direct and indirect threats of violence from Fatah, members of Fatah’s Tanzim, Hamas, and other groups, some with possible ties to the PA. They reported damage to personal property and businesses. There were reports that the families of those targeted were pressured to disown them, which would decrease risks for attackers to injure or kill them, and that they and their family members were denied medical treatment in PA health facilities, which allegedly contributed to greater health complications including death.

In Gaza Hamas detained thousands of Palestinians due to political affiliation, public criticism of Hamas, or suspected collaboration with Israel, and held them for varying periods, according to rights groups. Hamas alleged that it arrested Fatah members on criminal, rather than political charges, although many of the arrests occurred after Fatah anniversary celebrations in Gaza that Hamas would not sanction. Hamas detained some Fatah members after their participation in protests or social media activity pertaining to the 14th anniversary of the Fatah-Hamas split, according to the PCHR. Observers associated numerous allegations of denial of due process with these detentions. NGOs had limited access to these prisoners.

… The PA law generally requires the PA attorney general to issue warrants for entry into and searches of private property; however, PA judicial officers may enter Palestinian houses without a warrant in case of emergency. NGOs reported it was common for the PA to harass family members for alleged offenses committed by an individual. Although the Oslo Accords authorize the PASF to operate only in Area A of the West Bank, at times they operated in Area B without Israeli authorization, including to harass or search the homes of individuals sought for political activity.

In Gaza Hamas frequently interfered arbitrarily with personal privacy, family, and home, according to reporting from local media and NGO sources. There were reports Hamas searched homes and seized property without warrants, and took control of hotels to use as quarantine facilities unlawfully and without compensation to the owners. They targeted critics of their policies, journalists, Fatah loyalists, civil society members, youth activists, and those whom Hamas security forces accused of criminal activity. Hamas forces monitored private communications systems, including telephones, email, and social media sites. They
demanded passwords and access to personal information, and seized personal electronic equipment of detainees. While Hamas membership was not a prerequisite for obtaining housing, education, or Hamas-provided services in Gaza, authorities commonly reserved employment in some government positions, such as those in the security services, for Hamas members. In several instances Hamas detained individuals for interrogation and harassment, particularly prodemocracy youth activists, based on the purported actions of their family members.

Some human rights organizations go much further and accuse Israeli of major human rights violations, apartheid, and crimes against humanity. Others accuse Israel of violating the laws of war or for taking action that is its main option for self-defense in an era of popular warfare. The present laws of war were designed to try to limit the use of force against civilians by conventional military powers.

It is easy to posture about human rights and the laws of war as well as to attack Israel for its use of force that produce civilian casualties. It is equally easy to label Palestinian forces as terrorists. War, however, is war, and it is not fought by lawyers or humanitarians. Much of modern combat consists of a government’s regular military forces on one side and irregular popular forces that do not have uniforms or formal military bases and shelter in populated areas on the other. Each side must fight on very different terms and in very different ways. Taking sides over the legitimacy of one side’s approach may sometimes be good politics, but war is war.

Asymmetric wars are not fought by one side’s rules and cannot be judged from the weakest side’s perspective. Israel’s Jewish government is the dominant military power, and it has the most effective security structure in the Middle East. When its security forces cannot take control, it can use these forces to can target hostile Palestinian forces or groups with considerable success and to escalate in ways that create more and more pressure on Palestinian civil populations to halt their campaign against Israel – so far doing so without having to invade and occupy more Palestinian territory. Israel has demonstrated this capability yet again in its current fighting with Hamas through its ability to strike at Palestinian targets in Gaza and through its ability to defend against massive Hamas rocket attacks with major success.

On the other hand, the Palestinians have counter-capabilities that to some extent turn the present laws of war into a weapon they can use in popular warfare. Palestinian resistance in the West Bank and in the rest of Israel proper now increasingly depends on massive and poorly controlled popular protests, low-level violence, and exploiting Palestinian casualties and suffering. Human rights and the laws of war become a weapon, and they encourage Palestinian protests and reactions to Israel that lead to violence.

Palestinians in Gaza, other elements hostile to Israel, continue to depend heavily on building up a covert set of military forces and infrastructure as well as sporadic acts of violence. This include the use of tactics like massive rocket attacks (some 3,400 by May 16th) and attacks on Israeli civilians or civil targets. The success of such attacks does, however, depend heavily on Hamas and other violent Palestinian groups using their own population as a shield and in order to limit Israel’s ability to counterattack.

As has been the case in Afghanistan and Iraq, in the real-world each side will fight and defend itself in the best way it can. Palestinian violence in Israel, the West Bank, and Jerusalem is civil – not paramilitary – and Israel’s only response inside Israel is the use of security forces in populated areas. No amount of equipment or training of such forces can fully avoid all civilian casualties, mass arrests, and other violent countermeasures against the civilians involved.
Israel almost certainly could do better by acquiring more advanced surveillance and targeting systems and providing even more training and capabilities for its security services, but outside critics should remember how well the U.S. has done in attempting to secure its own capitol and in preserving the rights of Black Americans in the course of performing routine law enforcement activities. They should also pay close attention to how Arab governments like Algeria and Syria repress their own citizens in retaliation for far more peaceful and legitimate forms of political opposition as well as for any form of violent resistance.

The Palestinian resistance in Gaza by violent anti-Israel Palestinian factions like Hamas is military but heavily covert, and it depends on Hamas using inaccurate rockets to conduct direct attacks, and the use of covert tunnels with openings and staging facilities in populated areas to penetrate into Israel for sabotage and civil attacks.

This means the target areas for Israel often depend heavily on targeting operations conducted – or planned and prepared – in civil areas. These military operations in a largely urban Gaza with a very young population also means children are often present in the target areas. It is also relatively clear that Hamas makes things worse by attempting to conceal key operations or shelter them by placing them in apartment buildings and areas with civil activity.

Israel cannot target and attack in ways that do not involve strikes that wound or kill civilians co-located with violent cadres or Hamas forces – or ignore the fact that civilian casualties and collateral damage put pressure on Hamas to halt its strikes, although Israel does try to minimize the impact of such attacks. Israel faces all too real of a temptation to ease the constraints on air strikes to put more pressure on Hamas.

Short of actual invasion and occupation of Gaza – which would probably sharply increase the net Palestinian civilian casualties and collateral damage – Israel’s response to Hamas must be to destroy its operational headquarters, tunnel areas, and rocket storage and launch sites in populated areas. As was the case for the U.S. in Afghanistan, Iraq, and other areas where the U.S. faced similar hostile forces and attacks, each side has to fight popular warfare on its own terms, and this sometimes means killing innocent civilians and collateral damage.

Furthermore, denying these realities, may make it even more difficult to control future fighting in the future. The growing problem is that the risk of Hamas acquiring precision-guided ballistic missiles and drones and all hostile Palestinian factions acquiring more lethal shorter-range systems means that future escalation is a near certainty on both sides.

This does not mean, however, that Israel could not do more to create a stable peace, help the Palestinians develop a more effective economy, protect and improve human rights, and compromise in reaching some form of statehood or its approximation. Israel often had options it failed to use, and far too often, it was Israel – not just the Palestinians – that “never missed an opportunity to miss an opportunity.”

It also is scarcely surprising that Israel uses its economic strength as well as its military strength. Israel’s economic power is as great as its military power. The World Bank estimates that the total GDP of Israel in current dollars was $394.6 billion in 2019, and that the total GDP of both the West Bank and Gaza was only $16.3 billion in 2018 – a little over 4% of the Israel figure. It estimates that Israel’s GNI per capita was $43,100, and that average per capita income of both the Gaza and West Bank was $4,190 – 9.7% of that of Israel.
The online version of the CIA World Factbook estimated in May 2021 that Israel had a real GDP (PPP) of $363 billion in 2019; a GDP of $395 billion at the official exchange rate; and a GDP per capita of $40,195. In contrast, it estimated that the Palestinian West Bank – which was far richer that Gaza – had a real GDP (PPP) under $30 billion in 2019; a GDP of $395 billion at the official exchange rate; and a GDP per capita of $6,318 – only 16% of that of Israel.

Demographics are another measure of strength, or “weapon,” on each side. Figure One shows that past fears that Palestinians would effectively out-populate Israel are now of only marginal concern, and other figures shown that Israel’s Jewish population clearly dominates Israel proper. To put the demographics involved in perspective, the current CIA World Factbook section on Israel estimates that the total population of Israel, the Golan Heights or Golan Sub-District, and East Jerusalem (which was annexed by Israel after 1967) will be 8,787,045 in mid-2021. It quotes a 2018 estimate that this population is 74.4% Jewish, 20.9% Arab, and 4.7% other. It estimates that their religious beliefs are 74.3% Jewish, 17.8% Muslim, 1.9% Christian 1.9%, 1.6% Druze 1.6%, and 4.4% other.

This Jewish population benefits from Israel’s economic successes – and its status as the most developed state in the MENA region. Israeli is a major economic success and is one of the most urbanized states in the world: 92.7%. However, Israel’s progress has steadily expanded the living standards of Israeli Jews without providing matching improvements in the living standards of Palestinian citizens of Israel, much less those of the West Bank and Gaza.

Job discrimination and Palestinian unemployment in Israel, the West Bank, and Gaza are a far more critical practical problem for most Palestinians than winning statehood, especially for a very young Palestinian population that desperately needs job opportunities. While Palestinian violence is a partial excuse, Israel has done relatively little to improve the living standards of the Palestinians in the Palestinian Authority areas of the West Bank, and even less to halt the steady decline in incomes and living conditions in Gaza. It has also created major economic, travel, aid flow, revenue, and import problems – although again Palestinian violence, internal divisions, and poor governance have also been major factors.

At the same time, Israeli politics and deep political divisions have led to a steady shift in Jewish Israeli attitudes away from support of the two state solution They have favored a steady rise in what might be called Jewish nationalism, in the seizure of Palestinian occupied property, in efforts to make Israel into a Jewish state at the expense of the Palestinians, and in more hardline political pressure to expand Jewish rights in areas like the Temple Mount area and to carry out openly hostile public demonstrations.

Israel has clearly adopted policies that shift the facts on the ground in favor of its Jewish population in both Israel proper – particularly East Jerusalem and Palestinian areas near the old city – and in the West Bank. Estimates differ, but a CIA study in 2017 found that there were 380 Israeli civilian sites in Palestinian areas in the West Bank in 2017, including about 213 settlements and 132 small outpost communities in the West Bank and 35 sites in East Jerusalem.5

The CIA also estimates that approximately 418,600 Israeli settlers lived in the West Bank by 2018; and that 215,900 Israeli settlers lived in East Jerusalem by 2017. These numbers have steadily increased since then, and the CIA estimates that the West bank’s total population (Jewish and Arab) was only 2.95 million in 2021.6
Here, the U.S. played a mixed role under the Trump Administration. Its recognition of Jerusalem as Israel’s capital, movement of the U.S. Embassy to Jerusalem, and strong support of the Netanyahu government did play a role in strengthening Israel at the expense of the Palestinians. The Abraham Accords may have appeared to have offset some of the effect of such efforts, but they affected Arab states outside Israel, and not the Palestinians. One needs to be careful about the importance of a shift in the open political position of two small Gulf states – Bahrain and the UAE – as well as Sudan that have never been involved in Arab-Israel conflicts and have long had informal ties to Israel. The negotiation of the Abraham Accords also only delayed Israeli annexations, it did not lead to any agreement to end them.
Figure One: Demographic Growth in Israel, the West Bank, and Gaza:

The Second Failed “State:” The Palestinian Authority

Three of the other four failed “states” are Palestinian. The first is the divided, ineffective, and incompetent “government” on the West Bank. The West Bank is controlled by the Palestinian Authority, and the Fatah Party, led by an aging President Mahmoud Abbas, who is serving long after his electoral mandate because of the failure to hold elections which might critically weaken Fatah and drive it from power, while raising the relative power of Hamas.

The Palestinian Authority still performs many of the functions of a full state in some 40% of the West Bank, although it lost control of Gaza to Hamas in 2006-2007. The Palestinian Authority does formally support a two-state solution, although it has never reached a meaningful compromise with Israel over territory and sharing Jerusalem as a capital, and it has become steadily more divided and ineffective. As Figure Two shows, the World Bank ratings of Palestinian Governance are comparatively low, and much lower than those for Israeli governance – although they are scarcely the lowest rankings of Arab governments in the region.

Palestinian Authority’s security forces are, however, a partial exception and often worked well with Israeli security forces before the current wave of violence – protecting the West Bank’s access to aid, trade, and jobs in Israel in the process. According to the 2021 edition of the IISS Military Balance, they were divided into a 3,000 personnel Presidential Security Force; 1,200 Special Forces; 10,000 National Security Forces (9 battalions); 4,000 Preventive Security Forces; 1,000 Civil Defense Forces plus a Fatah political force of Al-Aqsa Brigades.

The U.S. State Department summarizes the role of Palestinian Authority security forces as follows in its 2020 Country Report on Terrorism:

The Palestinian Authority basic law provides for an elected president and legislative council. There have been no national elections in the West Bank and Gaza since 2006. President Mahmoud Abbas has remained in office despite the expiration of his four-year term in 2009. The Palestinian Legislative Council has not functioned since 2007, and in 2018 the Palestinian Authority dissolved the Constitutional Court. In September 2019 and again in September, President Abbas called for the Palestinian Authority to organize elections for the Palestinian Legislative Council within six months, but elections had not taken place as of the end of the year. The Palestinian Authority head of government is Prime Minister Mohammad Shtayyeh. President Abbas is also chairman of the Palestine Liberation Organization and general commander of the Fatah movement.

... PA law provides criminal penalties for conviction of official corruption, but little was done to prosecute corrupt officials... Allegations of corrupt practices among Fatah officials continued, particularly related to favoritism and nepotism in public-sector appointments, which were rarely advertised publicly. In July public resentment, as shown by a variety of public opinion polls, peaked after several relatives of high-profile politicians received preferential appointments despite serious fiscal constraints caused by the PA refusal to accept tax clearance revenues from Israel after cutting security coordination with Israel in May.

Six Palestinian Authority security forces agencies operate in parts of the West Bank. Several are under Palestinian Authority Ministry of Interior operational control and follow the prime minister’s guidance. The Palestinian Civil Police have primary responsibility for civil and community policing. The National Security Force conducts gendarmerie-style security operations in circumstances that exceed the capabilities of the civil police. The Military Intelligence Agency handles intelligence and criminal matters involving Palestinian Authority security forces personnel, including accusations of abuse and corruption. The General Intelligence Service is responsible for external intelligence gathering and operations. The Preventive Security Organization is responsible for internal intelligence gathering and investigations related to internal security cases, including political dissent. The Presidential Guard protects facilities and provides dignitary protection. Palestinian Authority civilian authorities maintained effective control of security forces. Members of the Palestinian Authority security forces reportedly committed abuses.
From the Two State Solution to Five Failed “States.”

May 2021

Oslo Accords-era agreements divide the West Bank into Areas A, B, and C. West Bank Palestinian population centers mostly fall into Area A. The Palestinian Authority has formal responsibility for security in Area A, but Israeli security forces frequently conducted security operations there. The Palestinian Authority and Israel maintain joint security control of Area B in the West Bank. Israel retains full security control of Area C and has designated most Area C land as either closed military zones or settlement zoning areas. In May the Palestinian Authority suspended security coordination with Israel to protest Israel’s potential extension of sovereignty into areas of the West Bank. As of November the Palestinian Authority had resumed most security coordination with Israel.

Significant human rights issues included: With respect to the Palestinian Authority: reports of unlawful or arbitrary killings, torture, and arbitrary detention by authorities; holding political prisoners and detainees; significant problems with the independence of the judiciary; arbitrary or unlawful interference with privacy; serious restrictions on free expression, the press, and the internet, including violence, threats of violence, unjustified arrests and prosecutions against journalists, censorship, and site blocking; substantial interference with the rights of peaceful assembly and freedom of association, including harassment of nongovernmental organizations; restrictions on political participation, as the Palestinian Authority has not held a national election since 2006; acts of corruption; lack of investigation of and accountability for violence against women; violence and threats of violence motivated by anti-Semitism; anti-Semitism in school textbooks; violence and threats of violence targeting lesbian, gay, bisexual, transgender, or intersex persons; and reports of forced child labor.

Some elements of these forces were more a means of employing young men and guaranteeing their support of Fatah and the government than an effective security force, and none had modern military structures, heavy weapons, or logistics. The more effective elements did, however, have support from the EU, Jordan and the United States. The Palestinian Authority’s NSF battalions, Presidential Guard, and Civil Police also conducted U.S.-funded internal-security training at the Jordanian International Police Training Center. They showed that the Palestinian Authority probably could enforce a reasonable degree of security if it was more independent and has suitable outside support.

The Palestinian Authority governs the majority of the Palestinians who are not Israeli citizens in Israel proper. Again, estimates differ, but the CIA and Israel Central Statistics Bureau estimate that the total collective Palestinian Arab population of Israel, the West Bank, and the Gaza Strip was some 5.79 million people in 2017. Some 2.16 million Arabs lived in the West Bank, 1.84 million Arabs lived in Israel, and 1.79 million Arabs lived in the Gaza Strip.

The Palestinian population is very young by international standards and rising relatively quickly. The U.S. Census Bureau estimates that the population in the West Bank rose from some 690,000 in 1970 to 1,250,000 in 2000 to 252,000 in 2010. It estimates that that the population in Gaza rose from some 340,000 in 1970 to 1,130,000 on 2000 to 1,600,000 in 2010. These increases have transformed a largely agricultural population into an urban one that has far less economic success and job opportunities than Israeli Jews and that acts as a constant pressure increasing tension between Jews and Arab – and one that can only grow worse as a result of the current fighting and the impact of Covid-19.

The Palestinian population in the West Bank has suffered from both poor, self-seeking governance; Israeli support of settlements and annexation; Israeli security procedures that affect Palestinian movement and employment; and all of the cycles of violence since the Israeli conquest of Jerusalem and the West Bank in 1967. However, the Palestinian population in the West Bank has lost notably less and been significantly better governed than the Palestinian population in Gaza.

A World Bank study in April 2021 noted that the unemployment rate in the West Bank and Gaza was at 23.4% at the end of the fourth quarter of 2020. In Gaza, it was 43%, while the West Bank
recorded a rate of only 15%. Some 22% of Palestinians in the West Bank and Gaza lived below the upper-middle income poverty line (US$5.5 2011 PPP a day) in 2016/17, a 2.8% increase since 2011. In contrast, 46% of the population in Gaza was below the poverty line in 2016/17, but only 9% in the West Bank.9

The World Bank report states that,10

The (West Bank) fiscal position has worsened not only due to the outbreak but also due to a political stand-off that has disrupted the flow of revenues for half of 2020. The outlook remains precarious and subject to numerous political, security and health risks…

Before the onset of the COVID-19 pandemic, the Palestinian economy was stagnant and the overall socio-economic situation was difficult, due to recurrent hostilities and violence, a deteriorating relation-ship with Israel, and falling aid inflows. During 2017-19, annual GDP growth averaged 1.3 percent, lower than the population growth rate, resulting in decreasing per capita incomes and increasing poverty… COVID-19 has exacerbated existing economic and social challenges… The decline in activity from March 2020 was rapid and broad, with GDP contracting by 3.4 percent (y/y) in the first quarter of 2020 and then by 19.5 percent (y/y) in the second quarter, one of the largest contractions on record. There was a rebound in the third quarter as the economy grew by 12 percent (q/q), but nonetheless, it was still nearly 12 percent lower than the same quarter of 2019 with private consumption and capital investment continuing to record significantly lower levels. In total, the economy shrank by 11.5 percent in 2020, in real terms.

The PA’s fiscal stress heightened in 2020 due to the economic slowdown and the decision to halt coordination with Israel. The PA’s decision in May 2020 to stop coordination with the Government of Israel (GoI) in response to the proposed annexation plan resulted in a suspension of clearance revenue receipts for six months, compounding the liquidity impact of the Covid-19 crisis…

… On the expenditure side, public spending increased mainly due to a rise in social assistance to the new poor and affected businesses and increased medical spending. The financing need (deficit after grants) amounted to US$1.1 billion in 2020 forcing the PA to increase its domestic borrowing and accumulate more arrears to the private sector.

During the peak closures of activity in the second quarter, some 121,000 people lost their jobs. Of this, some 96,000 people have lost a job in the Palestinian territories, especially in sectors that have been affected by social distancing measures, such as tourism, restaurants, and construction, while some 25,000 Palestinian workers that cross to Israel lost their job in the second quarter of 2020… Projections based on GDP per capita growth suggest that the poverty rate has been increasing since 2016, reaching 28.9 percent in 2020—a significant increase of approximately 7 percentage points in the last four years. This represents approximately 1.4 million people living in poverty in 2020.

These material factors interact with all of the historical, religious, and political issues that divided the Palestinians from Israel. A considerable part of these problems is the fault of failed Palestinian leadership, but there is no question that Israel made only limited efforts to improve the situation, and the Palestinians that live under these conditions are unlikely to be objective in judging Israel’s degree of responsibility.

The end result seems somewhat grim. Unlike the Gaza, the Palestinian Authority security forces have generally cooperated with Israeli security forces, have never sought to arm themselves for conflict, and done far more to stabilize the situation than create new sources of fighting. At the same time, West Bank Palestinians and those in East Jerusalem have every reason to resent and fear the expansion of Israeli settlements, Israeli annexation, and seizures of property like the houses in the Sheikh Jarrah neighborhood of Jerusalem that helped trigger the current fighting. The status of the Al-Aqsa Mosque and religious rights in Jerusalem are a major issue, and their economic situation not only declined even further because of Covid-19, but it may now face serious further problems because of the current fighting.
A ceasefire or settlement to the current conflict is unlikely to bring lasting stability without a better government and more dynamic and competent leadership and without Israeli government efforts to limit provocation by anti-Palestinian Israeli groups. It is also clear that tourism, economic and agricultural reform, water issues, and economic links to the Israeli economy will remain weak and limited unless some form of meaningful peace settlement and stability is achieved – and then only if both Israeli and Palestinian leaders can work together to achieve it, and do so in ways that halt the expansion of settlements and issues like the housing controversy in East Jerusalem.

Such progress is uncertain to put it mildly. Without it, any settlement simply becomes another pause before the equivalent of another Intifada.
Figure Two: Ratings of Israeli and West Bank Governance and Corruption

Israel

West Bank and Gaza

The solid blue line shows the selected country’s percentile rank on each of the six aggregate indicators. The grey-shaded region indicates the margin of error.

The Third Failed “State:” The Gaza and Hamas

The Gaza is the center of the current fighting. It now is only nominally part of the Palestinian Authority, competing directly with Fatah. As has been noted earlier, it is a “state” that has a long, grim history of Israeli-Palestinian violence, and one where – like all the other aspects of Israeli-Palestinian violence and warfighting – it is all too easy to blame one side and ignore the actions of the other. Here, The CIA World Factbook provides a largely neutral perspective of the prelude to the current fighting, and one that again warns that fighting and tensions between the Palestinians has played a major role in addition to the fighting and tension between Israel and the Palestinians:11

Following the 1948 Arab-Israeli War, Egypt administered the newly formed Gaza Strip; Israel captured it in the Six-Day War in 1967. Under a series of agreements known as the Oslo accords signed between 1993 and 1999, Israel transferred to the newly-created Palestinian Authority (PA) security and civilian responsibility for many Palestinian-populated areas of the Gaza Strip as well as the West Bank. In 2000, a violent intifada or uprising began, and in 2001 negotiations to determine the permanent status of the West bank and Gaza Strip stalled. Subsequent attempts to re-start negotiations have not resulted in progress toward determining final status of the Israeli-Palestinian conflict.

Israel by late 2005 unilaterally withdrew all of its settlers and soldiers and dismantled its military facilities in the Gaza Strip, but it continues to control the Gaza Strip’s land and maritime borders and airspace. In early 2006, the Islamic Resistance Movement (Hamas) won a majority in the Palestinian Legislative Council election. Attempts to form a unity government between Fatah, the dominant Palestinian political faction in the West Bank, and Hamas failed, leading to violent clashes between their respective supporters and Hamas’s violent seizure of all military and governmental institutions in the Gaza Strip in June 2007. Since Hamas’s takeover, Israel and Egypt have enforced tight restrictions on movement and access of goods and individuals into and out of the territory. Fatah and Hamas have since reached a series of agreements aimed at restoring political unity between the Gaza Strip and the West Bank but have struggled to enact them; a reconciliation agreement signed in October 2017 remains unimplemented.

In July 2014, Hamas and other Gaza-based militant groups engaged in a 51-day conflict with Israel culminating in late August with an open-ended truce. Since 2014, Palestinian militants and the Israel Defense Forces have exchanged projectiles and air strikes respectively, sometimes lasting multiple days and resulting in multiple deaths on both sides. Egypt, Qatar, and the UN Special Coordinator for the Middle East Peace Process have negotiated multiple ceasefires to avert a broader conflict. Since March 2018, Hamas has coordinated weekly demonstrations along the Gaza security fence, many of which have turned violent, resulting in one Israeli soldier death and several Israeli soldier injuries as well as more than 200 Palestinian deaths and thousands of injuries.

There are few reliable data on Hamas’s military strength at the start of the current crisis, although it seems to have organized largely as a mix of covert forces for attacks using tunnels across the Israeli border, and by creating a massive tunnel complex to secure its forces and rocket launching capabilities called the “metro” – much of which was located in urban or populated areas and virtually ensured Israeli strikes that sometimes hit civilians and did collateral damage.

The IISS Military Balance for 2021 estimates that Hamas force consisted of some 15,000-20,000 personnel in its Izz al-Din al-Qassam Brigades. It had a 6th brigade regional headquarters; 1 Nukhba commando unit; 27 paramilitary battalions; 100 paramilitary companies; some engineering and logistic units; and 600 maritime police. Hamas was not equipped with heavy weapons, but it acquired or assembled sup to 10,000-12,000 rockets; had a large assortment of mortars; and Russian 9K11 Malyutka (AT-3 Sagger) and Dehlavieh (Kornet) light guided anti-tank weapons.12

Hamas also created a dispersed force in the four major urban areas in Gaza, often deliberately mixing its operations and senior officials with civilians in covert ways. It created major tunnel
complex under urban areas as well as near the border with Israel – measures that virtually ensured that suppressive air strikes would have to target civilian areas, and use hard, large payloads to strike the more hardened and sheltered target and create a strong level of deterrence against rebuilding such capabilities in the future. Hamas effectively made Gaza civilians and civilian facilities more human shields, with an inevitable increase in civilian casualties and collateral damage once the May round of fighting began.

The U.S. State Department summarizes the role of Hamas’s security forces as follows in its 2020 Country Report on Terrorism:\footnote{13}

In Gaza … Hamas exercised authority. The security apparatus of Hamas in Gaza largely mirrored that in the West Bank. Internal security included civil police, guards and protection security, an internal intelligence-gathering and investigative entity (similar to the Preventive Security Organization in the West Bank), and civil defense. National security included the national security forces, military justice, military police, medical services, and the prison authority. Hamas maintained a large military wing in Gaza, named the Izz ad-din al-Qassam Brigades. In some instances Hamas utilized the Hamas movement’s military wing to crack down on internal dissent. Hamas security forces reportedly committed numerous abuses.

Significant human rights issues included… With respect to Hamas: reports of unlawful or arbitrary killings, systematic torture, and arbitrary detention by Hamas officials; political prisoners; arbitrary or unlawful interference with privacy; serious restrictions on free expression, the press, and the internet, including violence, threats of violence, unjustified arrests and prosecutions against journalists, censorship, site blocking, and the existence of criminal libel and slander laws; substantial interference with the rights of peaceful assembly and freedom of association; restrictions on political participation, as there has been no national election since 2006; acts of corruption; reports of a lack of investigation of and accountability for violence against women; violence and threats of violence motivated by anti-Semitism; anti-Semitism in school textbooks; unlawful recruitment and use of child soldiers; violence and threats of violence targeting lesbian, gay, bisexual, transgender, or intersex persons; and forced or compulsory child labor.

Media reporting makes it all too clear that Hamas remains committed to preparing for a violent struggle with Israel. Estimates do differ over the size of Hamas’s forces, its holdings of rockets and other weapons, the size of its tunnel system under the Gaza Israeli border, and its other preparations and capabilities for war. It is clear, however, that it has a well-organized military structure and covert network and that it controls the Gaza both in political and security terms. It was doubtful that it would lose an election in the Gaza before the current fighting, and it already presented a challenge to Fatah.

At the same time, Hamas is to some extent a self-inflicted Palestinian wound. It has long focused on political struggle, ideology, and preparing for conflict with Israel at the expense of development. Its shifts towards political accommodation with both Fatah and Israel seem to have been more political than real. This has led to a long list of problems in financing the government and obtaining aid, and Gaza have been subject to many Israeli, U.S., and Egyptian restrictions as a result of its violence and military build-up.

Some of the civil problems that the combination of Hamas’s steady military build-up and violence against Israel, and Israeli military actions and its boycott of Gaza, have helped to create before the current fighting have already been described, but it is all too clear that the Gaza has suffered far more than the Palestinians on the West Bank or the Palestinian citizens of Israel. While such data are uncertain, Figure Two shows an estimate of the key population trends involved, and the differences between the situation in Gaza and the West Bank, taken from the Palestinian Central Statistics Bureau – and one that seems to be accurate at least in terms of broad trends.
A UN report entitled *Economic costs of the Israeli occupation for the Palestinian people: the Gaza Strip under closure and restrictions*, issued in August 2020 again seems broadly accurate in stating that the end result of the provocations and retaliations on both sides had the following results before the May 2021 fighting began:

Since Hamas took control of Gaza, 2 million Palestinians have been subject to an prolonged Israeli closure and severe economic and movement restrictions that in effect amount to a blockade in the 365 km2 Gaza Strip. Moreover, the Gaza Strip has been the subject of three major rounds of military hostilities since 2008. The result is the near collapse of the regional Gaza economy while trade is severely restricted from the rest of the Palestinian economy and the world. Between 2007 and 2017, the poverty rate in Gaza increased from 40 to 56 per cent; the poverty gap increased from 14 to 20 per cent; and the annual minimum cost of eliminating poverty quadrupled from $209 million to $838 million (constant 2015 USD). In addition to the prolonged closure and severe economic and movement restrictions, the Gaza Strip was the subject of three consecutive major hostilities over six years that claimed the lives of 3,804 Palestinians and 95 Israelis.

The endogeneity, overlapping of different causal factors and measurement problems limit the methodologies that could be used to estimate the cost borne by the Palestinian people due to the ongoing prolonged closure and severe economic and movement restrictions on Gaza and the three major military operations that took place during the period 2007–2018. Furthermore, the cost of the closure and restrictions blockade cannot be estimated separately from that of military operations. Nonetheless, an estimation of counterfactual growth paths (scenarios) for Gaza – that is, assuming that the closure, restrictions and military operations did not occur – from 2007 onwards, gives some indication of the economic losses (in terms of Gross Domestic Product (GDP)) by measuring the deviation of the counterfactual scenarios from the historical GDP values.

Focusing on the period 2007–2018, and using econometric analysis of household survey data, the estimated cumulative economic cost of the Israeli occupation in Gaza under the prolonged closure and severe economic and movement restrictions and military operations would amount to $16.7 billion (constant 2015 USD): equivalent to six times the value of the GDP of Gaza, or 107 per cent of the Palestinian GDP, in 2018. Scenario analysis suggests that, had the pre-2007 trends continued, the poverty rate in Gaza could have been 15 per cent in 2017 instead of 56 per cent, while the poverty gap could have been 4.2 per cent instead of 20 per cent.

Lifting what amounts to the blockade of Gaza is essential for it to trade freely with the rest of the Occupied Palestinian Territory and the world and restore the right to free movement for business, medical care, education, recreation and family bonds. Only by fully lifting the debilitating closure, in line with Security Council resolution 1860 (2009), can we hope to sustainably resolve the humanitarian crisis.

... For 13 years, following the take-over of the Gaza Strip by Hamas in June 2007, the Palestinian people living there have been under a prolonged Israeli closure and severe economic and movement restrictions that in effect amount to a blockade. Effectively, nearly 2 million people are mostly confined to a 365 km2 enclave with one of the highest population densities in the world. The entry of goods into the Gaza Strip has been reduced to only basic humanitarian products... From June 2007, Gaza crossing points were closed for nearly the entirety of the working day; in 1999, they had been fully open. Effectively, the prolonged closure and severe movement restrictions tightly confine 2 million people.

In the 24-year period from 1994 to 2018, the real GDP of Gaza grew by 48 per cent (see figure 1 below), while its population grew by 137 per cent, resulting in a 37 per cent drop in real GDP per capita. The latter plummeted from the equivalent of 96 per cent of the West Bank GDP per capita in 1994 to 30 per cent in 2018. Meanwhile, unemployment in Gaza jumped by 22 percentage points, reaching 52 per cent, among the highest rates in the world.

... The Palestinian economy in Gaza has gone through three structural phases. During the period 1994–1999, following the signing of the Oslo Accords, optimism prevailed for a final status solution; the regional Gaza economy grew on average by 6.1 per cent... annually, while the West Bank grew by 10.7 per cent. In 2000, following the outbreak of the second intifada, Israel prohibited Palestinian workers from Gaza from working in Israel. Between 2000 and 2006, much of the Palestinian public and private infrastructure and institutions was destroyed, and the movement of Palestinian workers and goods was severely restricted. The Gaza economy grew by just 2 per cent annually between 2000 and 2006. Gaza continues to suffer from severe
restrictions on land, air and maritime movement, coupled with recurrent hostilities since July 2007. From the onset of the imposition of the closure and severe economic and movement restrictions from 2007 to 2018, the economic growth of Gaza fluctuated sharply and grew on average by just 0.8 per cent annually, while the West Bank – also under occupation and facing restrictions, measures and control – grew by 6.6 per cent annually.

… The share of Gaza in the Palestinian economy halved from 37 per cent in 1995 to 18 per cent in 2018 (see figure 2). Prior to 2007, its share in the Palestinian economy had never dropped below 31 per cent and averaged around 35 per cent. Moreover, investment in Gaza virtually disappeared, falling from 11 per cent of GDP in 1994 to just 2.7 per cent in 2018. Non-building investment remained minimal, at 0.2 per cent of GDP.

… The destruction of infrastructure in Gaza by prolonged closure, severe economic and movement restrictions and recurrent rounds of hostilities have had a grave impact on access to electricity and clean water, as well as on the environment. Electricity shortages have severely suppressed key productive activities. In 2017 and 2018, electricity supply was restricted to 4 to 6 hours a day, and shortages continued to disrupt everyday life and hinder the delivery of basic services. The availability of electricity in the whole Gaza Strip increased from about 6 hours per day in January 2018 to about 11 hours in January 2020… However, that does not mean that an average household in Gaza has access to electricity for 11 hours per day, as the electricity supply is insufficient to power all households at the same time.

Consequently, the Gaza economy has undergone a reversal in industrialization and agriculturalization. The share of agriculture and manufacturing in the regional Gaza economy declined from 34 per cent in 1995 to 23 per cent in 2018, while their contribution to employment fell from 26 to 12 per cent. This raises a serious concern related to the future development of the economy of the Gaza Strip and its capacity to realize economies of scale and expand employment.

The same report does not cite Hamas’s provocation or the cost to Israel of defending against its attacks, but it does cite estimates of the direct cost to Gaza of recent fighting before the current round of violence:

The International Monetary Fund estimates that the damage of the Israeli military strike in 2008 and 2009 is equivalent to over 60 per cent of the total capital stock of Gaza, while the damage of the 2014 strike is equivalent to 85 per cent of its capital stock that existed after the 2008–2009 strike, and that growth rates could have been times the actual rates if Gaza had had the same access to production inputs as the West Bank. The World Bank indicates that, in 2014, in the 50 days that the hostilities took place, $460 million was shaved off the Gaza economy, and lifting the closure would generate additional cumulative growth in the range of 32 per cent by 2025, while relaxing the dual-use list could generate an additional 11 per cent growth by 2025…

UNCTAD indicates that the direct economic losses of the 50-day military operation that started in December 2008 was about $2.5 billion (see TD/B/56/3). It also estimates that the value of assets damaged in Gaza as a result of the 2012 and 2014 military operations was more than $2.7 billion, and that, during the two operations, over 64,000 residential units and at least 1,000 industrial and commercial establishments were totally or partially damaged.

It is clear that this cycle of mutual violence had a critical affect on job quality, housing, health services, education, and economic mobility. Long before May 2021, Gaza became the equivalent of a massive refugee camp packed together in an area about twice the size of the District of Columbia. The CIA estimates that that its population is so young that 43% are 14 years of age or younger, and 65% are 24 years of age or younger in an area where youth unemployment exceed 40%, with 67% unemployment for young for women.

Other sources indicated that even before the current round of Israeli air strikes and artillery fire on Gaza, 95% of the population did not have access to clean water, and that electricity supplies are limited and erratic. Gaza has an exceptionally high unemployment rate – as noted earlier, the
World Bank reported: 43% for Gaza and 15% for the West Bank – and nearly half the population is dependent on at least some form of international aid.\(^1\)

As the sudden rise of violence in May has demonstrated, the practical problem for the future is that there is no clear evidence that any new ceasefire would change the behavior of Hamas and Israel behavior on a lasting basis, regardless of any statements to the contrary, or lead to some kind of comprehensive economic changes and development that could meet the needs of Gaza’s people. Most Palestinians already seem to put the blame on Israel for the recent fighting, and Hamas has visibly fought for the Palestinian cause while Fatah and the Palestinian Authority have not.

The fact that Hamas has fired well over 1,000 rounds of rockets and other ordnance at Israel by mid-May not only demonstrates the seriousness of the threat it poses to Israel and the incentive it creates for more serious retaliation and some form of strategic bombing, it also acts as an incentive for Iran and other states that are hostile to Israel to back Hamas with more arms and money – and supporting Hamas and the Palestinians politically in the UN and other international forums is a good way for states like China and Russia to put pressure on the United States and Israel.

The relative cost of any new fighting to Israel – of the intensity and nature of the Israeli response – could also increase sharply if Iran, Syria, or other states furnished Hamas with longer-range or higher speed missiles and precision guided systems or packages that could be used to attack critical Israeli military or civil targets – just as arming the Houthis with such systems in Yemen has already shown.

Hamas already has used longer-range systems like the M-75 (Iranian Fajr) with a range of 75 kilometers. It has also used much longer-range rockets in the current fighting like the Chinese-designed, Syrian-made R-160 (120km) as well as the Chinese-designed, Syrian-made M-302 Kaiber-1 (200km) missiles. These give Hamas a deep strike capability all the way into Northern Israel and Nahariyya.\(^1\)

If Hamas can acquire more precise systems with higher range-payloads and interception velocities, Israel’s layered Iron Dome artillery/rocket/missile defense system would face far great challenges, and Israel could be forced into further broadening the range of targets in Gaza in that its air strikes must attack at much higher levels of retaliation, or an active invasion and occupation to suppress all Hamas launch capabilities.

Whatever Hamas may say in agreeing to any ceasefire or effort to negotiate a real peace, it seems far more likely to keep exploiting its military options and seeking to increase its influence or control over Palestinians in the West Bank or Israel in the process.

**The Fourth Failed “State:” Palestinian Citizens of Israel**

Once again, estimates differ but Israel’s Central Bureau of Statistics estimated that the Palestinian population of Israel was 1,890,000 in 2019, representing 20.95% of the country’s population. The exact numbers of Palestinians that qualify as full citizens of Israel as a citizen is unclear, but they do represent a major bloc in any potential peace settlement or in Palestinian political tensions with Israel.

Unlike Gaza and the West Bank, Palestinian citizens of Israel, and other Palestinians living in Israel, have not created serious organized violent resistance to Israel, although such violence took places on both side during the Intifadas, and there have been many individual violent incidents over the years. There has, however, been a significant degree of separation, with Palestinians living
in their own communities and sections of urban areas. There also have been growing demonstrations over demolitions and religious right – some of which had elements of violence – and Israeli Palestinians launched a general strike for the first time at the end of the first week of the May 2021 violence.

Israeli Palestinians have not made a major attempt to create their own approach to suggesting a new structure for national governance or a major new political structure that would give Palestinian citizens special, and there is little prospect they would gain by doing so or that such an effort would be tolerated by Israel. They also have come to play a key role in some aspects of Israel’s economic structure like medical care.

They do, however, generally maintain their Palestinian identity – rather than labeling themselves as Israeli – and they have developed more political cohesion and coordination with time – with three separate Palestinian parties, one of which came close to helping Netanyahu develop a ruling coalition shortly before the outbreak of violence in May.

There is also significant social and residential separation between Israeli Palestinians and Palestinian Jews. This is partly a reaction to Israeli government and Jewish discrimination, but it is important to note that there have been serious efforts on both sides to create closer contact and relations. Much of the present separation is for reasons of affinity and economic reasons, rather than the result of discrimination and security measures. Housing and employment involve less tension social networks play a role – although such networks are sometimes separated into Christian and Muslim or by sect. And, some groups like Galilee Bedouins, Negev Bedouins, and the Druze – tend to identify more as Israelis than other Arab citizens of Israel.

At the same time, Palestinian citizens of Israel do face a wide range of pressures from Israeli Jews and the government, this raises separate issues for any kind of lasting peace. They have generally had many of the benefits of full Israeli citizenship, but they are targeted by Israeli security, and they have not had several key benefits that cause tension between them and Israel.

Organizations like Amnesty International and Human Rights Watch sometimes exaggerate their criticism of Israel’s treatment of the Palestinians, and fail to note that both sides in the long series of Arab-Israeli conflicts fought to dominate the territories involved, but they still provide a list of the reasons why the conflict between the two sides continues – and criticisms that are often supported by U.S. State Department Country Report on Terrorism quoted earlier. They include:

- Palestinian citizens have no right of return to match that of Israel.
- They do not have the right to claim housing or property lost in the fighting in 1948.
- Granting and review of citizenship is discriminatory.
- Special rules in the Israeli legislature or Knesset limit the right of Palestinian representatives to criticize Israel, but not of Israelis to criticize Palestinians.

A report by the Human Rights Watch issued in May 2020 described the discriminatory land policies that affected Palestinians living in Israel before the current fighting, but did so without putting their mutual history of war and violence in perspective, or noting that these Palestinians have sometime been a threat to Israeli Jews. Here, it is important to note that war is not “fair.” Each side inevitably exploits both the fighting and their relative success, in the best way it can, and the stronger side “wins.”16
Decades of land confiscations and discriminatory planning policies have confined many Palestinian citizens to densely populated towns and villages that have little room to expand. Meanwhile, the Israeli government nurtures the growth and expansion of neighboring predominantly Jewish communities, many built on the ruins of Palestinian villages destroyed in 1948. Many small Jewish towns also have admissions committees that effectively bar Palestinians from living there.

The Israeli state directly controls 93 percent of the land in the country, including occupied East Jerusalem. A government agency, the Israel Land Authority (ILA), manages and allocates these state lands. Almost half the members of its governing body belong to the Jewish National Fund (JNF), whose explicit mandate is to develop and lease land for Jews and not any other segment of the population. The fund owns 13 percent of Israel’s land, which the state is mandated to use “for the purpose of settling Jews.”

Palestinian citizens of Israel constitute 21 percent of the country’s population, but Israeli and Palestinian rights groups estimated in 2017 that less than 3 percent of all land in Israel falls under the jurisdiction of Palestinian municipalities. The majority of Palestinians in Israel live in these communities, although some live in “mixed cities” like Haifa and Acre.

… The Arab Center for Alternative Planning, based in Israel, told Human Rights Watch that it estimates that 15 to 20 percent of homes in Palestinian towns and villages lack permits, some because owners’ applications were rejected and others because they did not apply knowing that authorities would reject their requests on the grounds that they were contrary to the existing zoning. The group estimates that 60,000 to 70,000 homes in Israel, excluding Jerusalem, are at risk of full demolition. A 2017 amendment to Israel’s 1965 Planning and Building Law, known as the “Kaminitz Law,” increases “enforcement and penalization of planning and building offenses.” As of July 2015, 97 percent of Israel’s 1,348 judicial demolition orders in force were for structures located in Palestinian towns.

Israeli law permits towns in the Negev and Galilee (which comprise two-thirds of the land in Israel) with up to 400 households to maintain admissions committees that can reject applicants from living there for being “not suitable for the social life of the community” or for incompatibility with the “social-cultural fabric.” This authority effectively permits the exclusion of Palestinians from small Jewish towns.

… The 1965 Planning and Building Law creates a three-tiered hierarchy of planning bodies that draw up and carry out master plans at the national, district, and local levels. At the highest level, the National Board for Planning and Building prepares national master plans, expressing a national vision for everything from land use to development, and submits it to the government for approval. Based on the national plan, district and local commissions formulate local plans.

While the planning process is designed to provide opportunity for engagement at the regional and local levels, in practice it marginalizes Palestinian citizens of Israel, whose representation in government planning bodies is far smaller than their proportion of the overall population and whose needs are rarely prioritized. Outside of the government committees, the only option for individuals to offer input is by filing objections to particular plans.

A more recent Human Rights Watch report issued in April 2021 presented following findings on Palestinian citizens living in Israel,17

In Israel, which the vast majority of nations consider being the area defined by its pre-1967 borders, the two tiered-citizenship structure and bifurcation of nationality and citizenship result in Palestinian citizens having a status inferior to Jewish citizens by law. While Palestinians in Israel, unlike those in the OPT, have the right to vote and stand for Israeli elections, these rights do not empower them to overcome the institutional discrimination they face from the same Israeli government, including widespread restrictions on accessing land confiscated from them, home demolitions, and effective prohibitions on family reunification.

Since the founding of the state of Israel, the government also has systematically discriminated against and violated the rights of Palestinians inside the state’s pre-1967 borders, including by refusing to allow Palestinians access to the millions of dunams of land (1000 dunams equals 100 hectares, about 250 acres or 1 square kilometer) that were confiscated from them. In one region—the Negev—these policies make it virtually impossible for tens of thousands of Palestinians to live lawfully in the communities they have lived in for decades. In addition, Israeli authorities refuse to permit the more than 700,000 Palestinians who fled
or were expelled in 1948, and their descendants, to return to Israel or the OPT, and impose blanket restrictions on legal residency, which block many Palestinian spouses and families from living together in Israel.

An Amnesty International issues in September 2019 described the discrimination of Palestinians present in the laws of Israel’s parliament, the Knesset, as follows and states that,\(^{18}\)

Israel’s “nation state law” (formally known as Basic Law: Israel - The Nation State of the Jewish People), which came into force in 2018, defines Israel as the nation state of the Jewish people, constitutionally entrenching inequality and discrimination against non-Jews. The law grants the right to self-determination exclusively to Jews, establishes that immigration leading to automatic citizenship is exclusive to Jews, promotes the building of Jewish settlements and downgrades the status of Arabic from an official language.”

… a series of legislative amendments, regulations and practices in the Knesset that facilitate discrimination against Palestinian MKs. For example, a 2016 legislative amendment which allows members of the Knesset to expel elected MKs by a majority vote means that MKs who express peaceful political views or opinions that are deemed unacceptable by a majority of MKs can face expulsion from parliament. One Palestinian MK described this amendment as a “sword dangled over our heads by members of the Knesset who oppose us politically”, indicating that it was intended to intimidate Palestinian MKs into silence.”

The U.S. State Department Country Reports on Terrorism also note that serious problems exist in recognizing the rights to Palestinians to live in Israel:\(^{19}\)

According to NGOs, 40,000 to 50,000 Palestinians in Gaza lacked identification cards recognized by Israel. Some were born in Gaza but never recognized by Israel as residents; some fled Gaza during the 1967 war; and some left Gaza for various reasons after 1967 but later returned. A small number lacking recognized identification cards were born in Gaza and never left but had only Hamas-issued identification cards. Under the Oslo Accords, the PA administers the Palestinian Population Registry, although status changes in the registry require Israeli government approval. The Israeli government has not processed changes to the registry since 2000.

The PA’s decision to suspend civil and security coordination with Israel caused travel and work disruptions for many Palestinians and left multiple gaps in processes for obtaining work and medical travel permits and other documents. Between May and November, the Palestinian Civil Affairs Ministry did not transfer population registry updates to Israel’s Civil Administration reflecting births, deaths, or passport and ID card numbers. Without this information, Israel did not recognize PA identity cards issued during the suspension. COGAT confirmed that without accurate and updated records in Israeli databases, Israeli authorities cannot process Palestinians’ movement in and out of the West Bank and Gaza.

There was no process for foreign spouses or foreign-born children of Palestinians to obtain permanent legal status in the West Bank. As a result many Palestinian children and young adults, especially those born abroad, are without legal status in the region where they have spent most or all of their lives.

Israel has also been accused of using excessive force, including against children. According to the nonprofit Defense for Children International – Palestine, approximately 500-700 children with some as young as 12 years old are detained and prosecuted in the Israeli military court system – with the most common charge being stone throwing.\(^{20}\) A report conducted by Refworld in partnership with The World Organization Against Torture (OMCT) found that.\(^{21}\)

In Israel however, Palestinian child detainees have been subjected to many of the methods which, in the case of adults, have been considered to constitute torture or other ill-treatment, such as: beatings including with objects; painful manacling of hands and feet; pouring of freezing water onto the child’s head, being kept in fetid isolation cells; preventing the child from changing his or her clothes for long periods of time; covering the head with a foul smelling sack; tight blindfolding; shooting at the child’s head with small plastic pellets from as close distance; placing weights on the detainees shoulders for an extended period of time; denial of water; denial of access to the toilet; continuous long interrogations; and prolonged incommunicado detention.

Once imprisoned, children mostly accused of stone-throwing, have been kept together with criminal prisoners often resulting in grave threats to their physical and psychological integrity. The use of solitary confinement as a form of punishment against detained Palestinian children, as reported in Tel-Mond Prison near Netanya
and Neve Tizia Prison in Ramle, both under the administrative control of the Israel Prison Authority, are also a matter of grave concern.

Israel has issued rebuttals to many of these charges – and they tend to downplay the threats that Israeli Jews face and the real world difficulties in carrying out effective security operations, but they do raise important issues and explain the views many Palestinians residents have of Israel. Moreover, Palestinian politics in Israel reflect a growing effort to obtain political leverage. Rising political tensions over Jerusalem, over Israel as a Jewish state, over jobs and economic status, and popular demonstrations against Israel did precede the outbreak of the recent fighting.

This internal fighting between Jews and Palestinians— and Hamas’s launching of longer-range missiles deep into Israel – has also created new levels of tension in a number of Israeli cities like Lod, the suburbs of Tel Aviv, and coastal cities in the North – where both Israelis and Palestinians had made major progress in working and living together – and have also added to these problems. Israel has deployed large numbers of security forces to them for the first time in some years, and it is clear that any past progress – progress than many Israeli Jews actively supported – is fragile.

Any lasting progress must deal with this “state,” as well as the West Bank and Gaza.

The Fifth Failed “State:” Jerusalem and Religion

Like the Palestinian citizens of Israel, the religious divisions that divide Israeli Jews and Palestinians are far less “state”-like than the issues affecting Israel, the West Bank, and Gaza. At the same time, the religious contention over any Palestinian right of a capitol in Jerusalem, over the division of the old city nearby areas, and over other sensitive religious areas into Jewish or Palestinian control has been a key barrier to any peace settlement and was a key cause of the latest outbreak of violence.

No one who has studied the recent history of religious divisions over the control of Jerusalem and the holy places in the area or who has seen the kind of demonstrations and violence that can suddenly occur in Jerusalem can ignore the tragic history of religious anger, violence, and the competition to control Israel’s shrines. In some ways even the tiny area of the Al Aqsa Mosque (Haram esh-Sharif) or Temple Mount has been as divisive and as serious of a cause of violence as the divisions over the rest of the West Bank or over Gaza.

Some key elements of a compromise have been in place for some time. Jews have the side of the temple or “wailing wall,” and the excavations under and near the location of the Temple. Muslims control the Al Aqsa mosque (Haram esh-Sharif), although Muslims and Christians can enter as long as they do not publicly pray.

Only a few Jewish sites on the West Bank that are now held by Muslims are a source of controversy there, although this includes settlements near them and near other religious areas. The slow movement of Christian out of areas like Bethlehem – and differences between Catholic and Protestant factions – also present problems, but not in terms of an Israeli-Palestinian settlement.

Nevertheless, it seems doubtful that any real progress will be made in resolving these religious issues, and each new outbreak of Israeli and Palestinian violence has made any lasting settlement, specifically the Temple Mount/Al Aqsa Mosque (Haram esh-Sharif), more difficult. The current violence is directly connected to rising Palestinian and Jewish divisions over the control of the top of the mount, and religious extremism has risen among both Israeli Jews and at least Muslim Palestinians.
The “No Solution” Solution

It is all too clear that even seemingly successful efforts to end the current fighting do not have to be more than a pause in further violence. It is also clear that no settlement is likely to last that ignores the fact that the two-state solution has so far failed because both sides can sometimes agree on a concept but can never agree on some form of practical action. Lasting success can only come from at least creating – and then actually implementing – a credible plan to deal with all of the previous issues. “Facts on the ground,” and time alone will not be an answer.

Both Israeli and Palestinian leaders must recognize this reality to move forward, as well as the legitimacy of the other side’s positions, and it is far from clear who such leaders now are on either side. Grim as it may be to say so, the forces that have shaped the five failed “states” may block real progress no matter how much rhetoric and statements of good intentions each side and the international community inject into the process.

As has been warned in the introduction to this analysis, it will also be all too easy for outside states to posture while the crisis lasts and leave when it is over, or confuse a ceasefire with an actual settlements and peace. Moreover, there is a serious real-world risk that outside instability from Syria, Iran, Turkey – or instability in Lebanon, Jordan, or Egypt – will add to the Israel-Palestinian problems. Some form, of opportunistic arming of Hamas seems particularly likely.

One should never give up hope, but history warns that the “no solution” solution does seem to be the most probable real-world outcome of the present violent tragedy.


Cordesman: From the Two State Solution to Five Failed “States.”  21 May 2021
