

Palestine and Israel: Perils of a Neoliberal, Repressive *Pax Americana*¹

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AS DIPLOMATIC AGREEMENTS NORMALLY DO, THE DECLARATION OF PRINCIPLES (DOP) signed by Israel and the Palestine Liberation Organization on September 13, 1993, and the subsequent implementation agreements reflect the international and regional balance of power, in this case Israel's overwhelming military superiority over its Arab neighbors and its firm alliance with the United States. The DOP defined a negotiating process and a five-year interim period with no clear goal and deferred the most basic Palestinian needs — territory and sovereignty — to final status talks that were to convene in May 1996, but have not yet begun in earnest. Yasir Arafat and his advisors claimed that despite the many ambiguities and unresolved issues in the texts of the agreements, the Oslo process would result in the establishment of a Palestinian state in nearly all of the West Bank and the Gaza Strip, ignoring the fact that both Israel's Labor and Likud parties opposed this outcome (Labor removed its formal opposition in May 1996). What brought the two parties to conclude such an unbalanced agreement? Is there any chance that it can work?

The Global and Regional Balance of Forces

The fundamental strategic relationship governing the Arab-Israeli conflict has been the U.S.-Israeli alliance, which began in earnest with the Kennedy administration's sale of Hawk missiles to Israel in 1962. After the promulgation of the Nixon Doctrine in 1969, Israel, Iran, and Saudi Arabia became U.S. surrogates in combating what Washington regarded as pro-Soviet forces in the Middle East, including the PLO. The alliance with Israel subsequently became the main impediment to achieving a peaceful resolution of the conflict in accord with the international consensus that crystallized after the 1967 Arab-Israeli war.²

That consensus interprets U.N. Security Council Resolution 242 to require a more-or-less complete Israeli withdrawal from the Arab territories occupied in the 1967 war in exchange for a contractual peace and recognition of Israel by Egypt, Jordan, and Syria. In addition, since the mid-1970s, international opinion has

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overwhelmingly supported the creation of a Palestinian state in the West Bank and the Gaza Strip. The United States endorsed Resolution 242, but since Henry Kissinger became Secretary of State in 1973 it has supported Israel's view that 242 does not require a complete withdrawal from the occupied territories and regularly used its veto in the U.N. Security Council to shield Israel from criticism of its violations of human rights and international law. Today, the U.S. and Israel are the only major actors in the Arab-Israeli conflict that oppose the right of the Palestinian people to establish an independent state.

The 1993 DOP did not mark the first time the PLO recognized Israel and renounced attacks against civilians. The PLO began, with much equivocation and unclarity, to signal willingness to take these steps in 1974 (for details, see Muslih, 1990; Gresh, 1985). Yet Israel was not interested in testing its intentions, and the U.S. underwrote Israel's intransigence.³ After the 1978 Camp David meeting, which ultimately resulted in an Egyptian-Israeli peace and Israel's evacuation of the Sinai Peninsula, the PLO backed away from its tentative exploration of diplomatic resolutions to the conflict because it believed, correctly as it turned out, that Camp David was a formula for establishing a separate Egyptian-Israeli peace and would leave the question of Palestine unresolved. The PLO unequivocally embraced what has come to be known as the "two-state solution" in November 1988, when the Palestine National Council (PNC), the supreme body of the PLO, adopted a declaration of Palestinian independence and a political statement recognizing Israel and forswearing attacks on civilians (Said, 1989).

This PLO initiative was the consequence of a lively public debate among Palestinians during the first year of the *intifada*, the popular uprising against Israel's occupation of the West Bank and the Gaza Strip that broke out in December 1987. The *intifada* mobilized the youth, women, peasants, and refugee camp inhabitants of the West Bank and Gaza Strip. Resisting the Israeli occupation restored Palestinian pride and dignity and formed a cadre of new local leaders with direct and realistic knowledge of Israel. They insisted that the PLO leaders in Tunis adopt a clear strategy for ending the occupation and urged the PNC to recognize Israel in exchange for Israeli withdrawal from the occupied territories and the establishment of a Palestinian state.⁴

The United States acknowledged the PNC's action by briefly conducting a low-level diplomatic dialogue with the PLO. Yet, Israel's national unity government of 1988 to 1990 led by the Likud's Yitzhak Shamir scorned the PLO's declarations because it understood that acknowledging them would require some accommodation of Palestinian national aspirations. As Minister of Defense in that government, Yitzhak Rabin ordered the repression of the *intifada* with "force, power, and blows" and repeatedly declared that no negotiations were possible until the *intifada* was crushed (*Jerusalem Post*, January 20, 1988).

The proximate condition of possibility for the negotiations that ultimately led to the DOP was the establishment of unchallenged U.S. hegemony in the Middle

East as a result of the victory over Iraq in the 1991 Gulf War. U.S. and Israeli failure to respond adequately to the moderation manifested in the November 1988 PNC resolutions resulted in PLO support for Iraq during the Gulf War. Although it did not endorse Iraq's seizure of Kuwait, the PLO supported Saddam Husayn's [Hussein's] proposal to link Iraqi withdrawal from Kuwait with Israeli withdrawal from the West Bank and the Gaza Strip on the grounds that all U.N. resolutions should be equally respected.

Consequently, the PLO became diplomatically isolated and lost considerable financial support from Kuwait and Saudi Arabia. It was forced to close newspapers, embassies, and many social institutions it had established to embody the national aspirations of the Palestinian people. The expulsion of most of the 400,000 Palestinians residing in Kuwait was an economic disaster for families in Jordan, the West Bank, and the Gaza Strip dependant on income from workers in the Gulf.

The Gulf War prompted the U.S. to encourage Arab-Israeli peace talks for two reasons. First, the U.S.-Israeli alliance was demonstrated to have limited utility in this context. Israel had to absorb Iraq's Scud missile attacks without retaliating to prevent Arab public opinion from perceiving the U.S.-led assault on Iraq as a defense of Israel. Second, the adherence of Saudi Arabia, Kuwait, Egypt, Syria, Morocco, Tunisia, and the smaller Gulf oil states to the anti-Iraq alliance demonstrated for the first time that some Arab leaders were willing to kill their Arab "brothers" to defend interests they held in common with the United States. The administration of President George Bush concluded that cooperative Arab states should be integrated into the new world order in the Middle East.

Consequently, it exerted modest but sustained pressure on the Israeli government, now led exclusively by Yitzhak Shamir, to attend a multilateral conference on a comprehensive Arab-Israeli peace in Madrid in October 1991. Israel agreed to attend the conference only if the PLO were excluded and if its terms of reference did not mention the Palestinian people's right to self-determination or full Israeli withdrawal from the West Bank and the Gaza Strip. The Bush administration was more than happy to acquiesce in Israel's insistence that the U.N., Europe, and Russia be excluded from any substantive role at Madrid or in the subsequent multilateral and bilateral talks between Israel and the various Arab parties. The "peace process" became a U.S. monopoly in which Israel had privileged access to the patron. Secretary of State James Baker pressured West Bank and Gaza Strip leaders to accept this humiliating framework excluding the PLO (which they all regarded as their people's representative despite recognizing its flaws) and their desires for independence and statehood from the agenda.

Israel avoided engaging in substantive discussions at Madrid and in 11 rounds of bilateral talks with the Palestinian delegation in Washington. Days after he left office in June 1996, Shamir admitted that he "would have conducted negotiations on autonomy for ten years and in the meantime we would have reached half a

million [Jewish] people” living in the West Bank (*Ma’ariv*, June 26, 1992, reported in the *New York Times*, June 27, 1992).

Privatization and Peace: Israeli Neoliberalism

As a result of the 1967 war, the 1969–1970 war of attrition with Egypt, the 1973 war, and the 1978 and 1982 invasions of Lebanon, Israeli military expenditures ranged to from 21.7 to 32.8% of GDP from 1968 to 1985, compared to three to six percent in the OECD countries (Aharoni, 1991: 253). Investment in the military-industrial complex was substantially exempt from normal criteria of profitability because the IDF (Israel Defense Forces) and government-assisted exports constituted a privileged market. Moreover, to encourage private capital investment after 1967, entrepreneurs were offered government subsidies averaging 35% of all new capital formation and sometimes as high as 50% of total capital invested in a new enterprise (Plessner, 1994: 14). Settlement and infrastructure construction in the occupied territories relied heavily on public spending and subsidies. Consequently, economic growth in the 1970s and 1980s was financed largely by government expenditures or highly subsidized investments.

From 1973 to the end of the decade, the average annual growth rate of the Israeli economy was 3.8%, less than half the rate of the 1965 to 1972 period. In the 1980s, the growth rate declined further to an annual average of 3.1%. Inflation began to rise rapidly in 1978 and reached an annual rate of 445% by 1984. Before the government intervened, the 1985 annual rate was heading toward 1,000% (*Facts About Israel*, 1995: 3,7).

The primary task of the Labor/Likud national unity government led by Shimon Peres formed after the 1984 Knesset elections was to address the economic crisis. Leading American economists and officials from the U.S. Departments of State and Treasury consulted with an Israeli team appointed by Prime Minister Peres to develop an economic stabilization program for Israel (Razin and Sadka, 1993: 26–38). The U.S. offered emergency aid of \$1.5 billion conditional on implementing an approved economic plan. In July 1985 Israel adopted a stabilization program with some features similar to those imposed by the IMF on Bolivia, Chile, and Mexico: a 10% reduction in government expenditures, devaluation of the shekel, and cuts in subsidies on food and transportation. Other measures, such as price controls, deviated from orthodox neoliberal prescriptions.

Following this structural adjustment regime, the Citizens Rights Movement (RATZ) and Shinui components of the dovish MERETZ party and the Hug Mashov (feedback circle) of the Labor Party — an energetic group of ambitious younger members including Yossi Beilin, Avraham Burg, Yael Dayan, Hagai Merom, and Haim Ramon — emerged as the most articulate proponents of a new economic orientation. They advocated jettisoning the ideological and institutional encumbrances of labor Zionism in favor of an export-led, profit-driven economy, privatization of public sector enterprises, free-markets, and an orientation toward

integration with Europe. This program appeals to many upper-middle-class and elite Ashkenazim who envision a modern, secular, European Israel. They yearn to live in a market culture of profit, pleasure, and individualism liberated from the ideological constraints of traditional Zionism and the vexing task of suppressing Palestinian national aspirations. The *intifada* convinced them that achieving this goal required resolution of the conflict with the Palestinians and the Arab world.⁵

The Intifada and the Polarization of Israeli Society

The *intifada* alienated many Jewish citizens from their government. Thousands demonstrated regularly against its policies and joined dozens of protest organizations (see Kaminer, 1996). Responding to the appeals of *Yesh Gvul* (There is a Border/Limit), hundreds served time in military prisons for refusing to perform military reserve duty in the occupied territories; perhaps thousands more avoided serving in the territories without being jailed. In response to the *intifada* and in preparation for the 1988 election campaign, the RATZ and MAPAM components of the future MERETZ revised their party programs to include the possibility of Israeli negotiations with the PLO.

Soon after the PNC recognized Israel on November 15, 1988, and committed the PLO to abandoning armed action and pursuing a diplomatic resolution of the conflict, Peace Now, the least adventurous of the protest movements that repeatedly emphasized its affiliations with Zionist institutions and thought, endorsed negotiations with the PLO for the first time. It called an outdoor rally in Tel Aviv in early December where some 100,000 demonstrators demanded that Israel negotiate with the PLO. The newly installed second national unity government ignored this groundswell of popular sentiment.

Opponents of continued occupation included liberal and labor Zionists, non-Zionists, and anti-Zionists. They were united by their willingness (even if hypocritical in some cases) to frame political debate in terms of the secular, universalist values of human rights, democracy, and international law. On the other side of the political and cultural divide was what its proponents presumptuously called “the national camp” — the Likud, the orthodox religious parties, and the smaller ultra-nationalist parties. For this bloc, especially its orthodox religious elements, particularist interpretations of *halakhah* and Jewish history mitigated or cancelled entirely the applicability of universalist values.

The leadership of the Labor Party, weakened by its status as the junior partner in the second national unity government and a minority party after it left the government in June 1990, positioned itself between the national chauvinists and consistent opponents of the occupation by raising the slogan of “separation” between Israel and the Palestinians of the occupied territories. Advocates of separation argued that the occupation could not be maintained indefinitely without incurring prohibitive costs to Israeli society, thus evading the issues of the Palestinian people’s right to national self-determination or the status of the PLO.

Neither the opposition political parties nor the extra-parliamentary protest movement were able to moderate the Likud's intransigence. Unable to bring about a change in government policy and disappointed by the PLO's position on the Gulf War, the Israeli peace camp fell into a protracted funk in the early 1990s. Many demobilized peace activists resorted to "internal emigration."

Their sensibility is reflected in two popular films released in 1992 — *Life According to Agfa*, directed by Assi Dayan, and *Amazing Grace*, directed by Amos Gutman — that openly criticize the military, the most sacred cow of pre-1973 Israel. Set in a north Tel Aviv cafe, *Life According to Agfa* captures the social attitudes of a major sector of the peace movement. The Ashkenazi patrons exhibit benevolent paternalism toward the Palestinian Arab cooks, racism toward Mizrahim, and male chauvinism toward women. They sharply rebuke an army officer who invades the cafe and attacks the Arabs. *Amazing Grace* portrays a gay man returning from New York and his interaction with Israeli gay subculture, in which avoidance of military service is common. These films express a post-Zionist sensibility, foregrounding personal relations and individual desires rather than the heroic, ideological, public world of labor Zionism and secular or religious Zionist ultranationalism.

A further expression of disaffection in the realm of elite high culture was the exhibit of "Paintings of David Reeb, 1982–1994" at the Tel Aviv Art Museum in the spring of 1994.⁶ Reeb, the premier Israeli painter of the *intifada*, actively promoted solidarity between Israeli and Palestinian artists by organizing joint exhibits of politically engaged work opposed to the occupation of the West Bank and the Gaza Strip. The pieces on display were inspired by events from Israel's 1982 invasion of Lebanon through the first stage of the withdrawal from the Gaza Strip and Jericho in 1994. The exhibit opened with a panorama of Tel Aviv enclosed in barbed wire, which seemed to constrain simultaneously the inhabitants of Tel Aviv and the occupied territories. There were canvases of Palestinian resistance during the *intifada* and of brutal repression by the IDF. The dominant theme of the Reeb exhibit was a call to reestablish the Green Line (Israel's pre-June 1967 borders). Several paintings featured a thick outline of those borders superimposed over apparently unrelated scenes, suggesting that the occupation intruded on all aspects of Israeli life and that its corrosive action could only be alleviated by restoring the pre-occupation borders.

The call to reestablish the Green Line united the principled opponents of the occupation and the Labor Party, but its political content was ambiguous. Proponents of the Labor Party leadership's slogan of "separation" justified reestablishing the Green Line in the name of political exigency and preserving the humane character of Zionism. Yet "separation" without Palestinian statehood resembles South African-style apartheid and forms a discursive continuity with the historic Zionist notion of "transferring" Palestinian Arabs out of the country — a proposal advanced with renewed vigor in the 1980s by unapologetically racist parties,

including Rabbi Me'ir Kahane's Kach and Rehavam Ze'evi's Moledet. The discursive link between "separation" and "transfer" was explicitly articulated by Baruch Goldstein, an orthodox American immigrant settler in Kiryat Arba:

A few years ago, the ideas of Rabbi Kahane were looked down upon and his followers were ostracized, but now things are different and people see the Arab problem more vividly. People say you can't live with the Arabs and you can't keep so many soldiers [in the West Bank and Gaza] permanently, so the solution is to remove the Jews and you don't have to worry about coexistence. I say the land belongs to us, and the Arabs don't belong to us, so the land we should keep and the Arabs we should let go. I think it's feasible today. Militarily it's no problem.... As Westerners, it seems very cruel, very unrealistic, very barbaric to do this, but you have to realize that the Arab mind is not the Western mind. They are a cruel people. They are a people who want to spill blood. I don't feel toward a people like this that we have any obligations (quoted in *The Report of the American-Israeli Civil Liberties Coalition*, 1989: 1; cited in Tessler, 1991: 69).

Four years later Baruch Goldstein entered the Ibrahimi Mosque/Cave of the Patriarchs in Hebron wearing his military uniform identifying him as a doctor and a reserve army officer and massacred 29 Palestinians in cold blood while they were at prayer.

By the 1990s, much of the secular, Ashkenazi, middle and upper classes, kibbutzniks, and the intelligentsia — the denizens of chic cafes, pubs, galleries, boutiques, high-tech corporate offices, and university campuses — no longer identified with the garrison-state politics, economics, and culture that had informed Israeli society since its inception. They regarded the occupation as a moral disgrace, a barrier to their personal fulfillment, and an impediment to economic development. They longed for Israel to become a "normal" state whose citizens were free to pursue their private desires and interests. A vocal minority of intellectuals began to argue for explicitly post-Zionist positions. In the June 1992 Knesset election most of these elements voted for MERETZ or the Labor Party, which formed the new ruling coalition.

Toward Oslo

Many imagined that advent of the Labor-MERETZ government would expedite progress toward Israeli-Palestinian peace. However, the Labor Party leadership, especially Prime Minister Rabin, had long opposed full withdrawal from the West Bank and the Gaza Strip and the establishment of a Palestinian state. Rabin's first impulse was to try to reach an agreement with Syria that would further isolate and weaken the Palestinians. However, to attract swing voters during the election

campaign, Rabin had promised not to evacuate the Golan Heights. Hafiz al-Asad unflinchingly insisted that the price of peace was complete Israeli withdrawal from Syrian territory. Hence, Rabin was forced to shift his attention to the Palestinians. Human rights conditions in the West Bank and the Gaza Strip deteriorated dramatically as Rabin applied his habitual iron fist.

Meanwhile, despite frictions with the PLO leadership in Tunis, the Palestinian delegation to the Washington talks increasingly asserted its identification with the PLO. It became clear that any Palestinian agreement with Israel would ultimately have to be approved by the PLO. The Washington talks became stalemated after December 1992, when Rabin ordered the extrajudicial expulsion of some 415 West Bankers and Gazans believed to be activists in the radical Islamist HAMAS or Jihad organizations. They resisted their expulsion, camping for a year on a Lebanese hill facing the border with Israel and enormously enhancing the prestige of Palestinian Islamism by their perseverance.

From 1979 on, Israeli authorities had actually encouraged the emergence of al-Mujamma' al-Islami, the Palestinian branch of the Muslim Brothers and precursor of HAMAS, as a way to divert Palestinian support from the PLO in the occupied territories (Abu-Amr, 1994: 16). However, as the strength of radical Islamism grew and challenged the moderation of the PLO, they regretted this. Eventually, Yitzhak Rabin came to believe that HAMAS, Jihad, and the broader Islamic movement of which they are a part posed more of a threat to Israel than did the PLO.

Foreign Minister Shimon Peres followed the lead of his more adventurous lieutenant, Yossi Beilin, in opening direct negotiations with the PLO under Norwegian auspices behind the backs of the United States and the Palestinian delegation in Washington, motivated by their shared vision of privatization and peace. Explaining his conception of "the new Middle East" after the conclusion of the DOP, Peres foresaw that in "the world of tomorrow":

The national or class collective will not constitute the basis of social organization. Rather, the individual will assume responsibility. National goals will no longer be based on control or territorial expansion...economics will carry more weight than politics in international relations (Peres and Naor, 1993: 151).

Supporters and critics of the DOP alike agree that it aimed to create an open market economy with free movement of goods between Israel and the future Palestinian entity (Usher, 1994: 74–75; Abd al-Shafi, 1994: 11–23). Within the framework of this goal, the precise outcome of the negotiations between Israel and the PLO is not critical. As Dov Lautman, then president of the Israeli Industrialists' Association, told a meeting of Palestinian businessmen:

It's not important whether there will be a Palestinian state, autonomy, or a Palestinian-Jordanian state. The economic borders between Israel and

the territories must remain open (*Davar*, February 17, 1993, quoted in Davidi, 1993: 24).

In summary, the forces underlying the negotiations set in motion by the Madrid Conference and continued by the 1993 DOP are:

1. U.S. hegemony in the Middle East;
2. Regional Israeli supremacy;
3. The political weakness and diplomatic isolation of the PLO after the Gulf War and Yasir Arafat's anxieties about being displaced by the West Bank and Gaza leaders whose popular legitimacy derived from the *intifada*;
4. Israel's unwillingness to conclude a peace treaty with Syria based on full withdrawal from the Golan Heights;
5. Fear and loathing of political Islam by all the principal actors; and
6. The Israeli elite's embrace of the neoliberal vision of an unfettered global capitalist market and its cultural accompaniments of secularism and individualism.

The DOP established a five-year interim agreement during which Israel was to withdraw from unspecified parts of the Gaza Strip and the West Bank in exchange for Palestinian recognition of Israel and PLO cooperation in suppressing terrorism. The Cairo Agreement of May 4, 1994, delimited the Israeli withdrawal from about 65% the Gaza Strip and the Jericho area, established the Palestinian Authority as the governing body in the evacuated territories, and inaugurated the interim period.

The September 28, 1995, Taba Agreement (Oslo II) divided the West Bank into three areas.⁷ Israel withdrew from Area A, consisting of about three percent of the territory (the cities of Nablus, Jenin, Tulkarem, Qalqilya, Ramallah, Bethlehem, and 80% of Hebron), giving the Palestinians control of civil affairs and internal security. In Area B, consisting of about 23% of the territory including about 440 villages and some of the surrounding lands, the Palestinians have responsibility for specific municipal functions and joint Israeli-Palestinian patrols maintain internal security. In Area C, consisting of about 74% of the territory including all of the 145 settlements and the new Jewish neighborhoods in and around East Jerusalem, Israel retains full control. Entry and exit from the Palestinian territories, use of land and water, external security, and foreign affairs are under exclusive Israeli control. Israel may also veto any legislation enacted by the Palestinian Legislative Council elected in January 1996.

The most important issues — the borders and the nature of the Palestinian entity, the fate of Israeli settlers and settlements, the status of Jerusalem, and the right of Palestinian refugees to return (either to the Palestinian entity, or to their abandoned homes in Israel) — were postponed to final status talks. An opening session of these talks was held in May 1996, anticipating a Labor victory in the

Israeli elections. After the Likud won, however, they did not reconvene as of this writing.

The Oslo Process on the Ground

Despite Shimon Peres' vision of its economic benefits, economic and social conditions in the West Bank and Gaza Strip have deteriorated since the Oslo agreement. Only about half of the \$2.4 billion in foreign assistance promised to the Palestinian Authority during the five-year interim period — less than Israel receives from the U.S. in a single year — has been delivered (Nasser, 1998). Between 1993 and 1995, Palestinian per capita GDP declined 14.2%, from \$1,537 to \$1,319 per annum (Shaban, 1996).⁸ Claiming security concerns, Israel refused until the conclusion of the October 1998 Wye Rivers accords to allow the opening of air and sea ports in Gaza or a road connecting the Gaza Strip and the West Bank, although these measures are specified in the Oslo accords and would stimulate Palestinian economic growth. Since March 1993, Israel has regularly imposed four different levels of closure on the West Bank and Gaza Strip — collective punishments in response to acts of terror that have severely disrupted Palestinian economic life. Comprehensive closures seal off the territories from Israel and internal closures isolate Palestinian towns and villages from each other. Many military authorities assert that closure has little security value.

In late 1992, about 115,000 Palestinians worked legally in Israel. Closures reduced the daily average to 33,200 in 1996 and 38,000 in 1997. Unemployment averaged 24% during 1996 and 21% for the first three-quarters on 1997, but rose to 30% in the fall of 1997 due to the closure imposed following the double suicide bombing in Jerusalem on July 31. Eighty-one working days were lost to comprehensive closures in 1996 and 57 days in 1997, but there were nearly 50% more internal closures in 1997. Closures caused a direct loss of about \$1.35 million in income for each potential working day (United Nations, 1997; 1998a).⁹ The Director General of Economic Statistics at the Palestinian Central Bureau of Statistics has estimated total daily losses at five to nine million dollars (*The Jerusalem Times*, August 27, 1997).

Encouraged by the DOP, 1,614 new Palestinian businesses were registered in 1994. The closure of February 25 to May 29, 1996, in response to a spate of HAMAS suicide bus bombs was at least partially responsible for the failure of many of them. There were only 1,019 new business registrations in 1996 and 1,195 in 1997 (United Nations, 1998b).

The settler population grew 39% during the term of the Labor-MERETZ government to 145,000, only 16% of which was due to natural increase (Peace Now, n.d.). A vast network of bypass roads was constructed to facilitate access to the settlements, preparing the way for annexing several large settlement blocs. In East Jerusalem, the Jewish population grew by 22,000 to over 170,000, and the government authorized completion of 10,000 subsidized housing units begun

under the previous Likud regime. Rabin and Peres reaffirmed Israel's annexation of East Jerusalem in violation of international law and its Oslo process commitments. The Israeli human rights group, B'Tselem, reaffirmed that "Israel systematically violates human rights in the Occupied Territories in violation of the Oslo Agreements and in breach of its obligations under international human rights agreements" (Palestinian Human Rights Monitoring Group and B'Tselem, 1996: 4).

In contrast to Peres' economic vision, Rabin at least initially saw the DOP as a security arrangement. Shortly before its approval, he explained:

I prefer the Palestinians to cope with the problem of enforcing order in Gaza. The Palestinians will be better at it than we because they will allow no appeals to the Supreme Court and will prevent the Association for Civil Rights [in Israel] from criticizing conditions there by denying it access to the area. They will rule there by their own methods, freeing — and this is most important — IDF soldiers from having to do what they will do (*Yedi'ot Aharonot*, September 7, 1993).

Rabin seemed to welcome an undemocratic Palestinian regime that would disregard human rights, democratic procedures, and the rule of law, as the most effective way to ensure Israel's security demands. He was not disappointed. The Palestinian Authority employs about 40,000 people in at least nine different security apparatuses, whose spheres of competence and powers are undefined. Journalists, editors, political activists, and human rights workers have been intimidated, arrested, and tortured. At least 10 prisoners have been killed in custody (for a full account, see Palestinian Human Rights Monitoring Group and B'Tselem, 1996). Yasir Arafat has ignored all resolutions of the Palestinian Legislative Council not to his liking and indefinitely postponed municipal elections because he fears that his preferred candidates will not prevail. Ministers in the Palestinian Authority, several of whom have been censured for corruption and financial mismanagement by the Legislative Council, are responsible to no one but Arafat.

“Terrorism,” “Security,” and the Demise of the Oslo Process

It is conventional to argue that the peace process is dying because of Palestinian terrorism and, since the advent of the Netanyahu government, Israeli intransigence. In Israel and the U.S., a pernicious discourse on terrorism dominates discussion of politically motivated violence, making it nearly impossible to understand why some people who have no hope for improving their situations commit morally reprehensible and politically counterproductive acts in the name of political and religious ideals that give meaning to their otherwise miserable existence. Counting bodies easily degenerates into demagoguery, and the value of the life of every victim is equally boundless. Yet understanding the role of violence

in the Oslo process in other than propaganda terms requires specifying the victims and contextualizing and periodizing incidents.

The DOP was to come into force on December 13, 1993. However, Israeli security concerns delayed the withdrawal from Gaza and Jericho and the installation of the Palestinian Authority until July 1, 1994. During these nearly 10 months after the DOP was signed, little changed on the ground for the Palestinians, strengthening the case of its opponents. The IDF continued to pursue Palestinians who had attacked Israelis during 25 years of occupation and to shoot demonstrators and stone throwers using tactics it had developed during the *intifada*.

HAMAS, Islamic Jihad, the PFLP, elements of the DFLP, and some Fatah activists opposed the DOP, but the 'Izz al-Din al-Qassam Brigade of HAMAS was the most effective in killing soldiers and settlers in an effort to foil the Oslo process. Its greatest coup in the months after the signing of the DOP was the assassination of Lt. Col. Me'ir Mintz, commander of an IDF unit responsible for hunting down wanted Palestinians, on December 24, 1993. Rabin and Peres wanted Arafat to pursue a policy of exterminating HAMAS. Arafat's strategy was to isolate extremists committed to armed action and to convince the other elements to participate in the political process. This difference caused much friction and mutual distrust.

The lethal attacks of Palestinian opponents of the DOP undermined Rabin's authority with his constituency. However, the bottom lines in Tables 1 and 2 (located at the end of the article) — Palestinians: 63 dead, 193 to 209 wounded; Israelis: 24 dead, 57 wounded — indicate that, as always, during this critical period Palestinian victims far outnumbered Israeli Jewish victims. Israel's policy of seeking revenge and retribution did not halt the attacks, and failure to restrain provocative settlers incited at least some attacks.

Arafat would probably not have objected strenuously if the IDF had focused its activities on HAMAS and Jihad, but less than two weeks after the signing of the DOP, the IDF arrested five Fatah Black Panthers who had operated in the Jenin area (*New York Times*, September 30, 1993). On October 5, IDF undercover agents shot dead a Fatah activist in Gaza who witnesses claimed had dropped his gun before being shot (*New York Times*, October 6, 1993). The brashest IDF attack on Fatah was the killing of Fatah Hawk Ahmad Khalil Abu Rish on November 28, a week after he had accepted an amnesty from Israeli authorities. The same day 30 Fatah members were arrested in Khan Yunis Camp. These actions undermined Arafat's ability to sell the Oslo agreement to his most loyal supporters.

Baruch Goldstein's shooting spree in the Ibrahimi mosque/Tomb of the Patriarchs on February 25, 1994, in which 29 Palestinians were killed and 100 wounded, manifested the failure of the Labor government's strategy of conciliating its settler opponents. The IDF killed six more Palestinians and wounded 50 at a demonstration in front of the hospital in Hebron the next day; 18 more Palestinians were killed and 37 more wounded in clashes between the IDF and

demonstrators through March 4. Two Israelis were killed and two wounded in the same period.¹⁰

In response to the Hebron massacre, Israel outlawed the Kach and Kahane Hai organizations, and seven of their activists were arrested. No actions were taken against the settlers in Hebron or Kiryat Arba, who had repeatedly provoked and attacked the Arabs of Hebron with near impunity for many years. On March 31, several thousand settlers held a rally in Kiryat Arba to mark the 26th anniversary of Jewish settlement in Hebron despite an official ban by the IDF. In contrast, Arab Hebron was subjected to curfew for one month and access to the Ibrahimi mosque was restricted for nearly a year.

HAMAS vowed revenge for the Hebron massacre, and it was not long in coming. On April 6, a HAMAS suicide bomber exploded a car near a bus in Afula killing eight and wounding 44. A second HAMAS suicide bomber killed five Israelis and wounded 30 in a bus in Hadera on April 13. On April 18, a HAMAS member attacked two Israelis on a bus in Jerusalem. On April 20, two Israelis were wounded by HAMAS gunmen in the Gaza Strip, and on April 22, HAMAS took responsibility for shooting an Israeli soldier in the West Bank. The pace of HAMAS actions slackened somewhat after an agreement between the Fatah Hawks and the 'Izz al-Din al-Qassam Brigade.

The Hebron massacre and its aftermath marked a sharp deterioration in the prospects for the DOP. Israel's actions sent the message that while Arafat was expected to destroy his internal opposition, Rabin would deal delicately with his. If Rabin had taken the kind of decisive action against the settlers of Hebron and Kiryat Arba and their supporters that he demanded Arafat pursue against HAMAS, this deterioration might have been attenuated. It is also possible that Yigal Amir would not have been emboldened to assassinate Rabin on November 4, 1995.

The discourse of terrorism precludes analysis linking Palestinian violence to acts by Israelis, so Israel could not learn from the Hebron experience. In anticipation of the Taba accords, in late August 1995, HAMAS began observing a tacit cease-fire with Israel. Arafat again tried to co-opt more moderate elements of HAMAS, negotiating with them in Cairo to secure their participation in the elections for the Palestinian Legislative Council scheduled for January 20, 1996. Yet on January 6, 1996, in Khan Yunis, Israeli agents liquidated HAMAS military leader Yahya 'Ayyash, the reputed planner of the suicide bomb attacks of 1994 and 1995 launched as retribution for the Hebron massacre.

Israel's execution of 'Ayyash violated the powers of the Palestinian Authority, which was responsible for security in the Gaza Strip, and it diminished the likelihood of Arafat reaching an accommodation with elements of HAMAS. As an express response to the 'Ayyash assassination, HAMAS carried out a new wave of bus bombings in February and March of 1996. Hebrew University Professor Ehud Sprinzak, an authority on political extremism in Israel concluded, "without 'Ayyash's execution, it is quite likely that Israel would not have experienced the

three suicide bombings in 1996 that killed 55 people and wounded 265" (*Washington Post*, October 19, 1997).¹¹

These bombings changed the terms of the May 1996 Israeli elections from a referendum on the Oslo process to a debate over whether Labor or Likud could better guarantee the security of Jews. In fact, neither can do this with complete effectiveness because terrorism flows from the political issues unresolved by the Israeli-PLO agreements. Benjamin Netanyahu and the Likud ran a demagogic campaign depicting Peres as arm-in-arm with Arafat in killing Jews. Peres agreed to the Likud's definition of the issues and countered that Labor would do better at security than the Likud.

To enhance Labor's image as an effective guardian of Jewish security, Peres authorized Operation Grapes of Wrath in April 1996. Israeli forces attacked civilian villages in Lebanon to induce them to repudiate Hizb Allah, a pro-Iranian shi'a militia that has resisted Israel's occupation of south Lebanon since 1978. Some 400,000 Lebanese were made refugees and 200 were killed. Among the dead were 100 civilians seeking refuge at a U.N. base near Kafr Qana. Amnesty International and the U.N. disputed Israel's claim that the attack on Kafr Qana was accidental (Amnesty International, 1996; United Nations, 1996).

Peres' decision to accept the Likud's framing of the electoral debate as a question of security for Jews led to the May 1996 Netanyahu victory and the installation of a Likud coalition government including some of the most chauvinist elements in Israeli political life. The new regime initiated a relentless succession of provocative actions. In September 1996, the mayor of Jerusalem, encouraged by American Jewish millionaire Irving Moskowitz, opened a new entrance to an archaeological tunnel in East Jerusalem that runs close to Muslim holy places; previous Israeli governments had refrained from doing so to avoid arousing Palestinian protest. Netanyahu delayed implementing the agreement to evacuate most of Hebron until January 1997, arguing that its security features were inadequate.

In March 1997, the cabinet approved constructing a large new settlement at Har Homa/Jabal Abu Ghneim between East Jerusalem and Bethlehem. In September 1997, Irving Moskowitz inaugurated a new Jewish neighborhood in the Ras al-Amud quarter of East Jerusalem. In the same month, Mosad agents botched an attempt to assassinate HAMAS leader Khalid Mish'al in Amman. The orthodox-chauvinist Ateret Cohanim organization, which seeks to destroy the Dome of the Rock and the al-Aqsa mosque to make way for the third Jewish Temple, continued to seize land in and around the Old City of Jerusalem. As a consequence of these actions there were no regular negotiations between Israel and the Palestinian Authority between March 1997 and the meeting at Wye Plantation in Maryland in October 1998; the three Israeli "further withdrawals" from the West Bank are far behind schedule and, even with the most recent accords, there is little chance that a final status agreement will be concluded before the May 1999 deadline.

Toward a Neoliberal, Repressive Peace

The Madrid Conference and the Declaration of Principles promised to complement Israel's newly established economic stability with regional political stability. They encouraged a wave of foreign and local investment and globalization of the Israeli economy that boosted the average annual rate of economic growth between 1990 and 1995 to 5.8%, peaking at seven percent in 1994 and 1995 (*Facts about Israel*, p. 3; *ha-Aretz*, October 17, 1996).¹² Nearly 100 Israeli firms are now listed on the NASDAQ and other U.S. stock exchanges. From January 1995 to September 1996, foreign investors made new purchases of \$2.9 billion dollars worth of Israeli stocks, more than doubling their previous holdings and resulting in total foreign holdings of \$5.5 billion. In the same period, total foreign investment increased by \$4.7 billion to \$19.6 billion (*Ma'ariv*, November 6, 1996). Several U.S. high-technology corporations, including IBM, Intel, and Microsoft, announced major new investments in Israel. The single largest new investment in the post-Oslo era is a \$1.6 billion plant to be constructed by Intel, for which 38% of the capital will be supplied by the Israeli government. Domestic capital investment has also grown rapidly. From 1994 to 1996, 767 high-technology start-up companies were established (Israel Government Press Office, 1997b). These figures suggest that the program of privatization and peace could be economically viable. The economic downturn since the advent of the Netanyahu government — foreign investment slowed, annual growth of the GDP declined to one to two percent in 1998, and unemployment reached 9.3% in May 1998 — underscores the economic potential of peace (Israel Government Press Office, 1998; Bassok, 1998).

Israel's pro-peace business elite has a partner in the Palestinian business circles represented most prominently by Nabil Sha'ath, the principal Palestinian negotiator at Oslo and subsequently Minister for Planning and International Cooperation for the Palestinian Authority. King Husayn [Hussein] of Jordan and his entourage, including some Palestinians, are also eager to support the Oslo process because it provides an opportunity to reassert Hashemite influence in Jerusalem, includes the possibility of a Palestinian-Jordanian confederation, and creates economic opportunities, especially joint development of tourism and the establishment of Israeli subsidiaries in Jordan where labor is cheap, relatively skilled, and suffering from high levels of unemployment since the Gulf War.

The Oslo process also corresponds with the strategic interests of the United States. In the post-Cold War, post-Gulf War era, the need for a U.S.-Israeli strategic alliance has diminished. Arab-Israeli peace is consistent with maintaining a Middle Eastern *Pax Americana*.

Why, then, is the Oslo process tottering on the verge of collapse despite the conclusion of the Wye River accords? Optimists argue that the difficulties are only temporary and that the logic of economic interests will eventually prevail.

Certainly, Bill Clinton's foreign policy ineptitude and shameless appeasement of the Israel lobby has been a factor. More fundamentally, the problems in the Oslo process and the unlikelihood that it will result in a stable Israeli-Palestinian peace demonstrate that the market is not a solution for everything. The attempt to divorce economics from politics did not convince the Palestinian people to abandon their national aspirations. The Oslo process consigned Palestinians to an inferior status for at least the five-year interim period and established no countervailing mechanism to prevent Israel from taking unilateral measures to extend its domination indefinitely. The DOP did not specify the establishment of a Palestinian state. Most importantly, it did not require Israel to seek a relationship of coexistence with the Palestinians based on equality of status. The two-state solution, notwithstanding its many problems, embodies this principle.

Jamil Hilal argues that the PLO, too, was not fully prepared for the two-state solution because the political strategy adopted at the 1988 PNC "was not anchored in the organisational reforms needed for the revitalisation of...[the PLO's] institutions." According to Hilal, the PLO leadership, "failed to rise to the challenges raised by the *intifada*...and lacked the will to respond adequately" because of its leadership style, Israeli repression, and unfavorable international and regional circumstances. Furthermore, "the *intifada* exposed the inflexibility of the PLO's organisational structure and bureaucratic style of leadership." The Tunis-based leadership regarded the shift in the center of gravity of Palestinian politics to the occupied territories as a consequence of the *intifada* as "a threat to their leadership and privileges" (Hilal, 1995).

Thus, the DOP brought together two national leaderships, neither one of which was motivated by a desire to settle the Palestinian-Israeli conflict on a democratic basis, supported by a U.S. government seeking a low-risk strategy for maintaining its hegemony in the Middle East, but disabled by its own rhetoric about terrorism and the excesses of the Zionist lobby. The problems of this arrangement were to be resolved by enhanced capital investment, access to regional markets, and expanded opportunities for profit. However, continuing Jewish settlement in East Jerusalem and the West Bank, land confiscations, and the construction of bypass roads undermined the economic promise of "New Middle East" and have drawn the boundaries for potential Palestinian Bantustans. Even if the Oslo process advances beyond the Wye River accords, the territorial basis for establishing a Palestinian state capable of exercising significant sovereign powers may no longer exist.

Table 1
Palestinian Casualties in the West Bank and Gaza Strip,
September 10, 1993, to February 24, 1994

Identity	Killed by		Wounded by		
	IDF	Settlers	IDF	Settlers	
HAMAS	17		18		
Jihad	4				
PF/DFLP		1	4		
Fatah	4				
Saudi	1				
Unknown	31	5	157-173	14	
Total	57	6	179-195	14	

Note: Does not include internecine Palestinian violence, bomb makers, suicide attackers, or unacknowledged victims of IDF undercover units (*mista' ravim*).

Table 2
Israeli Jewish Casualties, September 10, 1993, to February 24, 1994

Identity	Killed by			Wounded by		
	HAMAS	Jihad	Other	HAMAS	Jihad	Other
IDF	4	2	34	2	3	
Settler	7		1	8	1	3
Unknown	3	7	4	2		
Total	14	2	8	46	3	8

Sources: Both tables compiled from chronologies in *Middle East Journal* 48, Nos. 1-3 (Spring, Winter, Summer 1994) and *Journal of Palestine Studies* 23, Nos. 2-4 (Winter, Spring, Summer 1994).

NOTES

1. Sections of the first part of this essay appeared in a different form in Beinin (1998), where elements of the argument are elaborated more fully.

2. The one significant conjuncture when the U.S.-Israeli alliance did not serve as a structural barrier to Arab-Israeli peace was the first two years of the Carter administration (1977 to 1978), during which the Camp David Accords were negotiated. Carter backed away from the Nixon Doctrine and put substantial pressure on Israeli Prime Minister Menachem Begin to accept the terms of Camp David. However, the Iranian revolution of February 1979 and the Soviet invasion of Afghanistan in December 1979 reestablished Cold War principles as the dominant factor shaping U.S. Middle East policy. The need to shore up the U.S. military position in the Persian Gulf after the fall of the Iranian Pahlavi dynasty and the much exaggerated fear that the Soviet presence in Afghanistan would threaten the supply of oil led the Carter administration to return to a policy of nearly unrestrained support for Israel. For further details, see Beinin (1985).

3. The classic instance was the U.S. veto of a draft Security Council resolution embodying the international consensus (242 plus a Palestinian state in the West Bank and the Gaza Strip) that was actively supported by the PLO and most of the Arab and other member states in January 1976.
4. Hunter (1993) provides a reasonable first attempt at a history of the *intifada*.
5. The argument of this paragraph is based on Peled and Shafir (1996).
6. An exhibit catalog was published, see Reeb (1994).
7. Percentages are calculated by the Applied Research Institute, Jerusalem (<http://www.arij.org>) on the basis of considering all of East Jerusalem part of the occupied West Bank. Israeli figures exclude Jerusalem.
8. Hazem Shunnar, Director General of Economic Statistics of the Palestinian Central Bureau of Statistics, estimated that annual per capita GDP declined 23% between 1993 and 1997, as reported in *The Jerusalem Times* (August 27, 1997).
9. If discouraged workers are included, the average unemployment rate was 32.6% in 1996 and 30.1% in 1997.
10. Figures are compiled from the chronology of the *Middle East Journal* (1994).
11. For another Israeli effort to understand the “logic” behind HAMAS’ suicide attacks, see Ben-Yishai (1998: 12).
12. The 1996 growth rate was 4.4% (Israel Government Press Office, 1997a).

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