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Israel and the West Bank: Where Is the Occupation Heading?



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An Intelligence Assessment

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*NESA 85-10125X
June 1985*

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Israel and the West Bank: Where Is the Occupation Heading?





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An Intelligence Assessment

This paper was prepared by 
Office of Near Eastern and South Asian Analysis,
with contributions by 

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 Office of
Global Issues. It was coordinated with the
Directorate of Operations. 

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Comments and queries are welcome and may be
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**Israel and the West Bank:
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Key Judgments

*Information available
as of 1 May 1985
was used in this report.*

Approximately 35,000 Israelis now live in West Bank settlements, and the Jewish population there may double by the end of the decade. Israel's establishment of Jewish settlements, however, is not an irreversible process. Over half of the Jews on the West Bank live in 13 large settlements; most of the other settlements are relatively small and poorly developed. Removal of the smaller settlements would free large, contiguous areas of Arab land that could form the basis for a Palestinian entity.

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The West Bank economy has stagnated under Israeli occupation, and the poor economic conditions will contribute to an increase in Palestinian violence. Despite Prime Minister Peres's commitment to improve the quality of life for West Bankers, the Israeli Government will not condone the development of an economic infrastructure that could form the basis for an independent Palestinian state.

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The Labor Alignment and several left-of-center parties favor a territorial compromise on the West Bank, but Likud and its rightwing allies oppose concessions and call for Israeli sovereignty over the entire territory. Any Israeli government will pay a stiff domestic price for agreeing to territorial compromise on the West Bank. Some Jewish extremist groups might even undertake terrorist attacks against Israeli officials to obstruct a negotiated settlement.

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Such opposition would severely constrain Israel's negotiating flexibility. As a result, Israel will urge the United States to press Arab states for significant concessions to help it overcome domestic opposition. These concessions could include Israeli sovereignty over an expanded Jerusalem metropolitan region, retention of large Jewish settlements elsewhere on the West Bank, Jordanian control over local government on the West Bank, and the normalization of relations between Israel and a Jordanian/Palestinian confederation.

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Whatever course Israel chooses on negotiations, Palestinian violence on the West Bank is likely to increase, although it is unlikely to threaten Israeli control of the territory. Already this year, violence on the West Bank is at the highest level since 1982. Violence could pose a more serious security problem for Israel if:

- Islamic fundamentalist groups, which are generating some appeal among Palestinian youth, become more politically active.

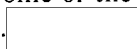
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- Israel's experience in Lebanon convinces Palestinians that a more coordinated, violent resistance could drive Jewish settlers from the West Bank.
- Jewish extremists carry out a successful attack against the Dome of the Rock in Jerusalem, the third-holiest site in the Islamic world. 

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Israel and Jordan will try to foster a moderate Palestinian leadership in the territory that could eventually challenge the PLO's dominance. These efforts are unlikely to succeed, however, because of the two governments' inconsistent and often incompatible policies, Hussein's reluctance to break with the PLO, and entrenched West Bank support for the PLO under Yasir Arafat. 

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If Hussein entered negotiations without official PLO backing, he and West Bank moderates would be under constant threat of assassination from Arafat loyalists, Syria, and Syrian-allied Palestinian radical groups. Hussein and whatever Palestinian elements he might carry with him would expect the United States to guarantee a rapid conclusion to negotiations bringing about Israel's withdrawal from almost all of the West Bank. 

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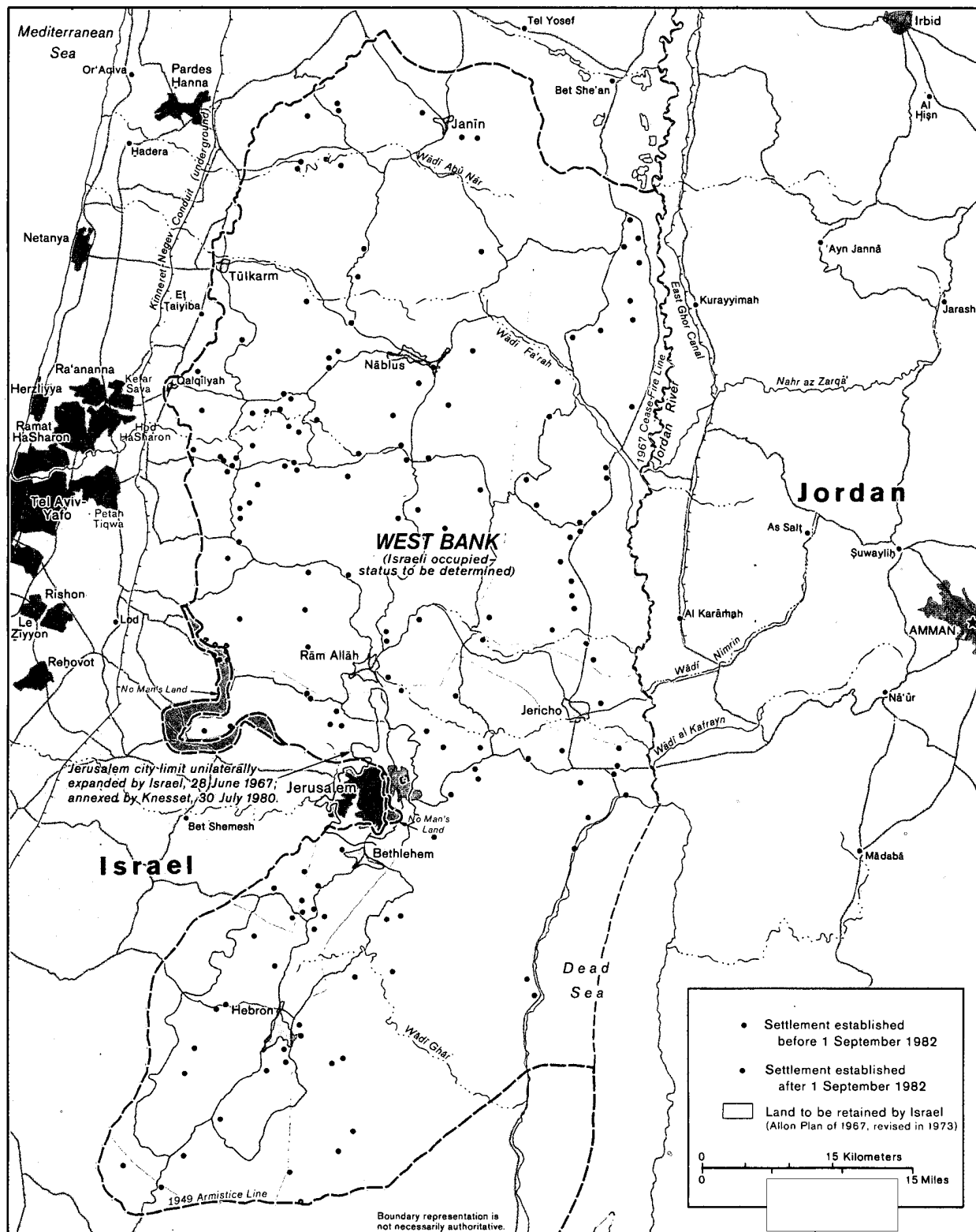
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Israeli Settlements in the West Bank



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**Israel and the West Bank:
Where Is the Occupation Heading?**



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Israel's occupation of the West Bank has entered its 19th year. Successive governments have created "facts on the ground" that will make it difficult to end the Israeli occupation. Despite the large and active Israeli presence, Palestinians living in the territory and elsewhere in the Middle East continue to call for the establishment of a Palestinian state on the West Bank. All peace initiatives proposed by moderate Arab states are centered on calls for Israel's withdrawal from the West Bank and some form of Palestinian sovereignty there.



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Figure 2. Ma'ale Adummim is the largest Jewish settlement on the West Bank, about a 10-minute drive from Jerusalem.

The disposition of the West Bank will remain a central issue for US relations with Israel and Arab governments. Israel and moderate Arab states, in our view, will continue to look to the United States to broker a settlement of the area's final status.

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We believe there are five key questions concerning the territory that will largely determine the success or failure of future diplomatic initiatives:

- Is the Israeli settlement process irreversible?
- Will the West Bank economy continue to deteriorate?
- Will a moderate Palestinian leadership emerge to challenge the PLO's claim to be the sole legitimate representative of Palestinian interests?
- Will Islamic fundamentalism become a major political force to channel the grievances of discontented Palestinian youth?
- Will violence on the West Bank pose a significant threat to Israeli control of the territory?



Figure 3. Mobile homes at Yo'ezzer.

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Permanence of Israeli Settlements

Current Status of Settlements. As of mid-April 1985, Israel had established 159 residential settlements on the West Bank. (This count, and subsequent numbers, does not include that part of the West Bank annexed by Israel as part of Jerusalem.) Of this number:

- 70 are located within the proposed security zone—amounting to about 45 percent of the West Bank—to be retained by Israel under the Labor Party's Allon Plan of 1967.
- 127, or 80 percent of the settlements, were established by Likud governments between 1977 and 1984.

- 47 were established following the US Middle Eastern peace initiative of September 1982, which suggested a settlement freeze.
- The 13 largest contain 55 percent of the settler population.
- 28 are unpopulated, and 12 of these have had no construction beyond site and road clearance.
- At least 60 have no more than 25 families living in mobile homes or prefabricated units.

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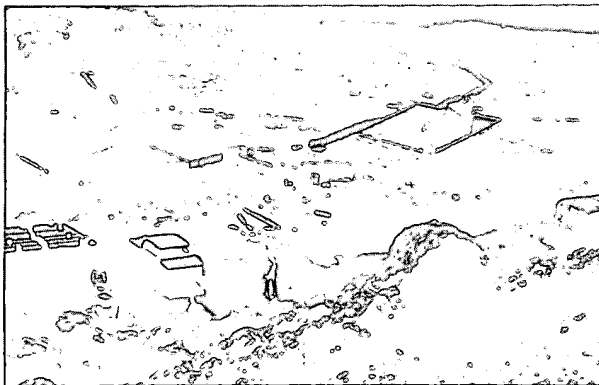


Figure 4. Houses under construction at Bet Arye, less than 5 kilometers from the "Green Line."

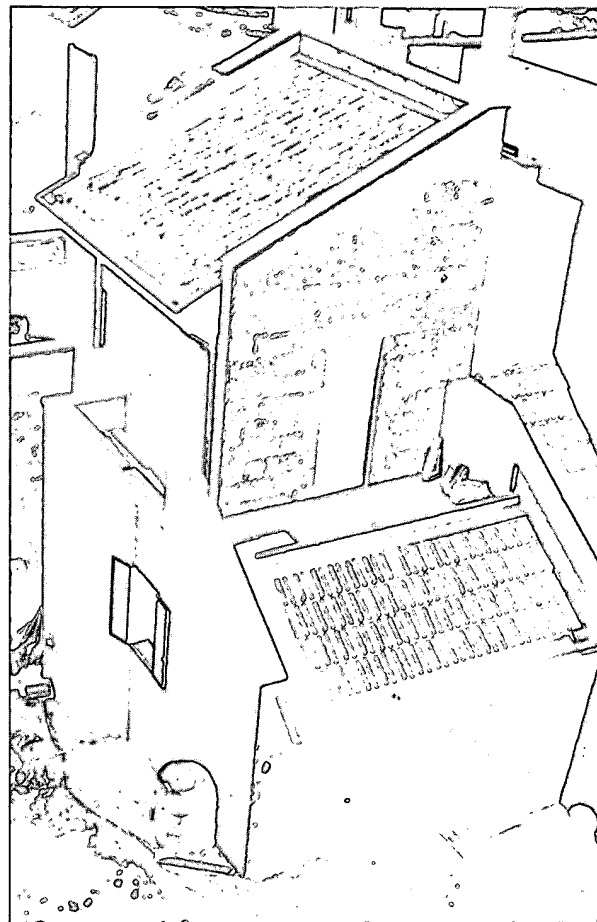


Figure 5. New single-family home at Givon Hadassa, northwest of Jerusalem. Young Israeli couples, who can afford only apartments inside Israel, can often buy up if they move to the West Bank.

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[redacted] we estimate that approximately 35,000 Israelis now reside in West Bank settlements. (Recent Jewish Agency figures of more than 42,000 settlers, and the settlers' own estimate of more than 51,000 are probably inflated for political reasons). On the basis of our analysis, there is capacity for 20,000 additional settlers. Much of the excess capacity is in unfinished neighborhoods in the larger settlements, which will be occupied in the near future, but many of the older, more remote settlements also contain unoccupied units. [redacted]

Until last summer, new unit construction had progressed at rapid rates. Between September 1982 and September 1984, some 4,400 units were started, of which about 3,200 were completed. Developers concentrated on building substantial houses and apartment buildings for settlers who had been living in cramped mobile homes. [redacted]

Since the National Unity government took office, construction has slowed dramatically. Political and economic constraints account for this decline. As part of the National Unity agreement between Labor and Likud, the government has agreed to establish six new settlements this year. Of these, however, four already were in preliminary stages of development. [redacted]

Israel's economic crisis has limited funds for new settlements. Housing Ministry loans that assisted the construction of single-family homes have been reduced because of government austerity measures.

Nongovernment settlement agencies have not been able to take up the slack; the budget for the World Zionist Organization, which funds new nonurban settlements, is 25 percent lower than last year. World Zionist settlement officials say their limited funds will be funneled into existing settlements. [redacted]

Given these constraints, we do not believe that Israel will achieve its current goal of placing 100,000 Jewish settlers on the West Bank by the end of the decade.

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Land Seizures

Unlike settlement construction, seizure of Palestinian land has continued apace under the National Unity government. Land seizures are not affected by economic constraints; they usually involve only the reclassification of property as "state land" and the erection of a perimeter fence. Land is being expropriated for military purposes, future settlement expansion, and a modern transportation network. At present, about 40 percent of the West Bank is in Israeli hands—almost all controlled by the Israeli Government.

We believe, therefore, that it may not be too late for a territorial compromise based on the dismantling of at least some Israeli settlements. Although the larger Israeli settlements would be difficult to dismantle, the removal of most of the smaller settlements would free large contiguous Arab areas that could form some kind of Palestinian homeland.

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Any Israeli government that agreed to such a territorial compromise would face stiff political opposition. Although the Labor Alignment backs a territorial compromise on the West Bank, party hardliners, in our view, would attempt to limit land concessions. Likud and its rightwing political allies strongly support retention of the entire West Bank.

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This goal has already been pushed back; originally the Likud government and the World Zionist Organization envisaged 100,000 settlers in place by the mid-1980s. Some construction of residential units—especially by private developers—will continue, however, allowing the Jewish population, in our view, to double by 1990 to 70,000.

Nevertheless, a Jewish Agency official believes that, for the right price and housing elsewhere, the majority of West Bank settlers would move. Most home and apartment owners there have insurance policies guaranteeing payment should Israel leave the territory. During the Israeli evacuation of the Sinai in 1982, for example, the Israeli Cabinet voted to reimburse the 6,000 settlers \$256 million—some \$43,000 each. The majority of Sinai settlers accepted the decision to withdraw and moved without resistance.

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Are the Settlements Permanent? Many observers, both proponents and critics of Israeli settlement policy, maintain that the settlements are too numerous and too entrenched to permit their dismantlement. The most well-known espouser of this view is Meron Benvenisti, the former Israeli Deputy Mayor of Jerusalem. Benvenisti argues that the "political debate has been overtaken by events," that most Israeli settlements will never be removed, and, thus, that Israel has achieved de facto annexation of the territory.

Some 1,500 Sinai settlers, however, refused to leave voluntarily, and the Israeli military finally had to intervene and forcibly remove them. Most of these settlers supported Gush Emunim—the religious-nationalist organization that also has been instrumental in settling the West Bank. Gush Emunim leaders believe that it is a Jewish religious obligation to settle and keep all of the West Bank. The Consulate estimates that about 20 percent of the settlers on the West Bank support the goals of Gush Emunim. Many of the Gush Emunim settlers live in the smaller, more isolated settlements that would most likely be dismantled by the government as part of a future territorial compromise.

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On the basis of our analysis of settlement population and location, however, we believe that the majority of Israeli settlements on the West Bank could be removed. Over half of the Jewish population in the territory resides in only 13 communities. The urban settlement of Ma'ale Adummim is home to approximately one-sixth of the Jewish settler population. Many of the remaining settlements are merely collections of temporary residences (mobile homes, prefabricated units) housing fewer than 30 families each.

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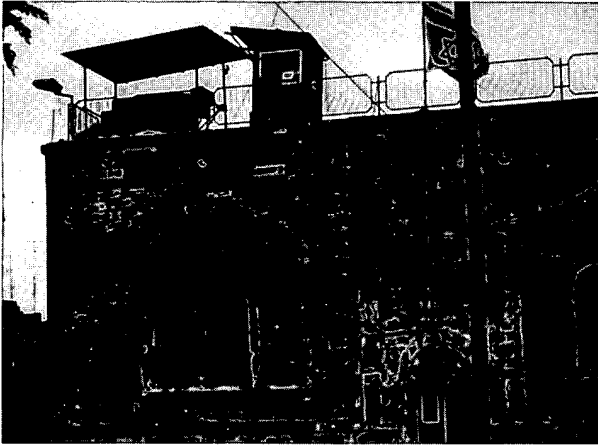


Figure 6. Building occupied by Jewish settlers in downtown Hebron.

We believe that many of these settlers are prepared to resist violently any attempt by the Israeli Government to return portions of the West Bank to Arab rule. Most of the Jewish settlers accused of being members of the Jewish terrorist underground are Gush Emunim members or supporters. Recent articles in Gush Emunim settlement publications have speculated about what the settlers should do to forestall territorial compromise. Some argue that settlers under certain circumstances would be justified in taking the law into their own hands by forcibly resisting relocation. We believe that such Israeli extremists might consider carrying out terrorist attacks against Israeli officials to prevent implementation of a territorial compromise.

Because of this opposition, we expect that any Israeli government would demand maximum territorial concessions from Palestinian and Arab representatives at the negotiating table. Such concessions probably would involve retention of Israeli sovereignty over an expanded Jerusalem metropolitan area, retention of large Jewish settlements throughout the West Bank and the Jewish right to settle individually anywhere in the territory, Jordanian control over local Palestinian governments, and the normalization of relations between Israel and a Jordanian/Palestinian confederation. In addition, Tel Aviv would remind the United States of the domestic risks involved in agreeing to a negotiated settlement and would expect the United States to play a major role in underwriting the costs of

a negotiated settlement. Israel would, in our view, ask the United States to help provide major financial compensation for displaced settlers in the hopes of muting domestic opposition.

Future of the West Bank Economy

Continuation of the status quo does not bode well for the economic development of the West Bank. The economic interaction between Israel and the West Bank provides some benefits for local residents, but the occupation retards the potential for indigenous economic progress.

Occupation Economics. Israel, in our view, is not following any "grand design" for the economic development of the West Bank other than to seek to minimize the economic burden of the occupation. To this end, Israeli authorities have acted over the years to integrate West Bank economic activity with that of Israel, while avoiding formal annexation. Israel thereby has made use of relatively cheap Arab labor, while excluding the West Bank from coverage under the extensive and costly social welfare system that protects Israeli workers.

Israel's success in minimizing occupation costs is reflected in West Bank expenditure data. Israeli statistics show that until FY 1983/84 most municipal outlays on the West Bank were covered by revenues generated within the territory. Israeli spending in the territory, moreover, serves Israeli as well as local interests. Although expanding roads, communication lines, and power supplies improve the lot of local residents, these programs are undertaken largely to improve Israel's access to the area for security reasons and to tighten links between Israel and Jewish settlements on the West Bank.

Quid Without a Quo? Israel's economic policies do provide benefits for the Palestinian residents of the West Bank. Approximately 45,000 laborers from the West Bank, for example, commute daily to work in Israel. Some West Bank farmers have adopted more productive agricultural methods partly as a result of exposure to the more highly developed farming techniques employed in Israel and the Jewish settlements.

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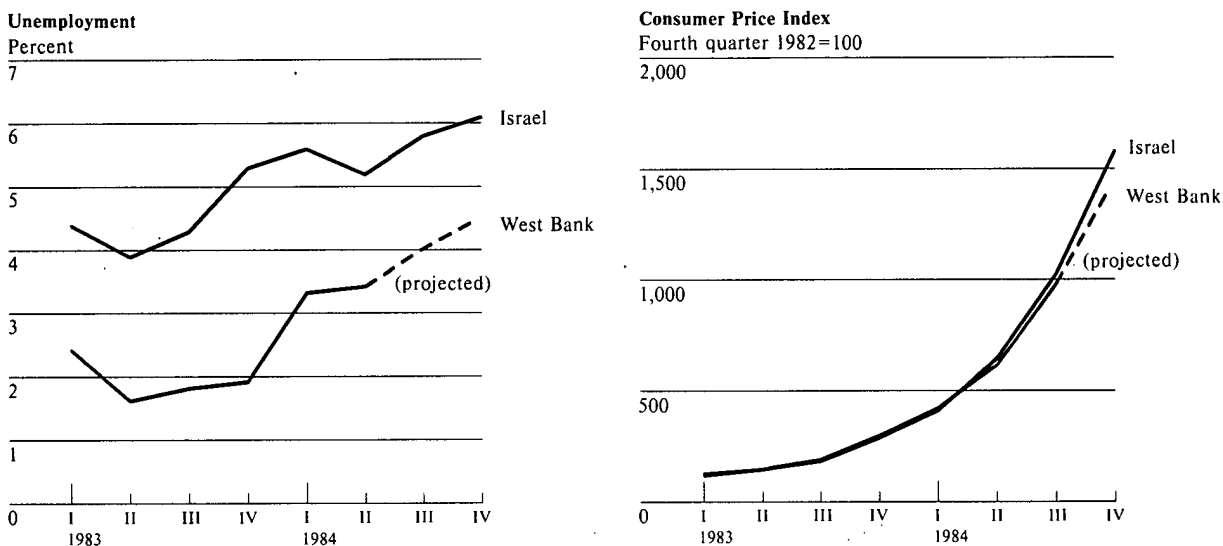
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Figure 7
Economic Trends: Israel and the West Bank, 1983-84



Source: Official Israeli Statistics.

[Redacted]

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Productivity has advanced markedly since 1967, according to official Israeli statistics, because of the introduction of chemical fertilizers, pesticides, improved seeds, and mechanization. [Redacted]

The most visible result of these economic benefits is the improved living standards on the West Bank. The lot of the average West Banker has improved significantly since 1967 and, in our view, at a faster pace than it would have under Jordanian tutelage. Real incomes and consumption have grown. Not only has the provision of basic necessities—especially housing—improved, but per capita consumption of most consumer durables has also risen dramatically.

[Redacted]

No Free Lunch. Although the West Bank populace is much better off economically, the improvement is largely due to external trade and payment factors.

Foreign economic relations—especially those with Israel and Jordan—are the linchpin of the West Bank economy:

- Net imports of goods and services account for more than one-fourth of resource use. Trade with Israel makes up over 80 percent of total trade turnover. Israel enjoyed a \$286 million trade surplus with the West Bank in 1983.
- About half of the West Bank labor force is employed in foreign countries. Israel hires about half; the rest are employed in Jordan and the Gulf states.
- Wages remitted from those working abroad comprise nearly half of total hard currency earnings, while other transfer payments amount to an additional 12 to 15 percent. [Redacted]

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These statistics contrast sharply with poor economic performance. Economic growth probably has stagnated during the past few years, due largely to the lack of growth in the industrial sector. Israeli occupation policies, continued uncertainty over the region's political future, and the conservatism of local businessmen have stymied industrial initiatives. Capital investment remains a small share of GNP, given the West Bank's needs, and is dominated by residential construction at the expense of productive assets. [redacted]

Few large-scale industrial projects have commenced during the Israeli occupation. Most growth has been limited to small cottage industries or tourist-oriented enterprises. Israeli statistics reveal that more than 90 percent of the industrial enterprises in the West Bank employ fewer than 10 workers. Agricultural output, in our view, has also suffered because of land expropriation, water resources diverted to Israeli settlements, and restrictions on sales of agricultural products to Israel or Israel's traditional markets. [redacted]

Bleak Outlook. Prospects are poor for indigenous economic development as long as the status of the West Bank remains in limbo. Indeed, the economy is likely to deteriorate in the near term, given the unpromising outlook for the economies of the countries upon which the West Bank depends:

- We expect Israel's austerity to continue for at least another year. The construction industry in Israel, which employs over half of the West Bankers working there, is suffering a recession.
- The poor oil market is hurting the Gulf state economies, forcing many Palestinian workers to return home. According to Israeli officials, the number of Palestinians leaving the West Bank last year for jobs in the Gulf dropped dramatically.
- The Jordanian economy cannot absorb more workers; it, too, depends heavily on remittances from its citizens working abroad. King Hussein has limited the influx of Palestinians and, like the Israelis, has discriminated against the import of West Bank goods. [redacted]

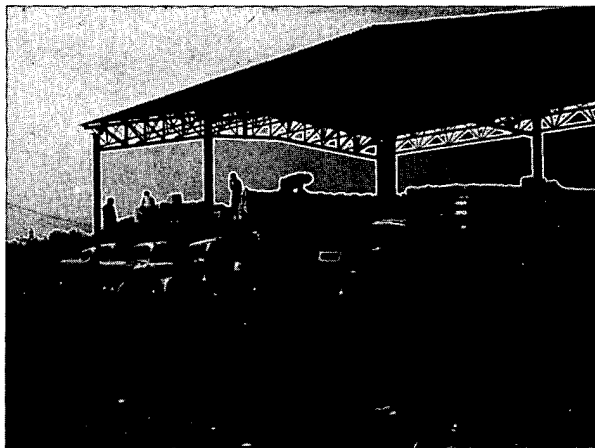


Figure 8. Trucks carrying West Bank agricultural goods being unloaded in Jordan. The Israeli Government allows only specially modified trucks to travel to and from Jordan. [redacted]

Other sources of outside revenue are few. The one other significant inflow to the West Bank is the approximately \$100 million annually assigned to the Jordan/PLO Joint Fund for the Occupied Territories by the Baghdad accord of 1978. Few of the signatories have kept current on their payments, and, in our view, Jordan and the PLO have not adequately managed the funds at their disposal. The US Consulate in Jerusalem reports that what few funds remain are destined for existing projects. [redacted]

In addition, the West Bank faces the prospect of reduced funding from the United Nations Relief and Works Agency, which provides services for the 90,000 Palestinians still living in West Bank refugee camps. Although that agency hopes to avoid reducing its services, the General Commissioner recently told Jordanian officials that cutbacks are likely if current deficits are not covered. Finally, although funding from private voluntary organizations appears to have picked up in the last six months or so, these contributions remain small, disorganized, and eventually subject to Israeli controls. [redacted]

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Economic difficulties in Israel, Jordan, and the Gulf have led to growing unemployment in the West Bank. Israeli statistics already show some increase, but they understate the problem because they do not account for all West Bankers seeking work in Israel nor those working in Arab states who have recently returned and are jobless. US Embassy reporting and press articles attest to numerous signs of the worsening labor market, such as the reduced number of busloads of workers heading westward each day as well as results of informal surveys of the unemployed. [redacted]

The nest egg that these workers have acquired will not last long, and unemployment compensation is not available for most. In addition, Israel's rapid inflation has spread to the West Bank, further eroding incomes. Even if more West Bankers chose to return to agriculture, the US Embassy quotes agricultural experts as saying that many vacated fields would require at least two years of preparatory work to become productive again. The West Bank and East Jerusalem press report that numerous Palestinian industrial concerns are closing because they cannot compete with heavily subsidized Israeli goods. [redacted]

Quality of Life. In both public statements and [redacted] discussions with US officials, Prime Minister Peres has stressed his concern about the political implications of the West Bank's worsening economy and his determination to ameliorate conditions. Peres and other Labor leaders also believe that the improvement of economic conditions in the West Bank would strengthen the hand of West Bank moderates and improve Israeli-Palestinian relations. [redacted]

Israeli officials have already approved in principle several projects—such as construction of new hospitals and the development of a Palestinian bank—that had been rejected or indefinitely postponed by previous Likud governments. The US Consulate in Jerusalem reports that the Peres government has also become somewhat more flexible in approving projects proposed by private voluntary organizations despite longstanding Israeli concerns that these charitable groups cooperate with PLO supporters on the West Bank. [redacted]



Figure 9. Tourist gift shop operated by Jewish settlers residing in the Hebron area. Arab merchants resent the business, which is attracting many of the large tour groups that come to the town. [redacted]

Despite this change in philosophy, the Consulate believes that Israeli occupation authorities continue to disapprove many projects and delay implementation of those already authorized. The Israeli Government, in our view, does not want an economic infrastructure developed on the West Bank that could form the basis for an independent Palestinian state. In addition, Tel Aviv continues to reject economic development schemes that would compete with Israeli economic interests. Defense Minister Rabin recently reiterated this point when he told Knesset members that "no permits will be given for expanding agriculture or industry which may compete with the State of Israel." [redacted]

Not all the blame, however, can be placed at Israel's doorstep. Economic aid projects often fall prey to competing Israeli-Jordanian interests in the territory. The newly formed Jordanian Government has stated its desire to boost its role in the West Bank but acknowledges that financial constraints limit what it can do. Moreover, Amman wants to ensure that the West Bank's economic progress is not made at the expense of the East Bank and continues to reject

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Palestinian development schemes that might compete with Jordanian businesses. The PLO, in our view, is wary of those kinds of economic activity in the territory that could, over time, foster independent, successful West Bank businessmen who might not follow the PLO's lead. [redacted]

If some form of Palestinian self-rule is granted to the territory, the West Bank would still be economically unviable. Although Arab governments probably will initially offer financial assistance to a Palestinian West Bank entity, we believe that their enthusiasm for extending such aid will eventually wane, particularly if it is confederated with Jordan. Palestinian residents of the West Bank and the Jordanian Government might then look to the United States to finance the long-neglected economic development of the territory. [redacted]

Prospects for Moderate Palestinian Leadership

Among those individuals hurt most by the continued expansion of Israeli settlements and the bleak economic conditions on the West Bank are those Palestinian leaders who want to cooperate with Jordan and Israel to establish some form of Palestinian self-rule. Over the past few years, Amman and Tel Aviv have fitfully attempted to support pragmatic leaders willing to seek a negotiated solution even in the face of PLO opposition. Many West Bankers, usually businessmen who hope political stability will improve the economic climate, have also approached the Jordanian and sometimes even the Israeli governments to seek support for their own plans to develop indigenous West Bank leadership. [redacted]

Recent Moves. The US Consulate in Jerusalem reports that several West Bank leaders attempting to organize a broad, independent Palestinian movement traveled to Amman last March to seek Jordanian Government support. According to the Consulate, Amman chose not to back their efforts actively. The tepid response of Jordanian officials was particularly surprising to the West Bank delegation, given their intention to support Amman's efforts to organize a Jordanian-Palestinian delegation that would participate in future peace negotiations. [redacted]

Prime Minister Peres has attempted to develop a pragmatic West Bank leadership by seeking to appoint moderate Palestinians to the empty mayoral posts in key West Bank towns, including Nablus and Hebron. Last year, [redacted] the Israeli Government believed Jordan had agreed to support the appointment of mayors even though Amman had previously insisted that municipal elections be held to fill the vacancies. Tel Aviv apparently convinced several Palestinian community leaders to accept the jobs, but the announcement of the appointments has been delayed by Jordanian refusal to endorse this action. [redacted]

Obstacles. These incidents highlight some of the problems confronting West Bank moderates who believe they must become more politically active. King Hussein, in our view, realizes that a more active role for influential moderates would boost his efforts to bring PLO Chairman Yasir Arafat to the bargaining table. But Hussein also knows that Arafat and other PLO officials are concerned Hussein might try to squeeze them out of future negotiations by encouraging the emergence of an indigenous West Bank Palestinian leadership. Active Jordanian support for Palestinian independents might convince Arafat to break off his dialogue with Hussein and risk depriving the King of broad Arab support for engaging Israel in peace negotiations. [redacted]

At the same time, many non-Palestinian East Bankers and even some members of the King's government are concerned that West Bank independents would have too much influence if the territory were eventually returned to Jordan. Consequently, they are primarily interested in ensuring that the West Bank remain politically unorganized. These conflicting motives result in mixed signals that make it more difficult for West Bank Palestinians to justify taking the risks involved in cooperating too closely with Israeli occupation authorities. [redacted]

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According to the US Consulate, West Bank moderates believe they need unequivocal Jordanian support because they realize that their involvement would encounter strong resistance from many of the territory's residents and from the PLO. Polls of West Bank political opinions are not available, but most observers, including the US Consulate, believe that the majority of the territory's residents strongly support the PLO's claim to be the sole legitimate representative of Palestinian national aspirations. [redacted]

Support for the PLO among West Bankers appears to be at an alltime high as a result of the convening of the Palestine National Council in Amman last November. The proceedings of the Council were broadcast daily to the territory by Jordanian television, and [redacted] most West Bankers were favorably impressed by seeing their national representatives in action. We believe that most West Bankers want a negotiated solution to their problems, but they believe that only the PLO has sufficient Arab and international credibility to represent their interests. [redacted]

In our judgment, King Hussein is aware of the depth of West Bank support for the PLO. He will, therefore, probably use the specter of independent Palestinian leadership to prod Arafat into making additional concessions. Hussein is not ready to draw upon West Bank moderates to support an independent Jordanian entry into negotiations. We believe that Jordan, which already has a majority Palestinian population, could ill afford to resume control of 800,000 West Bankers, most of whom proclaim allegiance to the PLO and believe Hussein has sold out Palestinian interests. Jordan's political stability, in our view, remains Hussein's first priority. [redacted]

What Could Change? Without Jordanian support, the prospects are slim that West Bank moderates would be willing to represent Palestinian interests in negotiations. Several developments, however, could lead King Hussein to seek the participation of West Bank leaders rather than the PLO:

- Further PLO factionalism, particularly in Arafat's Fatah organization, could begin to erode support for the organization among Palestinians and moderate Arab governments. Additional splits in the PLO

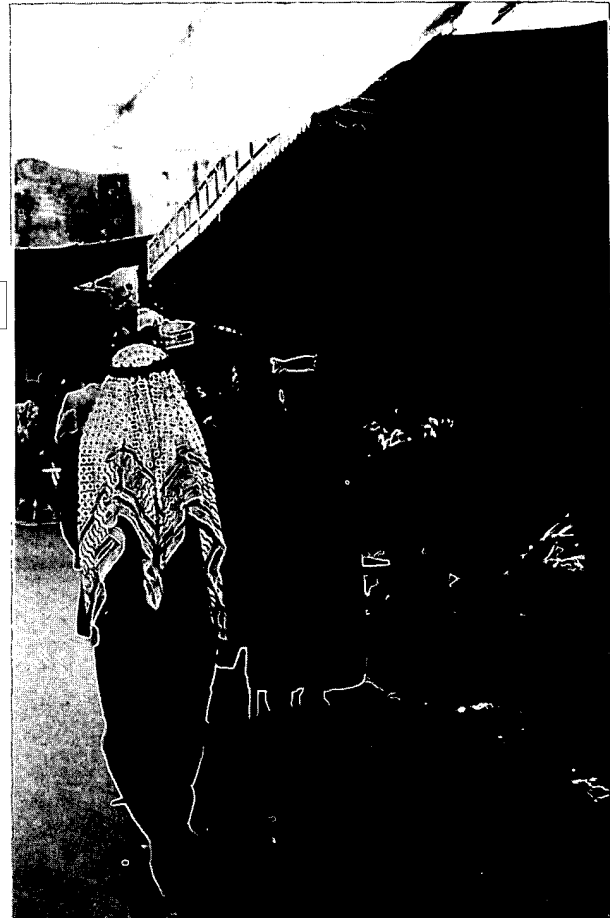


Figure 10. Street scene in Hebron. [redacted]

could make a mockery of the organization's claim to be the sole legitimate representative of Palestinian interests. Hussein and West Bank moderates might then be tempted to fill the leadership vacuum.

- Arafat's assassination might also lead to the PLO's collapse. West Bank moderates, in our judgment, initially would be reluctant to step forward for fear of inviting Syrian and radical Palestinian reprisals. Over the long term, however, Syrian attempts to dominate the Palestinian movement could backfire if Damascus continued to block peace negotiations.

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- Significant Israeli concessions before the beginning of actual negotiations, such as an agreement to return most of the West Bank to Arab rule and to consider an international solution for the question of Jerusalem, could also dispel West Bank and Jordanian doubts about the outcome of peace negotiations. If the PLO still refused to abandon terrorism and unequivocally recognize Israel's right to exist, we believe King Hussein and many West Bank leaders would be willing to abandon Palestinian unity to pursue a negotiated settlement. [redacted]

limited autonomy that would grant West Bankers only municipal authority, while Israel would retain control over key sovereignty-related matters, including land and water utilization, defense and foreign affairs, security, and the regulation of trade. According to US Embassy reporting, Likud officials also would prefer that local leadership positions be filled by more traditionalist, rural Palestinians opposed to PLO influence. The Likud government of Prime Minister Begin created the now largely defunct Village Leagues in an attempt to develop such Palestinian leadership. [redacted]

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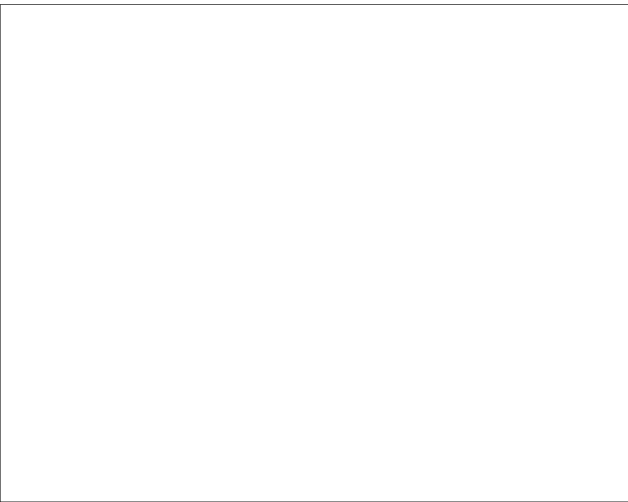
In our view, none of these developments is likely. We believe that Arafat is intent on preventing further erosion of the PLO's organizational integrity, particularly in his own Fatah group. Although Arafat's assassination will always be a possibility, the PLO chairman has had an uncanny instinct for survival. On the Israeli side neither Labor nor Likud appear ready to make far-reaching concessions in advance of negotiations. [redacted]

Labor leaders envisage broader Palestinian self-rule. They would prefer that autonomy arrangements be worked out in coordination with Jordan and West Bank Palestinians. We believe, however, that Labor leaders are pessimistic that a negotiated solution can be reached any time soon, and they realize Israel may have to proceed independently. [redacted]

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Under the most favorable of circumstances, Hussein and West Bank moderates would be under constant threat of assassination from Syrian-backed radical Palestinian groups and perhaps even from mainline Fatah units once they chose to represent Palestinian interests. We believe Syria would also threaten Jordan militarily and actively support East Bankers opposed to Hussein's policies. Given the risks involved, Hussein and Palestinian moderates would expect the United States to push for a rapid conclusion to negotiations and to guarantee that Israel make significant concessions. [redacted]



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Israeli-Imposed Autonomy? The Israeli Government might also make a concerted effort to develop a moderate Palestinian leadership by unilaterally granting greater local authority to West Bank communities. The US Embassy in Tel Aviv reports that Israeli political leaders have again begun to speculate along these lines. [redacted]

Both Labor and Likud leaders hope that experience with self-rule would encourage West Bank independence from the PLO and less antagonism toward Israel. Israelis could continue to settle large areas of the territory, but the military nature of the occupation over time would become less visible. Eventually, West Bank leaders would represent Palestinian interests at peace negotiations. [redacted]

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Most Israeli leaders, regardless of political affiliation, believe that Israel must develop some form of local rule on the West Bank to allow an easing of the military occupation. Likud and Labor politicians, however, differ on how extensive local authority should be. Likud leaders publicly argue for a sharply

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We believe the chances are poor that an Israeli-imposed autonomy plan would succeed:

- The stark differences between Labor and Likud goals mean that successive Israeli governments will adopt contradictory policies toward the territory. West Bankers understand the realities of Israeli politics, and they are unlikely to participate in autonomy schemes that could be dismantled after the next election.
- Given the changing nature of Israeli governments, most West Bank leaders probably would want Jordanian support before participating in a self-rule plan. Unless King Hussein had decided to ignore the PLO, such support would not be forthcoming.
- Most West Bank Palestinians would believe that an Israeli autonomy plan was merely a scheme to perpetuate Israeli control of the territory. According to press reports and US Consulate reporting, many West Bankers view local autonomy as a synonym for apartheid. Instead of developing a generation of moderate West Bank leaders, we believe that an Israeli-imposed autonomy plan would, in West Bank eyes, only create a new group of traitors to the Palestinian cause.

The Future for Islamic Fundamentalism

The US Consulate in Jerusalem reported last year that Islamic fundamentalism was making slow but steady growth throughout Palestinian society on the West Bank. Although its influence can be seen in all age groups, its greatest impact has been among Palestinian youth. About 90 percent of female students in primary and secondary grades now wear some form of Islamic dress,

_____ Muslim leaders, using the funds of the Islamic Waqf, are building social and cultural facilities that offer opportunities for close contact between local Muslim religious figures and Palestinian youth.

This growth in Islamic influence is particularly striking, given the West Bankers' reputation for being one of the most Westernized Arab populations. Most West Bankers are Sunni Muslims, although approximately 7 percent are Christians. Muslim or Christian, West Bankers have long had one of the highest literacy and education rates in the Arab world.

Many academic observers believe the increased interest in Islam reflects personal Palestinian frustrations. Dissatisfied with their external conditions, West Bankers are looking for solace in traditional religious practices. According to this view, Islamic fundamentalism on the West Bank does not yet have a political focus.

_____ West Bank members of the Muslim Brotherhood claim their goals are long term and that, although Islamic fundamentalism has religious and social importance, it does not yet have political saliency.

Islamic Fundamentalism on the University Campus. Although such views apparently hold true for most West Bankers involved in the current religious revival, we believe that university students increasingly view Islamic piety as a means of expressing their opposition to Israeli occupation and their adherence to Palestinian nationalist goals. Although the US Consulate reports that the Fatah-associated Student Youth Movement continues to command the most support among Palestinian students, Islamic fundamentalist groups are becoming increasingly influential on West Bank campuses, particularly at an-Najah University, the territory's largest university. The Consulate estimates that a third of an-Najah's student body actively supports the fundamentalists.

Islamic groups and Fatah supporters are not always opponents. As a result of the recent splits in the PLO, fundamentalists and Arafat supporters joined to counter radical Palestinian attempts to gain support among university students. The US Consulate believes, however, that this tactical alliance may be ending and that Islamic groups may begin to challenge all secular Palestinian parties for control of the student governments at West Bank universities.

To date, Islamic fundamentalists have fought mainly against their secular Palestinian foes. Religious groups apparently have not sought to attack Israelis.

_____ the Israeli Government has not moved against the fundamentalists because it believes they serve Israeli interests by fracturing the Palestinian national movement.

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Figure 11. Female students wearing various forms of Islamic dress [redacted]

Roles and Restraints. We believe that, at least for the short term, Islamic fundamentalist groups will continue to play a more important role in intra-Palestinian rivalries than in anti-Israeli violence. We recognize, however, that Islamic piety is growing on the West Bank and that more conventional political forces, such as the PLO, may be unable to provide the answer to Palestinian national aspirations. As long as Palestinian political groups remain ineffective, Islamic fundamentalists will have broad scope to gain converts and greater opportunities for political influence. [redacted]

The fact that most West Bank Palestinians are Sunni Muslims—who have not generally been carried away by Shia fervor—will militate against Islamic fundamentalism becoming the driving force behind West Bank violence. We believe there are two developments, however, that could lead Islamic fundamentalist groups to turn to violence against Israelis:

- A successful attack by Israeli Jewish extremists against the Dome of the Rock in Jerusalem—Islam's third-holiest shrine—would radicalize the fundamentalists on the West Bank. The Israeli Government is aware of the need to protect the

Temple Mount from such attacks, and it has already foiled several attempts by Jewish terrorists.

- [redacted] 25X1
- Successful cross-border attacks by Shia radicals operating out of Lebanon might also lead some Islamic fundamentalists to imitate the Lebanese example. Such attacks, in our view, would have a particularly powerful impact on religious West Bankers if they led to an exodus of Israeli Jews from northern Israel. Devout Palestinians might then consider launching suicide attacks in the belief that Israeli settlers could also be forced to leave the West Bank. [redacted] 25X1

Prospects for West Bank Violence

During the Israeli occupation of the territory, Palestinian violence has not increased steadily. Instead, West Bank violence has been cyclical in nature. Immediately after the 1967 war, Palestinians engaged in numerous attacks against Israeli targets, but effective security measures dampened the violence. During the late 1970s and early 1980s, the number of attacks again increased, but the Israeli crackdown on the PLO-supported National Guidance Committee—which had been coordinating West Bank resistance—led to a slackening in violence. [redacted] 25X1

Current Trends. Our study of incidents of violence in the West Bank reveals that attacks by Palestinians against Israeli targets began to increase again in the fall of 1984. During March, the level of monthly incidents was the highest since 1982. Our data also substantiate Israeli claims that West Bankers are making greater use of bombs, firebombs, and Molotov cocktails. [redacted] 25X1

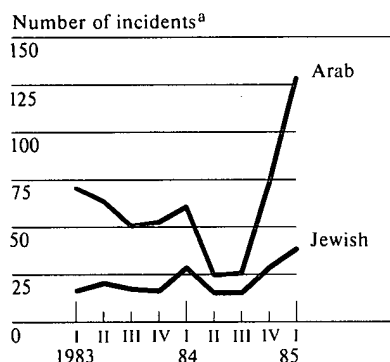
The recent increase in West Bank violence is particularly significant because it has not followed previous yearly patterns. Historically, violence in the West Bank has been highest during the spring, when several Palestinian and Israeli national holidays occur, and in [redacted] 25X1

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Figure 12
West Bank Violence, 1983-85

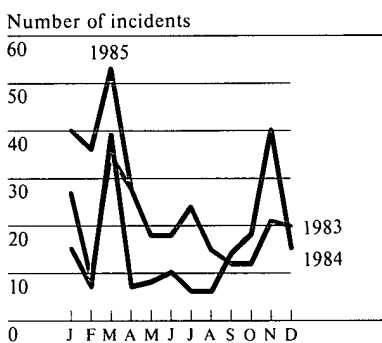
Our research has allowed us to reach several conclusions concerning West Bank violence.

Arab and Jewish Violence



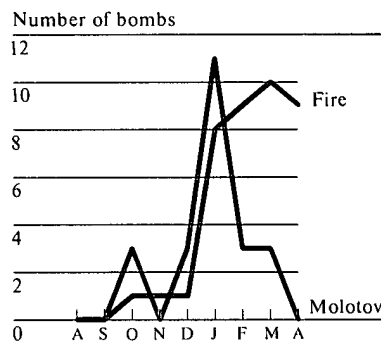
The number of violent attacks or demonstrations increased significantly during the first four months of 1985. The 165 incidents so far this year is almost equal to the total number of incidents for 1984. Incidents of Arab and Jewish violence tend to rise and fall together.

Total Arab Violence



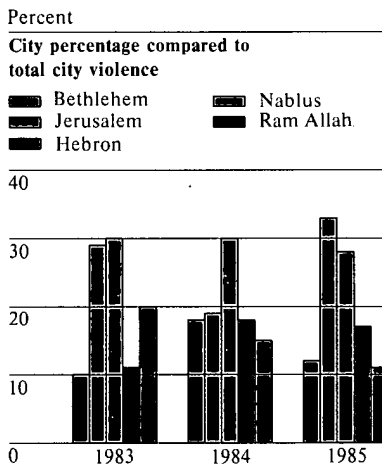
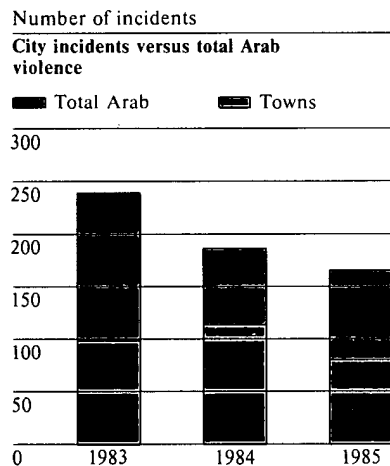
West Bank violence follows yearly patterns. The highest number of incidents occurs in March. Several holidays take place during March, the most significant of which is Palestinian Land Day.

Types of Arab Bombs



West Bank Palestinians are increasingly using Molotov cocktails, firebombs, and other types of explosive devices. Despite this increase, however, there has not been a concomitant rise in Israeli casualties.

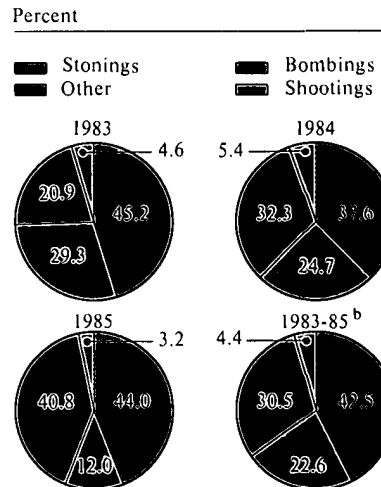
Regional Breakdown of Arab Violence



Although West Bank Arab violence has increased, the violence does not appear to have become more widespread geographically. Despite its reputation as the most tense Arab city in the West Bank, Hebron statistically ranks below both Jerusalem and Nablus in incidents of violence.

Note: The data on West Bank violence were compiled from the West Bank Media Reports prepared by the US Consulate in Jerusalem. All of the incidents were originally reported in West Bank or Jerusalem newspapers.

Types of Arab Violence



^a Number of incidents may not agree with the total for various types of violence due to multiple events for some incidents.
^b 1985 includes data for January through April.

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the fall, when the start of the school term is often the occasion for violence by youths. The number of incidents last January and February, however, was over twice as high as the number for the same months last year. [redacted]

We believe there are several reasons for the sudden spurt in West Bank violence:

- [redacted] the most important factor has been the competition between Arafat's supporters and opponents on the West Bank. The various PLO components are trying to attract adherents by outdoing each other in attacking Israeli targets. This competition has caused all Palestinian groups, including Fatah, to increase their activities on the West Bank.
- The demonstration effect of the Shia guerrilla campaign against Israeli forces in Lebanon may also, in our view, have encouraged some West Bankers to resort to violence. The US Consulate in Jerusalem reports that even some moderate West Bankers are concerned that the Lebanon example may galvanize Palestinian youth and generate permanently higher levels of violence.
- The economic decline in the territory and the concomitant increase in unemployment—particularly among the young—have also, in our view, led to rising tensions. [redacted] PLO activists in the West Bank are now paying youths to conduct attacks against Israelis. [redacted]

Although Israeli security crackdowns on Palestinians are likely to dampen violence temporarily, we believe that the level of violence will gradually increase. In our view, the factors that have led to the recent sharp rise in incidents are likely to endure for the next few years. We do not anticipate a near-term improvement in the West Bank economy, nor do we expect an early resolution to the PLO's factional problems. [redacted]

It is not yet clear how longlasting or pervasive the effects of the Shia radical resistance to Israel's military presence in southern Lebanon will be, but we

believe that cross-border Shia attacks causing many Israelis to leave the northern towns would have a powerful impact on Islamic fundamentalist groups and throughout the West Bank. If the Israeli withdrawal from Lebanon brings an end to Shia violence, however, local conditions are likely to be more critical in influencing patterns of violence in the territory. [redacted]

Impact on Israeli Control. Despite the upsurge in Palestinian violence, there has been no proportionate increase in Israeli casualties. West Bankers may be using more Molotov cocktails, but most of the violence is still carried out by amateurs who apparently do not have access to sophisticated explosives and who are not prepared to risk their lives to maximize the number of Israeli victims. [redacted]

As long as the increase in violence is gradual and does not result in significant increases in Israeli casualties, we do not believe that violence will deter Israel from expanding its presence in the territory. Young, middle-class Israelis will continue to move from Israel proper to bedroom communities on the West Bank. [redacted]

We believe, however, that there are early indications that Palestinians may be attempting to inflict greater casualties in their attacks. In addition to the increasing use of Molotov cocktails, the Israeli press reported in March that a bomb was found inside a West Bank settlement—an extremely rare occurrence—and that the first remote control explosive discovered in the territory was defused alongside a West Bank road. Most Israeli settlements, particularly large suburban communities such as Ma'ale Adummim, are easily accessible and lax in their security measures. A car bomb detonated in one of the densely populated settlements could result in significant loss of life. [redacted]

Several such attacks might lead some Israelis who settled in the West Bank solely for economic reasons to return to Israel. At a minimum, such violence almost certainly would cause a drop in the number of new settlers moving to the West Bank and thus keep Israel from reaching its near-term goal of 100,000 Israeli residents in the territory. [redacted]

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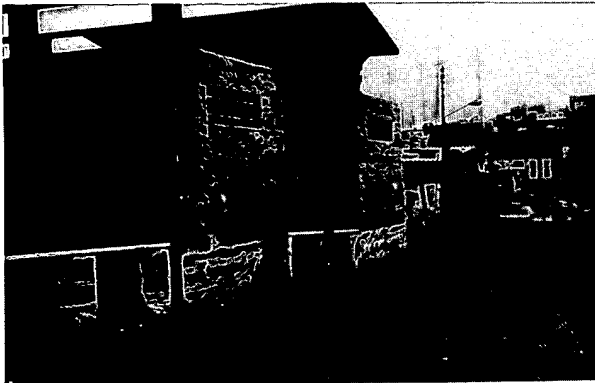


Figure 13. Former Arab bus station in downtown Hebron. Israeli military government closed the station for security reasons. [redacted]

Any Israeli government, whether led by Labor or Likud, would react harshly to an escalation in Palestinian violence in the West Bank. Occupation authorities would resort to a broad range of security measures—such as the deportation of Palestinian leaders and lawbreakers, the punishment of entire villages, and the imposition of extensive curfews—to combat West Bank violence. The Israeli Government probably would also seek out Palestinian targets in neighboring states, such as Jordan and Syria, and it would probably conduct raids against PLO bases even if Tel Aviv could not prove that the PLO was directly responsible for the West Bank violence. Such actions would prompt sharply increased international criticism of Israel and lead to renewed Arab requests that the United States restrain Israel and bring it to the negotiating table. [redacted]

Palestinian radicals, in our view, would be hard pressed to continue an effective terrorism campaign in the face of such an extensive Israeli crackdown. Unlike the Shias in southern Lebanon, West Bankers do not have easy access to arms and explosives. Jordan, in our judgment, also would impose tighter controls on PLO members residing there in hopes of mollifying Israel and precluding disruption among its own population. [redacted]

If these measures failed to contain Palestinian violence, Israeli leaders would have to make some difficult choices. A Likud government would be under pressure from its rightwing allies to adopt even

harsher security measures, such as limiting the areas where Palestinians could travel and live or even forcing West Bankers to leave the territory. Right-wing leaders probably would urge the government to annex the territory formally while at the same time denying Palestinians basic political and civil rights. Advocates of such a policy would argue that formal annexation would convince West Bankers that Israel will never relinquish control of the territory and eventually cause many Palestinians to immigrate to other Arab states. [redacted]

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A Labor government, however, would resist adopting such draconian policies. We believe many Labor leaders would view the imposition of a harsh police regime on the West Bank as tantamount to admitting the failure of the socialist Zionist dream of an ideal Jewish state. Labor politicians would also be more sensitive to the international repercussions of such policies. In addition, Labor leaders would be concerned about the impact these actions would have on Western Jewish immigration rates to Israel. For these reasons, we believe that a Labor government would be more likely to explore a negotiated solution to Israel's West Bank dilemma, while taking all necessary security measures to protect Israeli equities in the occupied territories. [redacted]

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Implications for the United States. Regardless of which policy course it took, the Israeli Government would want active US support. We believe that Labor leaders would expect the United States to broker a negotiated solution that minimized the concessions required of Israel. A Labor government that attempted to pursue negotiations would face intense rightwing opposition, however, and probably would assume a tough public posture that would complicate US diplomatic dealings with moderate Arab states. [redacted]

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Likud leaders would attempt to convince the United States that it had no choice but to implement harsh policies on the West Bank and would expect the United States to insulate it from international criticism. A Likud government would argue that any

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Figure 14. Israeli soldier questions West Bankers.

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weakening in US support for Israel would only encourage Palestinian radicals, weaken Jordan's resolve to control PLO activities, and lead to even more violence on the West Bank. Although Likud leaders might pay lipservice to US requests that it explore negotiation options, we believe that a rightwing Israeli government would view negotiations only as a way to buy time until it brought West Bank security under control.

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