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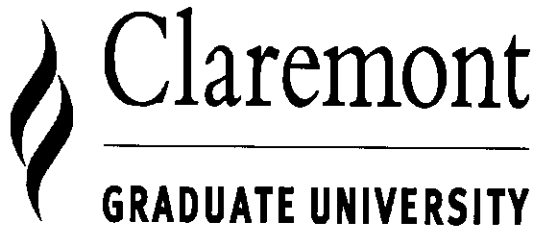
SCHOOL OF POLITICS AND ECONOMICS

DYING TO REACH THE NEGOTIATING TABLE: WILL PARITY IN CASUALTIES PUSH ISRAEL AND THE PALESTINIANS TO ACCEPT A LASTING CEASEFIRE?

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I.   I.   INTRODUCTION

We approach this Israel-Palestine crisis from multiple perspectives in hopes of illuminating the underlying dynamics and forecast the future of this protracted confrontation. We first describe the Palestinian-Israel conflict in terms of the power transition framework to anticipate the long-term trends in that conflict. Our analysis indicates this is a volatile confrontation that is likely to escalate with the rise of Palestinian capabilities. Negotiation now is superior to negotiation later. We further analyze the immediate changes in this sub-hierarchy by analyzing the costs to the combatants. Our analysis suggests that the willingness to bring about a workable ceasefire and eventually a peace settlement between Israel and the Palestinian Authority can emerge if the two sides become sufficiently exhausted in order to make the compromises required to attain an agreement. Thus, as the number of Israeli fatalities—both civilian and military-sustained in the *Intifada* approaches those sustained by the Palestinians—we anticipate that the negotiating positions of the two sides will converge toward acceptance of a genuine ceasefire.

Based on these structural assessments we evaluate the prospects for a negotiated settlement in the near future. This study forecasts a very low likelihood of a cease-fire or a negotiated settlement following the January 2003 elections (Previous analysis set the stage for these evaluations Organski, 1999; Kugler 2002). In this paper the first evaluation is set in October 2002 when Israel's national unity government was still in power. That analysis suggested no positive improvement would emerge without direct outside intervention. The "Quartet"— the United Nations, the European Union, Russia and the U.S. could nudge the extremes of both parties together but cannot dislodge – without considerable movement of Chairman Yasser Arafat and Prime Minister Ariel Sharon from their current commitment to protracted, if limited violence. The second evaluation is based on data obtained in November 2002 after the dissolution of the national unity government prior to the replacement of Binyamin Ben-Eliezer by Amram Mitzna as leader of Israel's Labor Party. We show that even if Ariel Sharon accommodates some of Mitzna's policy positions pushing the Israeli government toward negotiation with the Palestinian Authority, a reduction, but not an elimination of generalized violence is the likely outcome. A negotiated solution close to that available in November 2000 is now far off.

Policy makers correctly assess the Middle East crisis as a protracted complex, volatile and very divisive confrontation. Despite such characteristics this is not an "unsolvable" crisis. Indeed, France, and Germany were involved in a more protracted, more complex, more volatile and more divisive confrontation. Today these nations are part of the European Union!

The purpose of this paper is to analyze the Israel-Palestine crisis with structural and decision models in the belief that such analysis could help policy makers to anticipate the course of future events and identify the strategic opportunities that may diffuse and ultimately settle this protracted confrontation.

I.   I.   STRUCTURAL CONSTRAINTS

The Power Transition Perspective

From a structural perspective, the Middle East offers a number of interrelated challenges. Figure 1 catalogs major protracted crisis points in the Middle East from a power transition angle of vision to place the Israel-Palestine conflict in perspective.

FIGURE 1. PROTRACTED CRISES IN THE MIDDLE EAST REGION
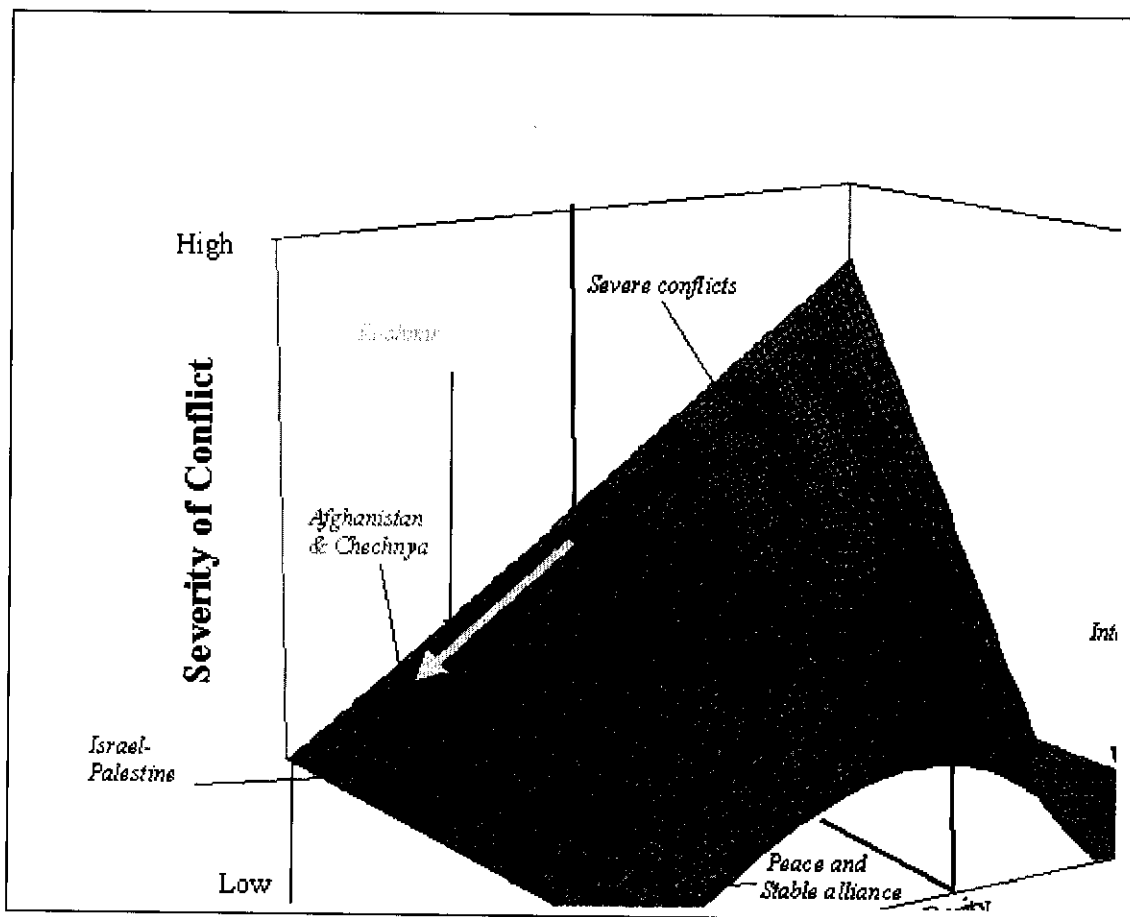
Following 9/11 confrontations between Muslim and non-Muslim nations tend to be lumped together. Figure 1 shows clearly that different confrontations have very diverse structural characteristics. These structural differences can help us understand what types of solutions are applicable to each crisis.

Figure 1 compares the conflict between Israel and the Palestinian authority to other asymmetric conflicts, such as Afghanistan, Kashmir and Chechnya. Figure 1 shows that in the Afghanistan and Kashmir crises the non-state challengers are declining in relation to the nation-state defenders. In such long protracted confrontations the defender has the upper hand because the challenger – despite its dissatisfaction – eventually runs out of resources. This is the case here. In Afghanistan the dissatisfied parties confront long odds as the overwhelming capability advantage and technology edge falls with the United States and its allies. The ultimate outcome of this crisis will be dictated by the degree of commitment the United States is willing to allocate to settle.

Figure 1 also allows one to place the Afghanistan crisis in perspective. This is not a massive confrontation. Recall that after World War II US troops remained in place for years supported by the massive Marshal Plan. The objective of this dual military-economic commitment was to change the minds of the population. After World War II, Germany's population was persuaded to abandon their commitment to Nazi principles and replace them with democratic processes. It took half a decade before political structures were sufficiently stable for West Germany join NATO. A similar commitment to a much smaller package would be required to set Afghanistan on the road to recovery. Figure 1 shows that in today's Afghanistan success depends on the ability to persuade the population to abandon their commitment and support for the international aims of Al Qaeda and its Taliban supporters. The critical difference between Germany after World War II, and Afghanistan today is that while Germany and World War II posed a direct danger to the United States and the global hierarchy, Afghanistan and the Middle East do not and cannot. However, the small group of Al Qaeda international terrorists unlike their Nazi counterparts are not directly linked to Afghanistan. International terrorists can easily move to any other nation without reducing the danger they pose. The solution for international terrorism is therefore not strictly military but largely political.

Figure 1 also shows the protracted crisis over Chechnya where declining rebel strength is likewise confronting overwhelming odds against Russian troops. Chechnya is a domestic rather than an international conflict. Chechens are "domestic terrorists" or "guerrillas" who use civilian casualties to advance their goals. Unlike Al Qaeda international terrorists, Chechen actors do not present a clear danger for countries other than Russia. Structural analysis – supported by more detailed stakeholder evaluations - suggests that Russia can achieve a settlement by either military or political means. The military solution would require raising Russia's commitment to the conflict in Chechnya substantially since estimates indicate that over 80% of the Chechen fighters would have to be killed or captured before stability could be attained (Abdollahian, Efrid, Kugler, 2000). If Russia chooses to maintain this course it will have to endure the cost is continuing domestic instability and exposure to terrorist activities emanating from this region into the rest of Russia. This conflict can also be settled if Russia chooses political accommodation by either sharply increases the level of autonomy or by allowing an independent Chechnya to emerge. All options are therefore in Russia's corner.

Figure 1 shows that the structure of the protracted conflict in Kashmir is very different from the conflicts in Afghanistan, Chechnya or between Israel and the Palestinian Authority. The power relationship between Pakistan and India has been dramatically changing since independence in favor of India. The power transitions perspective suggests that the longer India waits to resolve the Kashmir issue the less it needs to take into consideration demands by Pakistan. Indeed, since the 1950's, Pakistan has been loosing ground in part because of its failure to maintain economic growth, and in part because of the partition of Bangladesh and Pakistan. India is now the preponderant nation that can choose to impose its preferences through a protracted conventional confrontation. In Kashmir, India, like Russia in Chechnya faces an internal crisis that can be resolved by force or by political accommodation. Kashmir, the only a preponderantly Muslim state within India is likely to continue to be a source of serious dissent unless granted effective autonomy or independence. Given the structural constraints in place, India's elites will decide how whether this conflict will be resolved or waged in the next generation. Most important, an international conflict involving Pakistan is increasingly unlikely. The relative capabilities of these two countries are so asymmetric that – short of intervention by China or the US that could alter this relationship - a repetition of the previous wars would end in swift disaster for Pakistan.

Nuclear weapons are sometimes mentioned as the great equalizer. Structural analysis based on Power Transition suggests that nuclear capabilities do not change dramatically this equation. While the cost of conflict would no doubt be increased by a potential nuclear exchange, the overwhelming conventional superiority of combined with the current nuclear parity allows India the upper

hand. Moreover, the economic disparity between these two nations suggests – like in the case of Russia over Ukraine – an that the overwhelming superiority of India over Pakistan will be preserved in the future, and the later can exercise its preferences in Kashmir. This is the reason for the strong and successful demands made by India in the recent 2002 flare-up of this protracted conflict.

The three important crises in the Middle East show that in Afghanistan, Kashmir and Chechnya the advantage is with the dominant and expanding non-Muslim societies. The crises may persist but in the long term they will be settled or diffused by actions of the regionally dominant non-Muslim societies. The confrontation between Israel and Palestine is structurally very different. The most dangerous and intense confrontation in the Middle East – and the focus of this analysis - is the dispute over the future of Palestine. The Israel-Palestine confrontation is different from the previous three crises because the dissatisfied Palestinians are growing relative to the satisfied Israelis. Thus, the longer this conflict remains unresolved, the larger the demands from the Palestinian side are expected to be. Like the conflict in Kashmir, the Israel-Palestinian conflict is a relatively young conflict. The division of Israel-Palestine was achieved first by UN decree in 1947 and then expanded by conflict with the first armistice in 1949 and ending with the outcome of the 1973 war. Prior to that period – unlike confrontations in Europe between France, Germany and England or the long history of conflict in Chechnya – interactions between Arab and Jew were no different than in other regions. Indeed, the Palestine-Israel open confrontation was triggered by the large forced migration of refugees following World War II that impacted this sub-region profoundly and permanently.

Figure 1 shows that the dissatisfied Palestinian population is gaining in strength relative to the satisfied Israelis. The direction of change suggests that early settlement could have produced a more favorable outcome for Israel than a delayed settlement. Indeed, had a Palestine state been created following the 1973 war the preponderant Israel could have drawn the new boarders almost at will. This is no longer the case. As the relative power of Israel declines in relation to Palestine and neighboring dissatisfied Arab nations, Palestinian dissatisfaction enhanced by occupation is expected to grow and fuel resistance. This dynamic in turn affects negotiation postures. As dissatisfaction grows along with relative power, the terms of settlement become increasingly difficult to reach or impose.[1] Unfortunately, in the Israeli-Palestine confrontation, both sides bypassed many opportunities for peace. Among the earliest under Golda Mayer

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[1] . The partition of Germany following World War II provides a useful precedent. Poland acquired Western territories previously controlled by Germany while it lost some to Russia in the East. Populations were moved to reflect the new territories. Fifty years after this transaction was completed, Germany, now preponderant over Poland *does not* openly contests the new borders. All parties understand that re-opening this issue would not serve regional stability. Instead both nations are now partners in the EU!

in the late 1970's prior to the deployment of settlements, the latest during the failed 2000 Clinton-led negotiations that almost succeeded. During the late 1970's a preponderant Israel had an opportunity to settle on its own terms, but it chose instead to pursue policies of territorial expansion, albeit for security reasons. It is our expectation that with time economic demographics will increase the relative power of Palestine vs. Israeli (Kugler 2000). Figure 1 suggests that under such circumstances negotiating leverage towards a solution will decrease while commitment to conflict increases.

Unlike in the case of India, Russia and the US where choices favor the status quo nations, the choices facing the Israeli government today are whether to continue policies of Palestinian containment and military engagement and postpone a settlement, or pursue policies that lead to a partition resented by both parties. Given the results in Figure 1, Israel is no longer absolutely preponderant and can no longer impose a unilateral settlement, but given the still asymmetric strength of the two parties, Israel can lead the negotiation process towards a stable outcome. What this paper investigates is precisely if such a settlement can be reached.

The Structure of Casualties

The analysis is based on the assumption that willingness to bring about a workable ceasefire and eventually a peace settlement between Israel and the Palestinian Authority can only emerge if the two sides become sufficiently exhausted in order to make the compromises required to attain an agreement. As the number of Israeli fatalities—both civilian and military-sustained in the *Intifada* approaches those sustained by the Palestinian Authority, including other resistance groups as well as civilians—the negotiating positions of the two sides will tend to converge toward the acceptance of a genuine ceasefire.

A significant decline in the ratio of Palestinian to Israeli fatalities, from 12:1 in September 2000 to almost 1:1 by June 2002, indicated increased fighting effectiveness on the Palestinian side even as their absolute number of casualties is higher in some months than in the September 2000 *Intifada* onset. Israel's incentive to rethink its diplomatic options is sensitivity to casualties. We expect that military responses including the occupation of Palestinian cities and towns will ultimately prove ineffective in ending acts of terror (as measured by number of casualties). At this point, Israeli leaders should begin to seriously reanalyze diplomatic solutions. The Palestinians' incentive to do the same is their near inability to maintain a functioning economy due to conditions imposed by the nearly continual occupation and lockdown of their major cities and towns which is leading to the total unraveling of their civil society. Civil society refers to the collection of groups and associations that falls between the family and the state.[2] Some scholars consider it critical to the success of establishing democracy.[3]

Casualties measure the intensity of a conflict. As President Reagan accurately pointed out in his challenge of the stability of deterrence and the need for a Nuclear Shield, developed societies are less willing to see their citizens die in a confrontation with a developing society. Deterrence under Mutual Assured Destruction is therefore unstable against societies willing to lose large portions of their population to attain their goals. Indeed, the advantage that developed societies have over their developing brethren is that regardless of outcome, in direct conflict *casualties* among troops from developed societies are far lower than among troops from developing societies. Vietnam and Afghanistan are effective illustrations of the principle that a developing society can *win* a conflict

[2] Francis Fukuyama, *The Great Disruption: Human Nature and the Reconstitution of Social Order.* New York and London: Simon & Schuster, 2000, p. 18.

[3] See Larry Diamond, "Toward Democratic Consolidation," *Journal of Democracy,* 5 (1994): 4-17; and Ernest Geller, *Conditions of Liberty: Civil Society and Its Rivals.* London: Hamish Hamilton, 1994.

but only if it is willing to sacrifice many more of its population in a confrontation with a developed society.

Figure 2
Monthly Death Tolls for Israelis and Palestinians

UPDATE

Death Toll in Mideast

At least 550 Israelis and 1,600 Palestinians
have been killed in the months of violence that
began Sept. 29, 2000.

PALESTINIAN

ISRAELI

Sources: Palestinian Red
Crescent Society; Israel
Ministry of Foreign Affairs

*Through Tuesday

S O N D J F M A M J J A S O N D J F M A M J*
2000   2001   2002

DEATHS
225
200
175
150
125
100
75
50
25

25
50
75
100
125
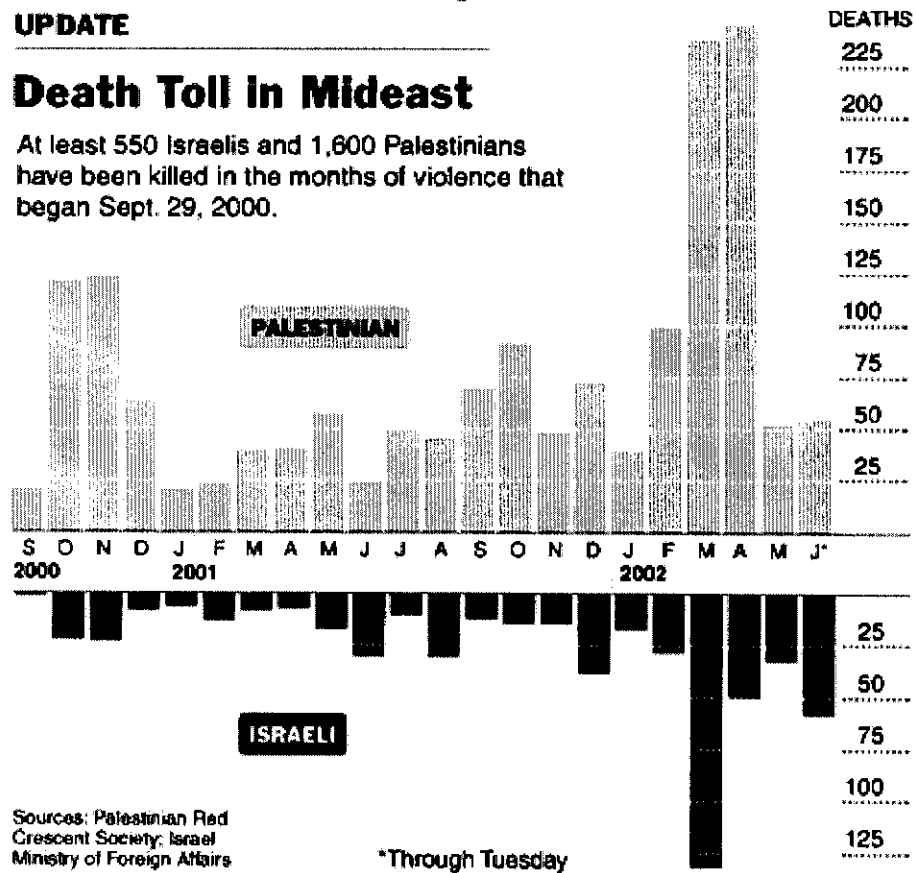
Israel is no exception to this rule. In previous wars the ratio of Arab casualties overhwhelmed losses suffered by Israel. However in the current *Intifada* a significant decline i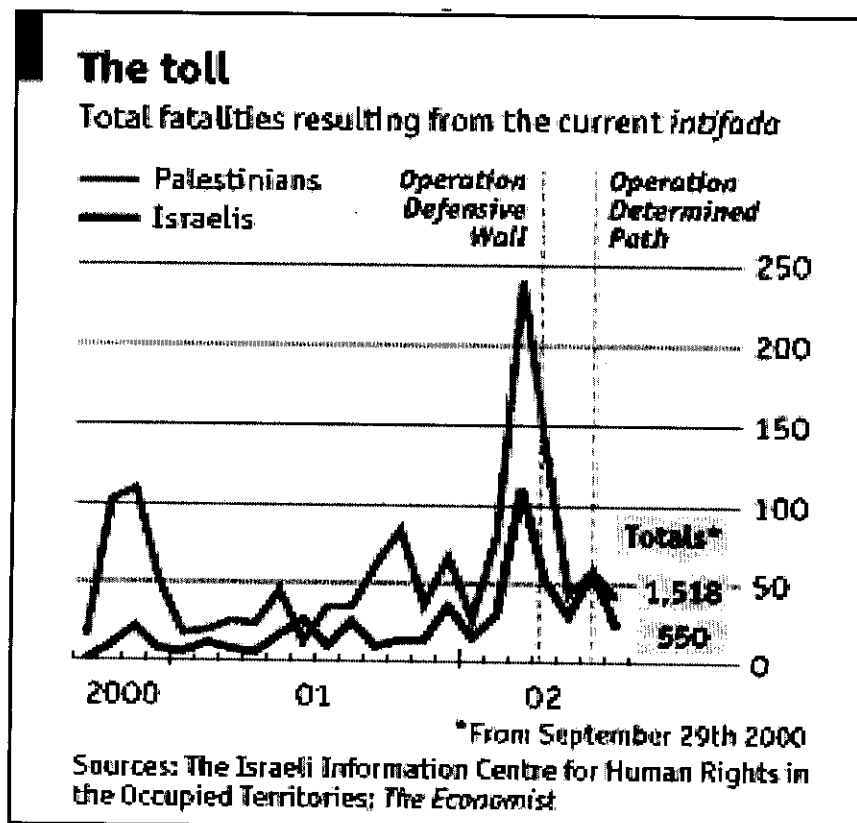n the ratio of Palestinian to Israeli fatalities has taken place. The ratio of relative casualties fell from 12:1 in September 2000 to almost 1:1 by June 2002. At some point, we anticipate that Israeli and Palestinian leaders facing this parity will no doubt reanalyze diplomatic solutions. We now turn to the empirical record to consider the effects of parity in casualties. Consistent with our expectations indicators of exhaustion on both sides began to emerge in the spring of 2002. A series of suicide bombingsin early 2002 prompted the Israeli army to intensify its offensive operations against Palestinian militants. Israeli fatalities reached an all-time high in March (see Figure 2). In April the Israeli Defense Forces (IDF) launched "Operation Defensive Shield" with the purpose of rooting out the Palestinian "terrorist infrastructure" which, in the mind of the Israeli government included the Palestinian Authority. This involved occupying most of the major Palestinian towns and cities on the West Bank. As both Figures 2 and 3 show, Israeli casualties sharply diminished in April and May, but increased noticeably in June after two suicide bombings in Jerusalem and an attack on a settlement near Nablus left 31 Israelis dead.

Figure 3
Ratio of Palestinian to Israeli Casualties After
Operations "Defensive Wall" and "Determined Path

The toll

Total fatalities resulting from the current *intifada*

Sources: The Israeli Information Centre for Human Rights in the Occupied Territories; *The Economist*

The increase in casualties triggered a second, more enduring operation in June, "Operation Determined Path" that involved the occupation of seven of eight West Bank Palestinian cities. The graph in Figure 3 suggests that the IDF achieved only a short-term success. What the occupation meant, however, is that central Palestinian Authority could not function. Apart from the occupation itself, the 40 percent of the West Bank that the Palestinian Authority once partially controlled is now divided into eight zones, 120 checkpoints and 220 enclaves. More importantly there were some indications that the combination of the intensity Israel's prolonged occupation of Palestinian territories and the continued ability of Palestinian militants to launch sporadic attacks prompted leaders in both camps to publicly question the validity of their sides' respective strategies. In late August the Palestinian Authority interior minister, Abdel Razak Yehiyeh denounced suicide attacks in an interview with an Israeli daily as "murders for no reason."[4][4] In September Nabil Amr, a member of the Palestinian legislature and a former Palestinian Cabinet minister, in an unusual act of public criticism, wrote in a letter to Yasser Arafat that the Palestinians had missed a rare opportunity for peace at Camp David.[5][5] Most telling of all was the statement by Mahmoud Abbas, Arafat's top deputy, head of the Palestinian Liberation Organization's executive committee and often considered a possible successor to Arafat, when he declared that taking up arms against Israel has been a mistake for the Palestinians and must be stopped. Abbas, speaking in a closed-door meeting the activists of Arafat's Fatah movement in Gaza October 24, declared that the resort to armed force had delayed Palestinian independence and led to a reoccupation of the West Bank cities by Israeli troops: "If we do a calculation of the gains and losses... we will see that without any doubt is that what we lost was big and what we gained was small."[6][6]

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[4][4] Serge Schmemann, "A Top Palestinian Official Calls for End to Suicide Attacks," *The New York Times (August 30, 2002)*

[5][5] Steven Gutkin, "Ex-minister raps Arafat," *The Washington Times* [online] (September 5, 2002); and Ilene R. Prusher, "Arafat's Critics Rise from Among Ranks of Former Friends," *The Christian Science Monitor/csmointor.com* (September 13, 2002).

[6][6] "Arafat Aide Cites Uprising's Failures," *AP Online* (November 27 2002) 23:53.

Similar instances of reevaluation emerged from the Israeli side. Binyamin Bin-Eliezer, then Israel's defense minister in the national unity government declared on Israeli television on October 22 that the inventory of military responses to suicide bombings "is running out." Bin-Eliezer who also led the Labor Party added: "I think that despite that painful day, it would be worthwhile to begin some soul-searching and say that perhaps this is the time to begin to present our diplomatic agenda."[7] Bin-Eliezer was speaking as the Israeli government was pondering how to respond to a Palestinian attack that killed 14 people the previous day and injured more than 50.

A second indication of change was Bin Eliezer's defeat in his reelection bid to hold on to his leadership position in the Labor Party by a former general, Amram Mitzna, by a 16-point margin of 54 to 38. Mitzna supports an unconditional return to peace talks with leaders of the Palestinians' choosing, including Yasser Arafat to negotiate an agreement on all the issues. Failing that, Mitzna said he would unilaterally set a border with the West Bank and Gaza Strip, evacuate all Jewish settlers, and surround the territories with a fence. According to public opinion surveys, Labor under Mitzna would capture about five more seats in the upcoming general election (January 28, 2003) than it would under Ben-Eliezer—but still not enough to win.

The structural constraints that parity in casualties imposes on an ongoing conflict are similar to those of relative capabilities but differ because they open or close opportunities for negotiations. If the patterns we have detected are maintained Israel and Palestinian leaders will have incentives to negotiate if parity in casualties is maintained. Negotiations under fire are therefore possible only if asymmetry is reduced. To explore of the chances for peace we explore the implications of Mitzna's election. Mitzna argues that he would join a Likud government if his plan for unilateral separation from the Palestinians were supported, if peace talks proved unavailing. Our objective is to determine if chances for a settlement have increased substantially as a consequence of this choice or if this protracted conflict will continue to simmer unabated.

II. DECSION MAKING IN THE ISRAELI-PALESTINIAN CEASEFIRE

First Analysis and Forecasts: October 2002

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[7] "Ben-Eliezer says military options running out," www.haaretzdaily.com/hasen/objects/pages/PrintArticleEn.jhtml?itemNo=222789; and *The Economist* (October 23, 2002).

The situation in October 2002 could only be described as one of stalemate. Continued Israeli military occupation of the West Bank and Gaza Strip could suppress but not defeat the *intifada*, but the Israeli government believed it could not make concessions under fire without inviting more of the same. It was even more difficult to understand what the Palestinians intended to achieve. The purpose of this first look was to establish how the positions of the major Israeli, Palestinian and international stakeholders involved in trying to arrange a ceasefire would interact and to uncover opportunities to reestablish talks toward a permanent settlement. The decision making model we use can point to possible areas of leverage where a policymaker may be unaware of his or her own influence and so enables that stakeholder to take advantage of opportunities to gain a more favorable position. In some cases counterintuitive and non-obvious solutions emerge that – if implemented - can lead to the breaking of deadlocked positions or point to a successful resolution to crises.

FIGURE 4

Issue Scale Continuum
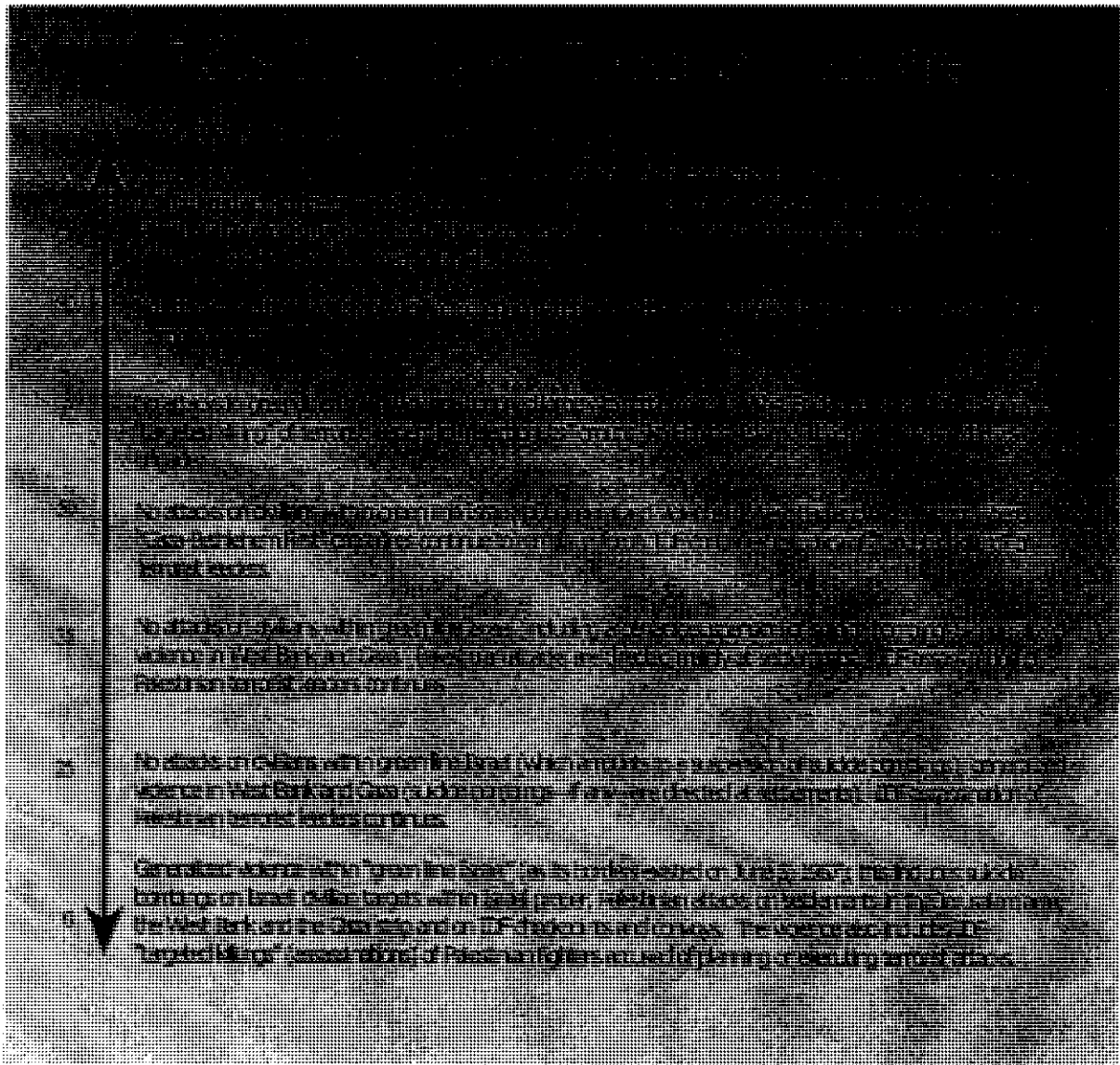
Figure 4 outlines the alternatives facing stakeholders in at this time. Figure 5 shows the dynamics of the stakeholder positions. The initial positions (in Round 1) represents the options supported by the stakeholders in September 2000 when the *intifada* first broke out. The extreme Palestinian militant groups— Hamas, Tanzim, al-Aqsa Martyrs Brigade and Islamic Jihad—force the "moderates" in both the Israeli and Palestinian camps toward a more war like position. Note that Shimon Peres and Ephraim Sneh after initially advocating non-violence view suicide bombing as a betrayal of the Oslo accords and adopt the hard-line position of support for generalized violence in response to the war-like actions by Hamas, Tanzim, al-Aqsa Martyrs Brigade and Islamic Jihad. The

results also suggest that Ben-Eliezer and Yitzhak Levey, although initially more hard-line than Peres and Sneh, are also more resistant to escalating to higher levels of violence. Ben-Eliezer a retired general is seemingly less sanguine concerning what an escalation to higher levels of violence will accomplish.

FIGURE 5
Stakeholder Position Dynamics On Ceasefire
October 2002
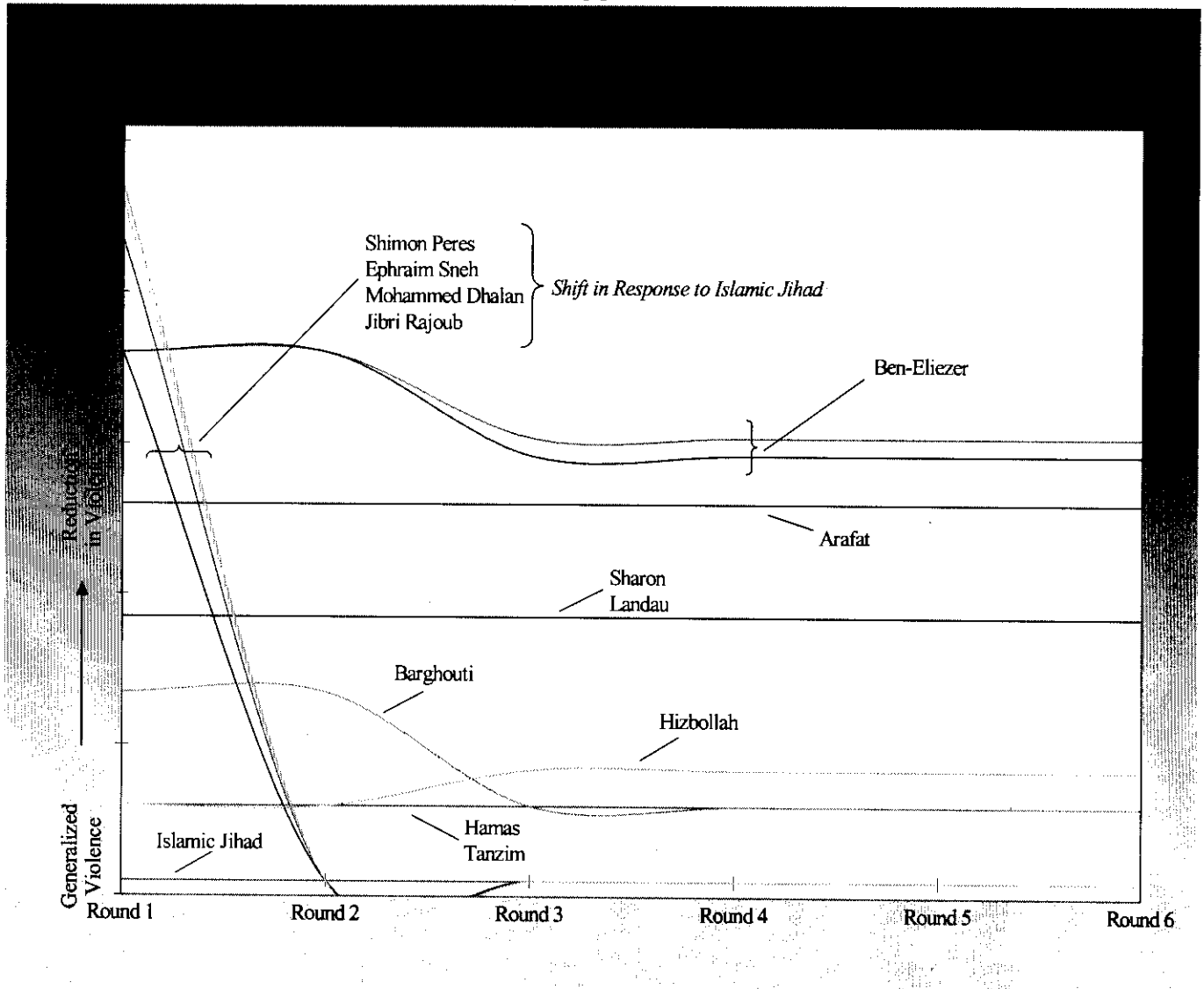
On the Palestinian side Mohammed Dhalan and Jabril Rajoub, shift from their initial conciliatory position to support for rapid escalation to high levels of generalized violence. Rajoub and Dhalan were in charge of the Palestinian security services on the West Bank

and Gaza respectively. Their shift in position is a reaction to the retaliatory actions by the Israeli army against Palestinian security forces many of whom the Israelis accused of support for rioters and terrorists. Hence even though Dhalan ordered his forces in Gaza not to get involved in the fighting against Israel, the Palestinian militants may have forced both Dahlan and Rajoub to support an increase in violence. Another former "moderate" is Marwan Barghouti who, prior to the *intifada*, held a position similar to that of Rajoub and Dhalan but later advocated a guerrilla campaign against Israeli military targets in the Occupied Territories.

Contrast such shifts in the extreme factions to the actions of the main contenders. Neither Sharon nor Arafat shows any inclination to change positions despite the increased violence carried out by the militants and the departure from negotiations by the liberal factions. The inflexibility of Arafat and Sharon describe a political stalemate on the ground that was confirmed by reality.

Simulation: October 2002, Ceasefire with UN Support

The model disclosed if the "Quartet" (the United Nations, the European Union, Russia and the United State) chose to use its leverage it could improve the prospects for a ceasefire but could not unilaterally implement it.[8][10] Figure 6 shows that such a multilateral intervention would have enough leverage to prompt militant groups like Islamic Jihad, Hamas, Tanzim and the al-Aqsa Martyrs Brigade to refrain from attacks on civilians within "green line" Israel (the frontiers that Israel had until June 5, 1967). Hizbollah is expected to respect the "Gaza-Bethlehem First" ceasefires. Under such conditions the liberal groups would once more support a cease-fire. These results suggested that the Quartet's continuous engagement could have moderated the level of violence. The record shows that the Quartet has not made such efforts.

One major reason may well be that neither Sharon's position nor that of Palestinian Arafat was expected to be affected by such a strategy. The Quartet may have realized that following the breakdown of peace negotiations in September 2000, armed violence in

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[8][10] Following President George Bush's speech on the Arab-Israeli crisis on April 4, 2002 that was in part a response to Israel's launching Operation Defensive Shield, Secretary of State Colin Powell visited the Middle East and Europe where he met with representatives from the EU, the UN and Russia in Madrid. The so-called "Quartet" emerged with the purpose of organizing a Middle East conference later in the summer. Although the conference has long since been postponed, the Quartet is very much alive and has continued to consult periodically on ways to introduce a ceasefire and persuade the Israelis and Palestinians to resume negotiations.

the West Bank and Gaza and within Israel itself could not be abated without participation by these two key leaders. Arafat seems to have been counting on an overreaction by Israel that in turn would trigger a large-scale international intervention and lead to a settlement more favorable to the Palestinians than the one offered by then Prime Minister Ehud Barak.

FIGURE 6
Stakeholder Position Dynamics – Ceasefire with Quartet Support
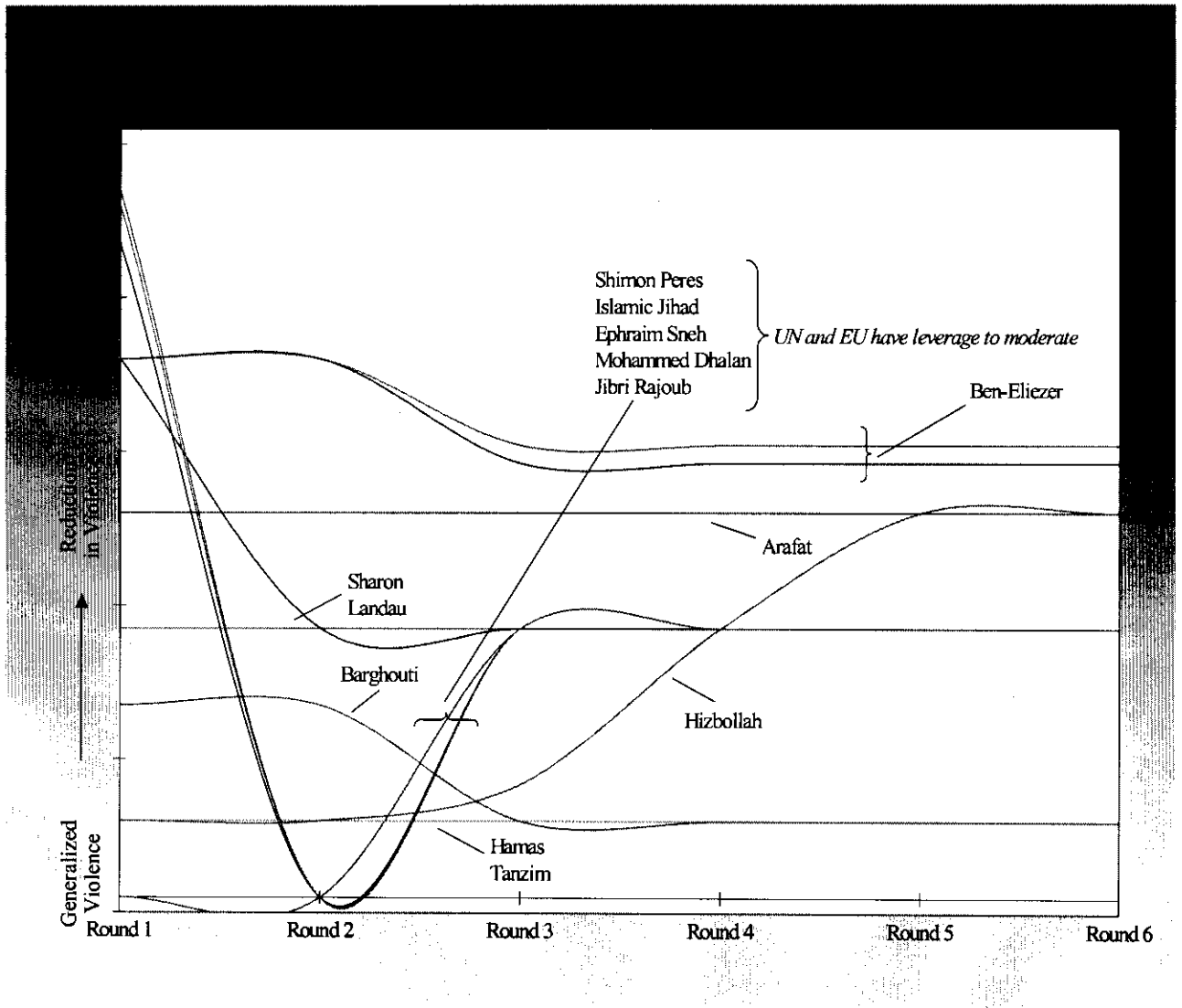
When Israel's reaction came, in the form of Operation Defensive Shield the Quartet had little to say about conditions for a ceasefire or the resumption of negotiations. Palestinians found they cannot count on any serious international intervention on their behalf unless it was also clear that they along with Israel are willing to compromise. Thus, in October 2002 our analysis disclosed that a multilateral intervention *could have* accomplished the limited goal of persuading militant groups to moderate their violence and suspending attacks on civilian targets within "green line" Israel. The Quartet *could not*, however, achieve a cease-fire or restart peace negotiations.

Second Analysis and Forecasts: November 2002

By late October Israel's coalition government looked like it was on the brink of breaking apart. Further, survey data, referred to earlier, projected that Amram Mitzna could defeat incumbent Binyamin Ben-Eliezer, defense minister in the unity government, in the elections for a leader of the Labor party. Therefore prior to Labor selecting a candidate we assumed:

- • Mitzna would be the new leader of Labor.

- • Ariel Sharon would win reelection as leader of the Likud party.

- • Likud would still garner more votes than Labor in a national election scheduled for January 28th, but Labor under Mitzna would still emerge with a strong showing, possibly picking up one or two more seats than in the previous election.

Data in Appendix 1 summarizes the changes in the positions of the stakeholders in a hypothetical new "unity" government in which Amram Mitzna is the leader of Labor. Note that the position of Hamas, highlighted in yellow, changed from 10 to 25 reflecting their declared softening in mid-November to suspend fighting if Israel agreed to withdraw to the territorial boundaries that existed before the war of June 5, 1967.

As in the previous analysis two variants based on these revised data are estimated. The first in Figure 7 estimates dynamics with Hamas scored at its original extreme position. The second in Figure 8 estimated with the Hamas position at 25 to see how much difference this "moderating" of their hard line affects prospects for peace.

Figure 7

Projected Israeli Government Changes Following 2003 Elections
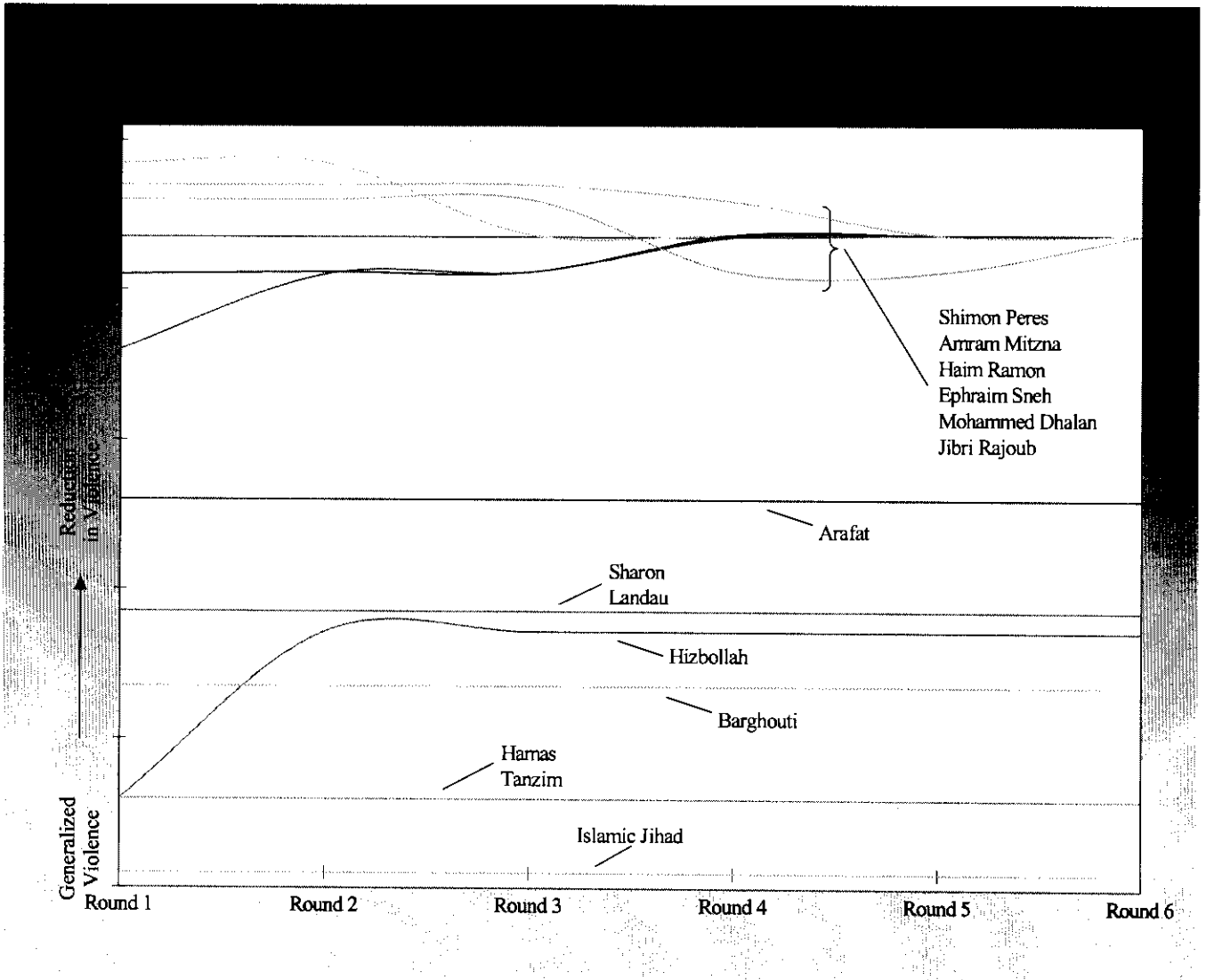
The results in Figure 7 indicate that with a new coalition government whose policy toward the Palestinians is less reliant on military force does not alter the dynamics of this crisis. While it is true that a real pro-settlement force emerges

after Mitzna takes a strong stand on a cease-fire, there is no substantial shift in the position of either Sharon or Arafat. Even when we adjusted for Hamas' more moderate position and reran the model, there is very little impact on the Israeli army's "targeted killings" of militant leaders. Further the shift in Hamas toward a more restricted level of violence does not lead to any change in the positions of Arafat and Sharon.

Short of an unexpected electoral victory by Mitzna over Sharon in January 2003, we anticipate that little will change in the Israel-Palestinian confrontation following the January 2003 elections. An effective ceasefire is still elusive and a return to the conditions just prior to the collapse of the peace talks in 2000 will require a major shift to the left in electoral preferences within Israel.

Israeli Elections 2003: Toward a More Flexible "Unity Government"?

The outcome of Israel's national elections held on January 28, 2003 showed a decisive shift to the right by the Israeli voters. Ariel Sharon's Likud party gained 38 seats compared to the 19 it held under the previous unity government.[9][11] Labor's strength declined from 25 seats to 19. Shas, a right-of-center party of ultra-Orthodox Jews, shrunk from 17 seats to 11 and slipped to fourth place among parliamentary factions. Shinui, a party seeking to curtail the state benefits to the ultra-Orthodox, presented itself as centerist on security issues and replaced Shas as the third largest parliamentary faction.

Ariel Sharon immediately began a campaign to form a broad coalition of right and left. However, Amram Mitzna had already pledged not to join a government led by Sharon and instead to lead a spirited opposition. Nevertheless, we assume that Labor will eventually be persuaded to join. One reason why Labor might come around is that Sharon will probably include Shinui, a secular party that is the object of intense hatred by the religious parties like Shas. But if he includes Shinui and does not include any religious party, there may be a backlash from Orthodox voters. So Sharon may ask Shinui to join his coalition promising to exclude Shas (Shinui and Shas have pledged not to sit with each other in a Cabinet). But he can include the National Religious Party (who went from 5 to 6 seats in the recent election), which is considered modern orthodox, but is pro-settlement and supports the religious status quo. Or he could bring in the National Union (7 seats), which strongly supports retaining settlements and even opposes the idea of a Palestinian state. That way he can say that his is not a secular unity government, but a unity government without Shas. This may be

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[9][11] Likud actually controls 40 seats since Natan Sharansky decided to merge his Yisrael b'Aliyah party with Likud, after the party lost four out of its seats in the recent election.

enough to get Labor to join the government, since a government without Shas could be attractive enough to justify a change in position.[10][12]

It is not our purpose to forecast the composition of the next Israeli government. But we can infer, based on Sharon's post-election outreach to Labor and Shinui, plus statements by senior party leaders in Labor and Likud, that he prefers another "unity government" that would include, Labor, Shinui and at least one religious party such as the National Religious Party. If this group of parties approximates the principal stakeholders in the next Israeli government, we might expect a governing coalition that emerges along these lines to show more flexibility in reaching a ceasefire agreement with the Palestinian Authority if not with Hamas.

Likud's two largest coalition partners, Labor and Shinui, favor the dismantling of "illegal settlements." Labor is also more supportive of President Bush's "road map" (peace plan) than Likud. It is safe to assume that Sharon would have to make some serious concessions to Labor as the price for it joining the unity government. By contrast, the other potential coalition partners, the National Religious Party (6 seats) and the National Union (7 seats) strongly favor supporting the settlements. The National Union even opposes the idea of a Palestinian state.

If the foregoing hypothetical coalition approximates the principal coalition partners in the next Israeli government, we should expect to see some give in Ariel Sharon's and Likud's position concerning conditions for achieving a ceasefire with the Palestinian Authority if not Hamas.

Were Sharon to create this coalition (giving him between 77 and 84 seats, far more than the 61 seats needed to maintain a bare majority in the 120 seat Knesset), he could have the clout to move the Israeli government in the direction of a ceasefire. The question we want to explore next is whether the Palestinian side might reciprocate any new Israeli flexibility by, and if so, which groups?

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[10][12] This hypothetical coalition is not the only one that could emerge. It is one of six different possible coalitions and one of two possible combinations for a broad-based "unity government," for which Sharon has shown a very strong preference. See "Ariel Sharon's Coalition Options," www.haaretzdaily.com, http://www.haaretz.com/hasen/pages/ShArtElection.jhtml?itemNo=257489&contrassID=2&subContrassID=1&sbSubContrassID=0&listSrc=Y (February 18, 2003). See also Nadav Eyal, "Three Scenarios for the next Sharon Government," *Maariv*, http://www.maarivenglish.com/ArticleAll/Politics/eyal20030124.htm (01-24-03).

III. CONCLUSIONS

Our structural analysis based on relative capabilities shows that the Israeli-Palestinian crisis is the most durable, intractable and potentially explosive confrontation in the Middle East. Unlike the dispute in Chechnya, Afghanistan and Kashmir which are dominated by the status quo nations and are likely to diffuse with the passage of time, in the Israel- Palestinian confrontation the challenger is structurally favored and failure to settle leads to further escalation in the future. This is a dangerous and unstable confrontation.

On a positive note, our analysis of casualty ratios suggests that as costs for both sides approach parity the incentives to settle increase. Therefore, a window of opportunity for short-term negotiations leading to a peaceful resolution has been opened by the *intifada.* However it is difficult to explain why the Palestinian side chose to walk away from a credible diplomatic offer in September 2000 to end Israeli occupation.

On a more somber note short term evaluation of options associated with the January 2003 elections suggest that:

- • Limited prospects for achieving an effective ceasefire in the foreseeable future.

- The two "icon figures"—Yasser Arafat and Ariel Sharon— hold most of the resources required for settlement but are singularly unequipped to seize opportunities to negotiate a lasting Settlement. • They prefer conflict to settlement.

- • The biggest obstacle to a ceasefire is the possibility of a civil war within Palestinian ranks and the emerging division between "hawks" and "doves" within Israel.

Despite the pessimism of our current analysis, if casualties are maintained at a even ratio we believe that a possible "unity government" can find a way to reach a cease fire or reduce conflict to the point that negotiations for a permanent settlement can resume.

Appendix 1: DATA

Group	Stakeholder	Resources	Position	Salience
Other	George Bush		100	
Other	Colin Powell	65	100	
Other	William Burns	60	100	
Other			100	
Other			100	
Other		5	100	

Appendix 1a: DATA

Revised Data

Projected Israel Government Change ... Month

Group	Stakeholder	Resources	Position	Salience
Palestinian			25	
Other	George Bush			
Other	Colin Powell			
Other	William Burns			
Other	Russia			
Other	European Union			
Other	United Nations			

Guidance Note: STAKEHOLDER ANALYSIS

1. Stakeholders are people or organizations who either (a) stand to be affected by the project or (b) could 'make or break' the project's success. They may be winners or losers, included or excluded from decision-making, users of results, participants in the process.

2. Stakeholder analysis is the identification of a project's key stakeholders, an assessment of their interests in the project and the ways in which these interests may affect a project.

3. The reason for doing a stakeholder analysis is to help you identify:

*   which individuals or organizations to include in your coalition (although its composition may evolve during project design and implementation)
*   what roles they should play and at which stage
*   who to build and nurture relationships with
*   who to inform and consult about the project

It will also help you to justify these decisions.

4. There are many ways of preparing this analysis. For the purpose of the Concept Note, we ask you to consider both the coalition and other (external) stakeholders; and to complete four tables (see below) based on those stakeholders that you judge to be high priority.

5. These tables are regarded as working documents. As your work progresses, stakeholders and/or relationships may change. The development of the PMF will require further development of your preliminary analysis, including an examination of relationships.

6. We would like you to be as specific as possible in naming stakeholders but also realistic. 'NGO' is too vague and we would not expect it to be possible, nor relevant, to connect with all existing NGOs. It may be useful to consider sub-groups at times, for example, particular departments or sections within organizations; or 'wholesalers' or 'retailers' rather than just 'traders'.

7. You will probably find that your initial list of stakeholders is very long. For practical reasons, you will have to prioritise the most relevant before carrying out your analysis. It is sometimes difficult to identify 'key stakeholders' in one step. One method you could use is to first brainstorm a list; and then position them on a matrix (see below) which indicates relative importance to, and influence on, the project. You can then consider which stakeholders to present in the tables.
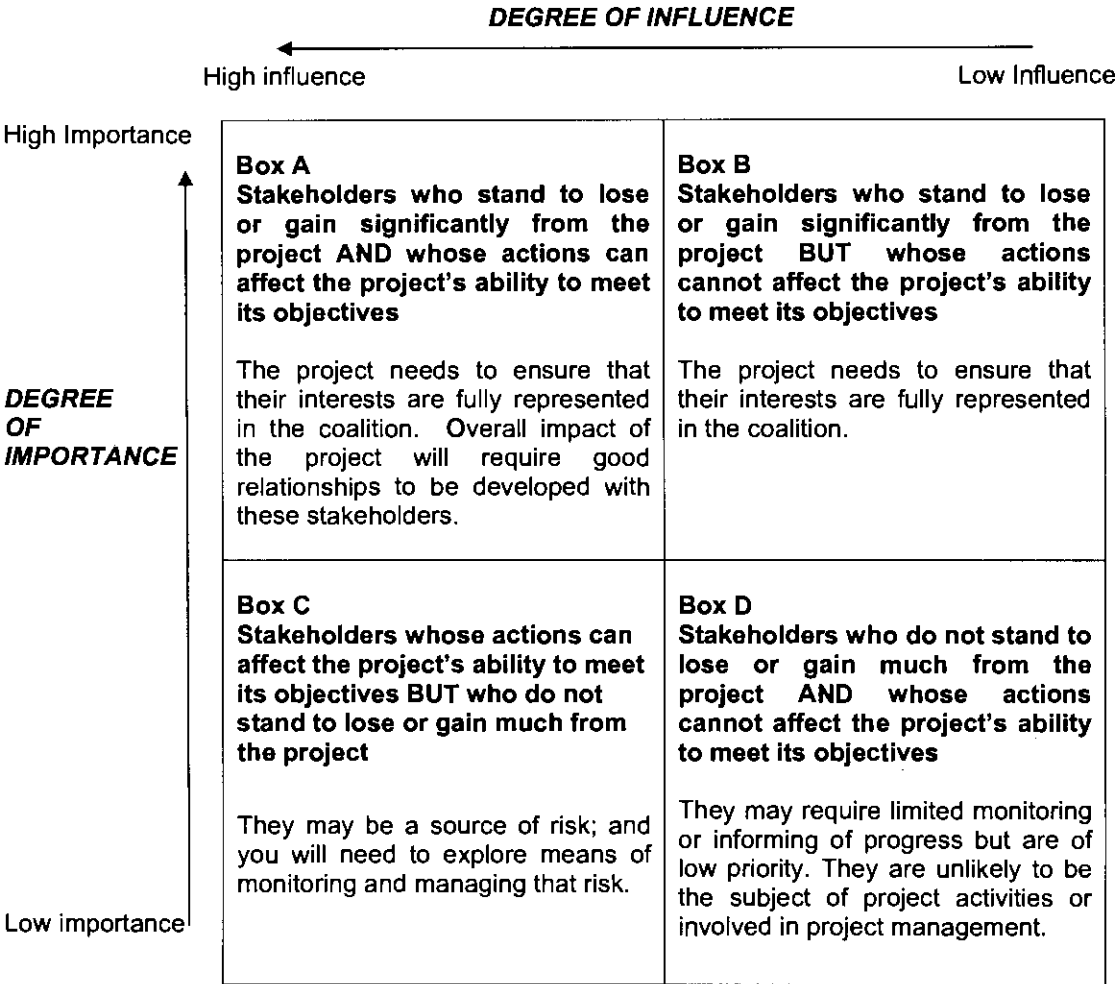
8. Keep your matrix as part of project documentation. It will be useful for developing the PMF and can also act as a monitoring tool during implementation.

Matrix for prioritising key stakeholders:

You may use this matrix as part of a group exercise to prioritise which stakeholders are the most important to consider – and indeed involve – in project design. First, brainstorm a list of stakeholders by asking yourselves:

- Who stands to lose or gain significantly from the project?
- Whose actions could potentially affect the project's success?

Then position each one at the appropriate point between the axes. 'Importance', along the x axis, means the degree to which a stakeholder stands to lose or gain from the project. 'Influence', along the y axis, refers to the relative ability of a stakeholder to affect project success.

DEGREE OF INFLUENCE

High influence ←————————————————————→ Low Influence

High Importance ↑

	Box A Stakeholders who stand to lose or gain significantly from the project AND whose actions can affect the project's ability to meet its objectives The project needs to ensure that their interests are fully represented in the coalition. Overall impact of the project will require good relationships to be developed with these stakeholders.	Box B Stakeholders who stand to lose or gain significantly from the project BUT whose actions cannot affect the project's ability to meet its objectives The project needs to ensure that their interests are fully represented in the coalition.
DEGREE OF IMPORTANCE		
	Box C Stakeholders whose actions can affect the project's ability to meet its objectives BUT who do not stand to lose or gain much from the project They may be a source of risk; and you will need to explore means of monitoring and managing that risk.	Box D Stakeholders who do not stand to lose or gain much from the project AND whose actions cannot affect the project's ability to meet its objectives They may require limited monitoring or informing of progress but are of low priority. They are unlikely to be the subject of project activities or involved in project management.

Low importance

- Those you have positioned in Box D are not key stakeholders and you can effectively ignore this group in project design and implementation.

- Those in Box A are the most important stakeholders and their interests should be represented on your coalition. You should likewise ensure that the interests of the strongest stakeholders in Box B are represented on the coalition.

- You will probably want to build and nurture relationships with the most influential stakeholders in Box C, to 'keep them on board'.

- When you come to fill in the tables below, only consider the most important stakeholders from boxes A, B and C.