

CURRENT HISTORY

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“Neither Israeli leaders nor the general public seems to have high hopes for a . . . permanent peace agreement ending the Israeli-Palestinian conflict.”

How the Peace Process Plays in Israel

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A Talmudic proverb maintains that after the Second Temple was destroyed, prophesy was placed in the hands of fools and toddlers. Despite our natural urge to reduce the future's uncertainty, it is hazardous to predict the outcome of the current American-led effort to resume Israeli-Palestinian peace talks. Besides, most expert analysis that attempts such forecasts concludes, inconclusively enough, with some or another “if” (if US President Barack Obama is adamant enough, if Israeli Prime Minister Benjamin Netanyahu is committed enough, if Palestinian Authority President Mahmoud Abbas is strong enough, and so on).

Instead of further dissecting the details of the Israeli-Palestinian conflict and the current and past peace initiatives, it may be more profitable to try to explain the situation in terms of an appropriate paradigm. One such, a product of game theory, is the concept of “repeated games.”

SAME OLD GAME?

A repeated game is one in which the players make similar moves numerous times. Over the years, as with many other protracted conflicts, the Israeli-Palestinian peace negotiations have developed into just such a repeated game. Repetition makes current strategies contingent on past moves, thus allowing the development of reputation and retribution effects. Also, a repeated game encourages the development of a learning curve; the side that learns better and more quickly has the better chance of winning. (From this perspective, the talks in 1993–1995 were essentially dissimilar from the ensuing rounds: Everything then was new and unfamiliar.)

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The development of a learning curve, and both sides' realization that the game is to be played again and again, carry both positive and negative consequences. For example, players involved in a subgame—a single episode of a repeated game—in a sense experience less pressure than do players in other kinds of games; they recognize that they may get another chance to improve their performance. Furthermore, the more often the game is repeated, the more proficient the players become.

This is a double-edged sword, however, because in situations such as the Israeli-Palestinian talks, repetitions do not necessarily improve the quality of the players' performance or contribute to a positive outcome. Each player's confidence in the other gradually decreases, and the sides master blocking, rather than cooperative, strategies. Also, parallel to the subgames, new facts on the ground are created, often of a negative variety. On the Israeli side, these include expansion of Jewish settlements on the West Bank and in East Jerusalem; on the Palestinian side, they include the spread of Islamic fundamentalism. Over time, accumulated frustration and mutual disappointment undermine the chances that the repeated game will ever end, that peace will ever come.

In assessing the present subgame—launched under heavy pressure from the Obama administration and carried out against the backdrop of former, failed endeavors—it is critical to examine whether the major players conceive of the repeated game as finite or infinite. A player who believes that the game is finite will probably be careful not to leave any important topic unattended; this impulse can complicate negotiations. But such a player will also be more open to making far-reaching compromises, since the dividends that such compromises might pay will seem to be around the corner instead of far in the future.

If the game is perceived as infinite, however, some issues might intentionally be left unresolved because the door to the continuation of talks will appear to be open. The player's motivation to make far-reaching concessions will be lower, since he expects the other side to present additional demands in the next subgame.

In a repeated game, each subgame is heavily influenced by former ones. Yet each subgame also has its own unique circumstances and, hence, distinctive features and momentum. In Israel's case, the country's global, regional, and domestic situations are significantly different today from the external and domestic settings that formed the contexts for earlier rounds of talks.

IMAGE PROBLEMS

On the global level, Israel's international public image is at one of its lowest points ever. Previously, global criticism of Israel's occupation of Palestinian territories and its preference for military rather than diplomatic solutions was harsh but sporadic. Today, criticism of Israel seems to have evolved into a massive international delegitimization campaign.

Boycott initiatives, which in the past originated only on the leftist margins of European politics, are now widely endorsed by mainstream individuals as well as by organizations throughout the world. Such boycotts continue to target goods produced in settlements in the occupied territories, but more than this, many Israeli professionals and academicians—including some who bitterly and actively oppose the occupation—get the cold shoulder today from colleagues in other countries. Israeli industrial concerns, even those operating within the Green Line (that is, the borders of June 4, 1967), repeatedly fail to win foreign tenders even when they are highly competitive on quality and price. For many abroad, Israel has become a pariah state and has lost the right to its day in court.

Many in Israel today, both in the leadership class and at the grassroots level, view this delegitimization campaign as a critical, dangerous development. Some, mainly on the political left, think that this dramatic change in international attitudes calls for soul searching and extensive concessions in the Israeli-Palestinian context. Others, mainly in the center, advocate a tactical shift toward greater accommodation in the peace negotiations in order to improve Israel's image. A third view, which is prevalent mainly on the right, regards the delegitimization campaign as

ultimate proof that Israel can trust no one in the world: Since Israel operates under an ever-present existential threat, it should insist on maintaining the widest possible security margins, even if this means continuing the occupation.

Parallel to the deterioration in Israel's external image, there have also been some indications of improvements in the country's international status. Israel retains strong, widely recognized capabilities in the realms of intelligence, technology, and the military. As a result, it remains an important partner in major international initiatives, above all when it comes to the global war on terror and Western governments' efforts to prevent Iran from developing nuclear weapons. While Israel may fare poorly in international public opinion, the country is far from ostracized by security experts and political decision makers.

In addition, Israel's stable, strong economy has become, in the eyes of global capital markets, something of a role model during the past few years of financial turbulence. Certainly, Israel is considered a favorable business partner.

TOUGH SPOT

On the regional level, the picture for Israel is similarly paradoxical. Although the American administration evidently wants an Israeli-Palestinian peace agreement to be reached as soon as possible, the conflict per se has lost much of its importance in recent years. Many agree that, while ending the occupation is morally desirable, the conflict attracts such intensive attention not because it is likely to spark a violent international crisis but because it is used to justify international jihad and Iranian militancy.

But Israel's regional position is nonetheless difficult. Israel must contend with, in addition to Iran's nuclear potential, the significant grassroots support for fundamentalist Islam that is fostered by Tehran and Al Qaeda. Recently, moreover, relations between Israel and Turkey have deteriorated dramatically. This deterioration was obviously accelerated by the May 2010 flotilla event, when Israel blocked vessels that, with backing from a Turkish group, were attempting to challenge the Israeli blockade of the Gaza Strip. More fundamentally, however, the deterioration is due to Turkey's new foreign policy, which is focused on winning friends and gaining influence among Islamic countries. Turkey and Israel, both close allies of the United States, now stand on opposite sides of the regional fence. This, together

with Obama's unprecedented interest in improving relations between the United States and the Muslim world, puts Israel in a precarious situation. Israel risks a great deal if it is identified as impeding the present round of peace talks.

On the other hand, Iran's reported progress toward nuclearization in some ways works in Israel's favor. Israel's open conflict with Shiite Iran, along with Tehran's apparent capability to translate antagonism into military deeds, has encouraged some Sunni Arab countries—notably Saudi Arabia and other Gulf states—to quietly improve their relations with Israel. However, in order to activate these closer relations, the governments must see, and be able to show their publics, a breakthrough in the Israeli-Palestinian conflict. The 2002 Arab League peace initiative, which is constantly mentioned by Arab leaders, suggests that the Arab world is no longer united by hostility toward Israel.

Other central players in the region are also unlikely to initiate a crisis with Israel today. Syria is anxiously juggling Tehran and Washington in a perhaps hopeless effort to maintain good relations with both. This causes it to play an inconsistent game with Israel. On one hand, Syrian President Bashar al-Assad repeatedly declares Damascus's readiness to reach a peace agreement with Israel in return for a full Israeli withdrawal from the Golan Heights. At the same time, Syria reaches out to Hezbollah, Tehran's proxy in Lebanon, and provides shelter to Hamas leaders wanted by Israel. Furthermore, because it seems that there will be either an Israeli-Palestinian peace or an Israeli-Syrian one—as most Israeli leaders believe that the negotiations should be consecutive—Assad's interest in a successful Israeli-Palestinian peace dialogue is not high.

Egypt, meanwhile, is much more occupied today with the deteriorating health of President Hosni Mubarak and consequent succession issues than with peace between Israel and the Palestinians. And Jordan, which has its own troubles with its growing Palestinian minority, is quite unlikely to take practical military action against Israel.

FRAGMENTED GOVERNMENT

The current subgame takes place against a different backdrop, in terms of Israel's domestic political situation, from that which pertained during previous iterations. First, the ideologi-

cal borders among Israel's right, center, and left are more blurred than ever in the past. Until the mid-2000s, the terms *left* and *right* denoted two distinct ideological packages, fairly equal in terms of electoral support. The left was comparatively social-democratic and supportive of the two-state solution, while the right was comparatively capitalist and opposed to the land-for-peace formula that the two-state solution entails.

These two packages were represented most notably by two large parties—Labor on the left and Likud on the right. They were embraced by rather different constituencies, with the left appealing to Ashkenazi, the secular, the urban, the more educated, and the more well-to-do; and the right appealing to non-Ashkenazi, the more traditional-religious, the less prosperous, and the less educated.

This rough sociopolitical division, which in the past served as a background to the peace talks, was disturbed by the bloody second intifada (the period of heightened Palestinian violence that began in 2000 and lasted about six years), and it no longer accurately depicts the Israeli political map. The left has lost most of its electoral appeal and ideological vigor. The non-radical right has in a sense moved leftward by coming to terms, albeit reluctantly, with the two-state solution. The radical right, meanwhile, has gained electoral strength.

Second, the political parties are in sharp decline. All of them—right and left, large and small—have lost much of their status as links between the top of the political pyramid and its base. Compared with other players in the public sphere, such as increasingly vociferous civil society organizations, parties today have a significantly smaller role in shaping both official policies and public political discourse. To be sure, parties still function as the cornerstones of coalition governments. Therefore, they could cause a political crisis by leaving the current coalition to protest the resumption of peace talks or the achievement of a peace agreement. Parties' prominence, however, has notably eroded in comparison to the past—even to 2008, when the last round of talks was held.

The parties have also undergone important structural changes. Most importantly, Israel today has no large parties. As a result, the government lacks a clear center of gravity, and the Knesset

Netanyahu subscribes to a version of Jewish nationalism that is different from that of his predecessors.

is highly diversified ideologically. In the 2009 elections Kadima and Likud, the two biggest parties, together won only 55 of the 120 seats in the Knesset—less than half. Labor, until 1977 the dominant party in Israel and until the 2009 elections always one of the two largest parties, won only 13 seats last year.

Labor, as only the third-largest party in the governing coalition, and the only coalition party from the center-left instead of the right, occupies an unsound position in the government. In 2009, other parties on the Zionist left suffered even greater electoral losses than did Labor. Meanwhile, the non-Zionist or anti-Zionist parties of the left, mostly supported by Israeli Arabs and therefore widely delegitimized, did not significantly improve their electoral results. Consequently, there is today hardly any legitimate left in Israel to promote and support the pro-peace agenda.

The right fares much better in electoral terms, but faces serious difficulties in putting forward a coherent agenda. Kadima—including its leader, Tzipi Livni—is mainly composed of former members of the right-wing Likud. In recent years, however, Livni has adopted a “soft” pro-peace position, making Kadima seem somewhat “leftist” and making the party’s agenda and public image a bit ambiguous regarding the Israeli-Palestinian issue.

Likud itself is in ideological limbo to some degree. This has particularly been true since the party’s leader, Netanyahu, who fiercely opposed earlier peace initiatives, expressed a commitment to pursuing peace with the Palestinians based on the two-state formula. This commitment, issued in a June 2009 speech, marked a dramatic turn from both Netanyahu’s and his party’s past positions, and caused deep frustration and confusion among party politicians and Netanyahu’s grassroots followers. It provided an even sharper contrast to the positions of the more radical right-wing partners in the ruling coalition—Yisrael Beiteinu (with 15 seats in the Knesset), the Mizrahi orthodox Shas (11 seats), the national-religious Jewish Home party (5 seats), and the ultra-orthodox United Torah Judaism party (3 seats). In other words, the coalition government is not only composed of a large number of partners, each of which can walk out at any moment, but is also highly fragmented ideologically and therefore very unlikely to unite behind a single peace initiative.

This dismal political picture is at least in part the result of a widening gap between the Israeli

public and the political establishment, and indeed of rising antipolitical sentiment. In Israel today, *politics* and especially *politicians* have become dirty words. Thus, citizens’ political participation through established political channels has significantly declined in recent years. In a January 2010 public opinion survey by the Israel Democracy Institute, very few Israelis (less than 5 percent) reported that they are registered party members, compared to almost 20 percent in the 1960s and 1970s. Half of respondents agreed with the statement that politicians get involved in politics mainly to serve their personal interests.

Only 25 percent of the survey respondents expressed full or fairly high trust in political parties; 39 percent said they trust the prime minister. All this, taken together with declining voter turnout (which has dropped in less than a decade from percentages in the high 70s to the mid-to-low 60s), makes clear the gravity of the situation. The Israeli public, once highly engaged in politics, is backing off.

Thus, it is not at all clear that a majority of the people would automatically endorse a peace agreement even if it were approved by officeholders and political bodies. This is not necessarily because Israelis do not want peace, but because they do not trust their leaders to make such important strategic decisions.

THE NEGOTIATORS

In a classic repeated game, the players remain the same in each subgame. In this case, the situation is somewhat different. The players—Israel, the Palestinians, and the United States—remain the same, and their basic interests perhaps remain similar. The chief negotiators, however, change over time, and each brings to the process his individual personality, life experience, and political agenda.

Of the six Israeli prime ministers who have been involved in the peace process, Netanyahu displays the widest gap between fundamental political worldview and (in his case, quite unexpected) readiness to pursue peace talks. None of the former prime ministers was a “peacenik.” However, for none of them did sitting at the negotiating table present such a contrast to their own reputations and their framing of the situation.

Yitzhak Rabin (the prime minister from 1992 to 1995) was always suspicious of the Palestinians’ motivations. Yet he managed to overcome his personal feelings—perhaps because, in the summer of 1993, he was taken by surprise by the pre-cooked

blueprint for peace in the Oslo Accords. (They had been negotiated in secret by two formally unauthorized academics working in Norway with the blessing of the then-foreign minister Shimon Peres. When a basic understanding was reached with Palestinian negotiators, the plan was put before Rabin, who could not just throw it away at that stage.) In addition, when Rabin engaged in talks he had the support of his family and the closest members of his social and political circles.

The same goes for Ehud Barak (1999–2001). The peace negotiations that he conducted led nowhere, and following the dramatic failure to reach agreement on a “final status settlement” at the 2000 Camp David summit, Barak encouraged the spin that Israel had “no partner” with whom to negotiate. Even so, his cognitive and emotional vocabulary included the option of peace with the Palestinians.

Ariel Sharon (2001–2006) is a classic hawk. He did not directly negotiate for peace with the Palestinians. Yet, when he decided in 2005 that the situation called for drastic change, his highly charismatic leadership and extreme self-confidence enabled him to pull out unilaterally from the Gaza Strip and certain parts of the West Bank—a move that stood in stark contrast to his past positions and to those of his party’s representatives and voters. Ehud Olmert (2006–2009) while in office maintained a low profile when it came to negotiating peace with the Palestinians. But recently he “came out of the closet” and now openly advocates territorial compromises.

Netanyahu’s situation is different. Neither his personal circumstances nor his basic views make him a good candidate for peacemaking. Yet his reading of today’s internal and external maps may allow him to play this subgame in a way that could bear fruit (though most probably not a permanent peace agreement).

The reasons that Netanyahu is not a good candidate for negotiating peace with the Palestinians are well known. To begin with, like most of his family and close social and political associates, he views Jewish history as a long series of persecutions by hostile gentiles—and of numerical declines because of forced assimilation, as in fifteenth-century Spain, or voluntary assimilation, as in nineteenth- and early twentieth-century Germany. In Netanyahu’s

view, the dangers associated with eternal gentile enmity were significantly reduced with the establishment of the state of Israel, and reduced even further with the country’s territorial expansion in the 1967 war. From this perspective, the question is not if but rather when the next attempt to destroy Israel will take place; therefore, the only way for Israel to secure its existence is always to be alert and ready to defend itself.

Netanyahu, who was immersed in Jewish history from the cradle, subscribes to a version of Jewish nationalism that is in significant ways different from that of his (immediate) predecessors, who were profoundly secular and, in a way, detached from Jewish tradition. The extreme threat perception that he derives from Jewish history apparently accounts for his urge to ensure very wide margins of security for the nation.

Netanyahu opposed the peace plans negotiated by his predecessors on the grounds that they entailed territorial compromises that severely jeopardized Israel’s security. Many of his speeches have described how air carriers taking off from Ben

Gurion Airport could be targeted by Palestinian rockets if the West Bank were under Palestinian control, and how major Israeli cities would be susceptible to Palestinian fire. This hypersensitivity to security issues is of course

related to Netanyahu’s interest in global—mainly Islamic—terror. It is an issue about which he is close to obsessive, and about which he has written and lectured extensively; it was the springboard for his political career. He interprets Iran’s nuclear aspirations as the paramount contemporary manifestation of gentiles’ historical hatred for Jews, and as a threat that cannot be expected to disappear even if Israel signs a peace agreement with the Palestinians.

Israel’s control over the occupied territories is in Netanyahu’s view justified by two equally important arguments: the Jews’ historical claim to the promised land and the constant existential threat that faces them. This combination of tradition and security is very attractive to Netanyahu’s political supporters, who are mostly hawks in terms of security and who strongly adhere to the argument that the land of Israel belongs to the Jewish people and to the Jewish people alone.

Thus, Netanyahu’s readiness to resume the peace talks is widely perceived in these circles as

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betrayal. Given this, when he recently endorsed a proposal to require future citizens to vow loyalty to Israel as a Jewish, democratic state, he probably meant to send a signal to these audiences that he was still on their side. The same goes for his demand that the Palestinians recognize Israel as the nation-state of the Jewish people before Israel resumes its freeze on new construction of settlements in the occupied territories. No previous prime minister had ever made such a demand, but 80 percent (!) of Jewish Israelis support it, according to an October 2010 poll conducted by the Israel Democracy Institute.

THE CALCULATING PLAYER

Netanyahu, though, is also a rather careful player. Because of this, he was in the past even declared a coward by radicals on both the left and the right. At the same time, he tries to confuse his rivals. When he first became prime minister in 1996, he was interested in maintaining good relations with Washington and mobilizing wide support at home; therefore he was careful not to derail the Oslo process openly, though he basically opposed it. However, to hinder the negotiations, he highlighted the element of reciprocity (*If they give, they will get; if they do not give, they will not get*). He also

made certain decisions, like one in September 1996 to open a tunnel to the Western Wall in Jerusalem's Old City, that, as expected, negatively influenced the process. Later, in January 1997, Netanyahu made some progress toward calming tense Israeli-Palestinian relations when he approved the Hebron Protocol, according to which Israel withdrew from large parts of Hebron, the holy town of the Jewish patriarchs (though Israel maintained security control over the area).

As a calculating player, Netanyahu is today, even more than in the 1990s, unlikely for several reasons to bluntly impede the US administration's effort to reinvigorate the talks. First, not only do overall circumstances make the peace talks more "in demand" internationally, but Obama is basically less pro-Israeli than former American presidents, and he operates in a different context. Therefore—and Netanyahu understands this well—Obama is likely to be less tolerant than his predecessors of disruptive moves by Jerusalem.

Second, and of utmost importance, Netanyahu believes the United States to be Israel's best and perhaps only ally—in particular, when it comes to the international effort to prevent Iran from becoming a nuclear power. At this historical juncture Netanyahu may accept compromises in the Israeli-Palestinian context, which in the past he fiercely opposed, in return for stronger cooperation with the United States.

Netanyahu's readiness to resume talks should also be understood in the context of his globalist economic orientation. He is deeply concerned about Israel's ability to compete and to be widely accepted by other players in the world economy. Netanyahu is well aware that if he refuses to go back to the bargaining table, Israel's negative image could intensify to the point that certain important doors to the global economy would be slammed in the country's face. He is motivated too by mounting criticism of Israel among widening circles of world Jewry, which in the past stood united behind Jerusalem and its policies.

The basic dilemma Netanyahu now faces is how, on one hand, to play it tough vis-à-vis the Palestinians, whom he and his close political and social associates perceive as essentially hostile and untrustworthy; and how, on the other, to avoid being condemned as a peace spoiler

and rebuked by the United States. This dilemma will probably lead him to conceptualize the current round of talks as yet another subgame in an infinite repeated game. He will be ready to make certain compromises but not the ultimate ones, such as sharing Jerusalem or pulling out of the occupied territories entirely. Hence, he may move a significant distance toward ending the occupation, but he will not go the extra mile to sign a permanent peace agreement.

THE SKEPTICAL PUBLIC

The cover of the September 13, 2010, issue of *Time* magazine carried a sensational headline: "Why Israel Doesn't Care About Peace." The article itself offered no evidence that Israelis do not care about peace, unless one is to believe that enjoying daily life and making real estate deals are antithetical to peacemaking.

So where does the Israeli public stand regarding the peace talks? Today, as throughout the past decade, surveys show that a clear majority—

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around two-thirds on average—supports negotiations with the Palestinian Authority. However, and again in line with polling from previous years, a much lower percentage believes that such talks will bear fruit; only about one-third expresses this belief. Such skepticism is rooted in a conviction deeply held by most Israeli Jews—a conviction that developed in part during the second intifada, with its suicide bombings—that the intentions of the other side are basically hostile, and that even a signed peace agreement is not likely to change that. In this regard at least, the people and the prime minister seem to be in agreement.

At the same time, surveys over the past 15 years have shown that a constant majority—over 55 percent of the Israeli Jewish public, and a much higher percentage among Israeli Arabs—supports the “two states for two peoples” formula. A majority favors that formula over the present situation and certainly over other possible solutions, such as a binational Israel. Also widely supported for the sake of peace are significant border corrections and the evacuation of the smaller and more isolated settlements.

On the other hand, a constant majority of Israeli Jews desires closed borders between the two states. Furthermore, a stable majority of over two-thirds of Israeli Jews believes—much like Netanyahu—that the Palestinians in particular and the Arabs in general would destroy Israel if only they could. Palestinian negotiators’ refusal to agree to Netanyahu’s demand that they acknowledge Israel as a Jewish state is widely understood by the Israeli Jewish mainstream as the ultimate proof of deeply rooted hostility.

Negative views such as these, which were fostered by Israel’s top negotiators in the past, are a major reason for the disappearance of the Israeli peace movement. Here and there, local peace initiatives still emerge and find voice—for example, an ongoing Israeli-Palestinian joint struggle against the separation barrier in Bili’in, and recent Friday vigils in Sheikh Jarrah in East Jerusalem. Yet chances for these and similar grassroots endeavors to grow into a massive peace movement, which could perhaps sustain the peace talks, seem slim.

Moreover, some peace endeavors are based on a radical anti-Zionist agenda, and thus are perceived by the mainstream as unpatriotic and dangerous. This image “contaminates” moderate peace activities and organizations. Thus, although the Israeli

public strongly wishes for a reduction in actual and potential bloodshed, the mainstream believes very few peace dividends lie around the corner even if a permanent agreement is signed.

LOW EXPECTATIONS

The failure of previous rounds of talks, along with the violence that erupted afterwards, has nurtured among Israelis a persistently bad impression of Palestinians, as well as retribution patterns. Partly as a result, neither Israeli leaders nor the general public seems to have high hopes for a positive, dramatic outcome from this subgame—that is, for a peace agreement ending the Israeli-Palestinian conflict. Severe doubts about the negotiations are heightened by the widespread Israeli view that the Obama administration is at best neutral and is not highly committed to safeguarding Israel’s security.

To be sure, Netanyahu has some good reasons to jump into the chilly waters of the talks, despite the opposition of some of his coalition partners and the dismay of his supporters (though he enjoys the tacit support of the Israeli Jewish mainstream). The first reason is the high priority that Netanyahu assigns to the solidification of US-Israeli relations and the strengthening of the Western alliance against Iran. Second is the concern in Israel about the economic and other consequences that the country might suffer due to the international delegitimization campaign, which is likely to gain momentum if Israel is viewed as the obstacle to negotiations or as the reason for their failure. Third, and of equal concern, is mounting criticism of Israel in the Jewish communities of the diaspora.

Even so, Netanyahu retains the fundamental belief, as does much of the Israeli Jewish public, that this conflict is zero-sum and infinite, and therefore cannot be resolved—certainly not without Israel’s making highly dangerous and morally unjustified concessions. Given the Israeli side’s basic perceptions of this repeated game, the most that can probably be expected now is an interim agreement that involves limited compromises by each side in return for limited achievements—an agreement that makes life somewhat more tolerable for the Palestinians by reducing the intensity of the occupation. An agreement such as this would win Israelis some improvement in their international image and help the country deal with the Iranian threat. Anything beyond this would be a pleasant surprise. ■