

Israel's reasoning against peace

Deal comes at high cost to Jewish privilege

By [Jonathan Cook](#)

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With the resumption of settlement construction in the West Bank yesterday, Israel's powerful settler movement hopes that it has scuttled peace talks with the Palestinians.

It would be misleading, however, to assume that the only major obstacle to the success of the negotiations is the right-wing political ideology the settler movement represents. Equally important are deeply entrenched economic interests shared across Israeli society.

These interests took root more than six decades ago with Israel's establishment and have flourished at an ever-accelerating pace since Israel occupied the West Bank and Gaza Strip after the 1967 war.

Even many Israeli Jews living within the recognised borders of Israel privately acknowledge that they are the beneficiaries of the seizure of another people's lands, homes, businesses and bank accounts in 1948. Most Israelis profit directly from the continuing dispossession of millions of Palestinian refugees.

Israeli officials assume that the international community will bear the burden of restitution for the refugees. The problem for Israel's Jewish population is that the refugees now living in exile were not the only ones dispossessed.

The fifth of Israel's citizens who are Palestinian but survived the expulsions of 1948 found themselves either transformed into internally displaced people or the victims of a later land-nationalisation programme that stripped them of their ancestral property.

Even if Mahmoud Abbas, the Palestinian president, signed away the rights of the refugees, he would have no power to do the same for Israel's Palestinian citizens, the so-called Israeli Arabs. Peace, as many Israelis understand, would open a Pandora's box of historic land claims from Palestinian citizens at the expense of Israel's Jewish citizens.

But the threat to the economic privileges of Israeli Jews would not end with a reckoning over the injustices caused by the state's creation. The occupation of the Palestinian territories after 1967 spawned many other powerful economic interests opposed to peace.

The most visible constituency are the settlers, who have benefited hugely from government subsidies and tax breaks designed to encourage Israelis to relocate to the West Bank. Peace Now estimates that such benefits alone are worth more than \$550 million a year.

Far from being a fringe element, the half a million settlers constitute nearly a tenth of

Israel's Jewish population and include such prominent figures as foreign minister Avigdor Lieberman.

Hundreds of businesses serving the settlers are booming in the 60 per cent of the West Bank, the so-called Area C, that falls under Israel's full control. The real estate and construction industries, in particular, benefit from cut-price land — and increased profits — made available by theft from Palestinian owners.

Other businesses, meanwhile, have moved into Israel's West Bank industrial zones, benefiting from cheap Palestinian labour and from discounted land, tax perks and lax enforcement of environmental protections.

Much of the tourism industry also depends on Israel's hold over the holy sites located in occupied East Jerusalem.

This web of interests depends on what Akiva Eldar, of the Haaretz newspaper, terms "land-laundering" overseen by government ministries, state institutions and Zionist organisations. These murky transactions create ample opportunities for corruption that have become a staple for Israel's rich and powerful, including, it seems, its prime ministers.

But the benefits of occupation are not restricted to the civilian population. The most potent pressure group in Israel — the military — has much to lose from a peace agreement, too.

The ranks of Israel's career soldiers, and associated security services such as the Shin Bet secret police, have ballooned during the occupation.

The demands of controlling another people around the clock justifies huge budgets, the latest weaponry (much of it paid for by the United States) and the creation of a powerful class of military bureaucrat.

While teenage conscripts do the dangerous jobs, the army's senior ranks retire in their early forties on full pensions, with lengthy second careers ahead in business or politics. Many also go on to profit from the burgeoning "homeland security" industries in which Israel excels. Small specialist companies led by former generals offer a home to retired soldiers drawing on years of experience running the occupation.

Those who spent their service in the West Bank and Gaza Strip quickly learn how to apply and refine new technologies for surveillance, crowd control and urban warfare that find ready markets overseas. In 2006 Israel's defence exports reached \$3.4bn, making the country the fourth largest arms dealer in the world.

These groups fear that a peace agreement and Palestinian statehood would turn Israel overnight into an insignificant Middle Eastern state, one that would soon be starved of its enormous US subsidies. In addition, Israel would be forced to right a historic wrong and redirect the region's plundered resources, including its land and water, back to Palestinians, depriving Jews of their established entitlements.

A cost-benefit calculus suggests to most Israeli Jews — including the prime minister, Benjamin Netanyahu — that a real solution to their conflict with the Palestinians might come at too heavy a price to their own pockets.

Jonathan Cook is a writer and journalist based in Nazareth, Israel. His latest books are "Israel and the Clash of Civilisations: Iraq, Iran and the Plan to Remake the Middle East" (Pluto Press) and "Disappearing Palestine: Israel's Experiments in Human Despair" (Zed Books). His website is www.jkcook.net.

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