

Israel's Bunker Mentality

How the Occupation Is Destroying the Nation

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For the Israeli right and its allies around the world, the greatest danger to Israel's future is the unwillingness of Palestinians to make peace. The Israeli-Palestinian conflict does threaten Israel, but not, as the right would have it, because militant and even seemingly moderate Palestinians harbor plans to drive the Jews into the sea. Rather, the conflict threatens Israel because of the havoc it wreaks on the country's internal politics. Since 1967, when Israel occupied the West Bank and the Gaza Strip, its presence in those territories has played a central role in structuring Israeli politics, transforming a country once brimming with optimism into an increasingly cynical, despondent, and illiberal place.

By inducing a bunker mentality among Israelis, the occupation has bred an aggressive ethnic nationalism that privileges the interests of Israel's Jewish citizens over those of its Arab citizens, who have come to feel that they will never be treated fairly in an Israel defined as a Jewish state. At the same time, by paralyzing the Israeli political system, it has strengthened ultra-Orthodox political parties, which have exploited divisions between the right and the left to become kingmakers. In exchange for their parliamentary support, they have demanded economic subsidies for their constituents, who often devote their lives to studying Jewish texts rather than participating in the work force. Educated, largely secular elites, frustrated by low pay and high taxes, have, until recently, been emigrating in substantial numbers, and the long-term prospects for reversing this brain drain are poor as long as the occupation continues. These are the real threats to Israel's founders' vision of a democratic, Jewish, and prosperous state.

Yet all is not lost. A centrist governing coalition could halt Israel's slide toward illiberalism, offer its Arab citizens hope for equality and justice, compel its burgeoning ultra-Orthodox population to earn their keep rather than live off the state, and give Israel's educated class a reason to stay. This is what must happen for Israel to keep its successful economy humming and ensure that its blemished but vibrant democracy can thrive. But such a coalition will remain a distant dream as long as the occupation continues to loom over Israeli politics.

BORDER OPENINGS

In the years after its independence, Israel became a rare success story in the postcolonial world. The country managed to absorb hundreds of thousands of immigrants from around the world, foster economic growth, and build a powerful military. To be sure, its democracy was flawed – a military administration governed its Arab citizens until 1966, and Jews of North African and Arab descent lagged behind their European counterparts – but it was also real.

These achievements were made possible in part by the fact that, until 1967, Israel's borders appeared to be settled. The armistice lines established in 1949 in a series of bilateral agreements between Israel and its Arab enemies at the end of the War of Independence became the country's de facto boundaries. Israeli leaders across the political spectrum understood that the young, struggling country could not afford to pursue the dream of a state that stretched from the Mediterranean Sea to the Jordan River. An issue that once had bitterly divided Zionists no longer seemed relevant, allowing Israel's leaders to devote their attention to the practical business of building a new state.

But the June 1967 war put the question of Israel's boundaries back on the table, undoing 20 years of progress in six days. Since then, the question of what to do with the occupied territories has paralyzed Israeli politics. From the start, there were those who wanted to annex the territories, whether to acquire defensive depth or to fulfill divine command. Others foresaw that Israel would not be able to permanently rule over so large a non-Jewish population without undermining either its Jewish character or its democratic principles. Divided over territory and security, the Israeli public has repeatedly failed to provide a clear mandate for the left or the right, and the resulting coalition governments have often rested on slender and unstable parliamentary majorities. The basic fissures stemming from this debate over the occupation have allowed parties with narrow agendas to hijack the system and extort high prices for their support. Well-meaning political reforms designed to force the Israeli public to directly address the core issue of Israel's future in the territories, such as by instituting the direct election of the prime minister, seemed promising at first, but these efforts only further weakened the major political parties and contributed to the fracturing of the electorate. As a result, Israeli governments have continued to lurch from crisis to crisis, unable to summon the will to confront the country's most pressing issues. Proposals for constitutional reform to solve these problems have been hotly debated, but they overlook the underlying culprit: the politics of the occupation.

ISRAEL, RIGHT OR WRONG

First and foremost, the ongoing occupation has fueled an aggressive ethnoreligious nationalism that has become increasingly prominent in Israeli politics. Although a certain amount of ethnocentrism is inevitable in Israel – its Declaration of Independence defines it, after all, as "the Jewish state" – its formally civic state institutions gradually became more authentically civic between 1948 and 1967, nurturing the emergence of an "Israeli" identity that embraced all of Israel's citizens, regardless of their religion or ethnicity, as opposed to an exclusively Jewish national identity. But the 1967 war reignited dreams of incorporating into modern Israel the areas of the West Bank that had been the birthplace of Judaism. As Israel's Jewish citizens reengaged with the major historical and religious sites of their tradition, such as the Western Wall, they increasingly embraced their Jewishness at the expense of a civic Israeli identity. At the same time, successful Arab efforts to delegitimize Israel on the international stage, most famously through the 1975 United Nations resolution that equated Zionism with racism, fed a sense of isolation among Israeli Jews, reinforcing the appeal of ethnoreligious nationalism.

Although Israel gradually embraced a more liberal politics in the wake of the first intifada and the Oslo accords, the country's ethnocentric tendencies have deepened in the last decade. This is partly because of the growth of certain communities – such as immigrants from the former Soviet Union, nearly one million of whom have come to Israel since the end of the Cold War, and religious Jews, both ultra-Orthodox and Zionist – whose commitment to liberal democracy is, for a variety of historical and ideological reasons, uncertain at best. But the changing nature of the conflict over the past decade is also a major factor. According to the dominant Israeli narrative, the dream of the Oslo process collapsed in 2000 when the Palestinian leadership not only rejected Israel's generous peace offer but also launched the second intifada. The subsequent violence left Israelis frustrated and disillusioned. They generally feel that Israel has tried everything to end the conflict, from negotiations several times over to a unilateral disengagement from Gaza in 2005 and a halt to settlement construction only last year, and that they have been repaid by the Palestinians with terrorism and obstruction. Israelis believe that the international community has unconscionably rewarded Palestinian villainy and that Israel's reasonableness has won it only global opprobrium. Under the pressure of boycott campaigns, a stream of international investigations into Israel's military conduct, potential lawsuits in foreign courts against Israeli soldiers and officials for alleged human rights violations, the Palestinian quest for statehood at the UN, and deteriorating relations with Egypt and Turkey, Israelis have not felt this alone and embattled for a generation.

The country's abiding sense of anxiety has advanced the fortunes of, among others, Israeli Foreign Minister Avigdor Lieberman and his pugnacious and stridently nationalist party, Yisrael Beiteinu (Israel Our Home). The party represents the interests of Israel's Russian-speaking population; immigrants, predominantly from the former Soviet Union, gave twice as much support to Yisrael Beiteinu as to any other political party in Israel's elections in 2009, and they supply many of its prominent leaders. But Yisrael Beiteinu's appeal goes beyond ethnic immigrant politics; over half the party's support in 2009 came from nonimmigrant populations, and Israel's illiberal turn is sufficiently broad-based that it cannot be blamed on the legacy of communism come to roost in the Middle East. Lieberman has proposed the involuntary transfer of some of Israel's Arab citizens to a future Palestinian state in exchange for retaining Jewish settlement blocs in the West Bank and has disparaged Israeli human rights nongovernmental organizations (NGOS) as "terror groups and terror supporters."

Indeed, Lieberman and members of his party have led the charge in attempting to silence Israeli NGOs focused on human rights and civil liberties. Together with allies in the right-wing Likud and the purportedly moderate Kadima, they have proposed bills that would establish a Knesset commission to investigate these groups' funding, that would limit their sources of support, and that would ban those that are merely suspected of opposing the definition of Israel as a Jewish state. Some troubling bills have already passed, including one approved in July that renders those calling for an economic, cultural, or academic boycott of people or institutions in Israel or the occupied territories liable to civil lawsuit.

Optimists argue that the illiberal bills will either fail, pass in watered-down form, or be struck down by the Israeli Supreme Court. But the court's independence has come under legislative fire, and it is unclear whether it would buck the prevailing political trends. This threat to civic freedom has made for strange bedfellows; representatives of left-wing NGOs now sing the praises of longtime Likud critics, such as Reuven Rivlin, Speaker of the Knesset, who declared in Haaretz this past July that he was "ashamed and mortified" by the law punishing boycotts. But Rivlin and his party allies hail from an older generation of right-wing politicians dedicated to individual liberties that is now fading away. Israel's bulwarks against the forces of illiberal nationalism are crumbling.

OUTSIDERS ON THE INSIDE

The growing ethnocentrism among Israeli Jews as a result of the occupation has also imperiled Israel's Arab citizens, who today constitute just over 20 percent of

Israel's population and feel increasingly alienated from the state. Arab municipalities have always received less funding and support than their Jewish counterparts, and Arab citizens lag far behind in life expectancy, educational achievement, and employment opportunities – a gap that has only grown in recent years. According to the Association for the Advancement of Civic Equality in Israel, overall inequality between Jews and Arabs in health, housing, education, employment, and social welfare increased by 4.3 percent between 2006 and 2008.

On top of this, over the past decade, Arab citizens have suffered increasing hostility from the Israeli government. For example, in 2007, the Israeli newspaper *Maariv* reported that the head of the Shin Bet, Israel's domestic security service, had warned Israeli Prime Minister Ehud Olmert that Israel's Arab citizens had become a "strategic threat." Since 2009, Knesset members from the three largest parties, Kadima, Likud, and Yisrael Beiteinu, have put forward a parade of anti-Arab bills, including a mandate that all new immigrants swear an oath of loyalty to Israel as a Jewish state. The Knesset also passed a law that was designed to restrict Arab citizens' commemoration of the *nakba* (catastrophe), when Arabs mourn the establishment of Israel and the displacement of the Palestinians, and in early August, it began considering a new "basic law" – the equivalent of a constitutional provision in Israel – that would demote Arabic, which has been an official language of Israel since 1948, to second-class status.

This intensified discrimination against Arab citizens has come against the backdrop of the second intifada and Israel's subsequent military campaigns against Hezbollah in Lebanon and Hamas in Gaza. Over the past decade, leaders of Israel's Arab community have repeatedly declared their unabashed support for the Palestinian national cause, insisting that an Israel defined as a Jewish state is intolerable and proposing alternative visions, ranging from a liberal "state of all its citizens" to a consociational arrangement along the lines of Belgium's to a binational state. Some have even endorsed violence against Israeli civilians, and a small number of Arab citizens have been caught materially supporting terrorism.

The combination of these factors has led Israeli Jews to become deeply suspicious of their fellow Arab citizens. According to polling conducted by the University of Haifa, in 2009 upward of 65 percent of Israeli Jews saw Arab citizens as more faithful to the Palestinian national struggle than to Israel. In those same polls, nearly 80 percent of respondents said they believed that "decisions on the character and borders of the state" should require the approval of a majority of Jewish citizens only, not of the Israeli population as a whole. A majority of Jewish respondents opposed the rights of individual Arab citizens to buy land anywhere in Israel, and a substantial minority (more than 30 percent) believed Arab citizens

should be denied the right to vote. These views reflect not just Jewish antipathy toward Arabs but also the ebb and flow of the Israeli-Palestinian conflict: according to the University of Haifa data, Jewish rejection of Arab citizens' right to live in Israel and to vote was lowest in the mid-1980s, before the first intifada, and in the mid-1990s, at the height of the Oslo peace process.

It comes as no surprise, then, that according to these same polls, in 2009 nearly 60 percent of Israel's Arab citizens preferred to identify themselves as "Palestinians" rather than "Israeli Arabs," as opposed to only 50 percent who did so in 2003. The polls found that the percentage of Arab citizens endorsing the "right of Israel within the Green Line ... to exist as a Jewish and democratic state in which Arabs and Jews live together" plummeted from 66 percent in 2003 to just 41 percent in 2008. In 2009, over half viewed a Jewish and democratic Israel as inherently racist, and nearly 75 percent endorsed using all legal means to transform Israel from a Jewish into a binational state. The University of Haifa data suggest that the Arabs' views are also in large part a product of the conflict: four times as many rejected Israel's right to exist in 2009 as did in 1995.

With the era of mass Jewish immigration almost certainly over, Arab citizens, whose rates of reproduction remain higher than those of their Jewish counterparts, are a growing political force. As long as the occupation continues to structure Israel's political discourse, relations between Jewish and Arab citizens of Israel will remain trapped in a cycle of mutual distrust and provocation. The legitimate claims of Arab citizens for equal rights and resources will continue to be brushed aside, and nonviolent challenges to Israel's Jewish character will continue to be branded as treason.

The occupation has impeded a serious national conversation in Israel about how the country should negotiate the inherent tensions between its ethno-religious and civic identities – a conversation that must take place, because Israel's future as a Jewish state and a democracy hangs in the balance.

AN UNHOLY BURDEN

The rapid growth of Israel's ultrareligious (*haredi*) population is contributing to the country's rising illiberalism. In fact, the University of Haifa found that *haredim* ranked lower than any other Jewish group in their support for coexistence with Israel's Arab citizens.

But of equal concern is the threat *haredim* pose to Israel's future prosperity. *Haredi* parties traditionally exploited divisions over Israel's territorial future to become

free-agent kingmakers, selling their support to left- or right-leaning governing coalitions in exchange for massive communal subsidies. Although their constituents have since moved far to the right, making such ideological flexibility less likely, *haredi* parties have continued to command a substantial bounty. In return for *haredi* votes in the Knesset, Israel's governments have funded full-time study in yeshivas for adult men and separate *haredi* primary and secondary schools with limited state oversight and secular education. And thanks to an arrangement dating back to Israel's creation, *haredim* are exempted from serving in the Israel Defense Forces as long as they study in yeshiva. A program that initially provided a special waiver to 400 students now excuses some 50,000 military-age ultra-Orthodox men from service. Backed by an entrenched cultural norm that valorizes full-time religious study, many of these young men remain in yeshivas for the rest of their lives. *Haredi* unemployment has dropped in recent years, but according to the Bank of Israel, less than 40 percent of *haredi* men were employed in 2009. For those between the ages of 30 and 34, this number was less than 25 percent.

The burden of the *haredi* population on the Israeli economy is immense and growing. In 2010, the Israeli Ministry of Industry, Trade, and Labor found that *haredim*, who comprise less than ten percent of Israel's population, make up 20 percent of the country's poor and that some 56 percent of *haredim* live under the poverty line. In addition, per-child social welfare payments disproportionately aid large *haredi* families. According to Israel's Central Bureau of Statistics, *haredi* women averaged 6.5 children in 2007-9, lower than in previous years but still more than double than the national average of 3.0. Because *haredim* tend to marry at a young age and have high fertility rates, their median age is less than half that of the overall Israeli population. According to the Metzilah Center, an Israeli think tank, the *haredi* community will double in the next 20 years, to 15 percent of Israel's overall population, or over 20 percent of the Jewish populace. The center predicts that by 2028, 25 percent of all children in Israel, and 33 percent of Israel's Jewish children, will come from *haredi* families.

Such statistics worry those responsible for Israel's economy. Last year, Stanley Fischer, governor of the Bank of Israel, and Yuval Steinitz, Israel's finance minister, warned that unemployment in the *haredi* population threatens Israel's prosperity. Fischer bluntly declared that the current system is "not sustainable". "We can't have an ever-increasing proportion of the population continuing to not go to work," he said. Steinitz was, if anything, more pessimistic: "Without a change now, within ten years the situation will be a catastrophe." The Israeli government could compel *haredim* to acquire secular education and join the work force by, for example, reducing per-child welfare payments or forcing young *haredi* men to serve in the military. But these options will remain nonstarters as long as Israeli

governments rise or fall on the support of ultra-Orthodox parties. And as the *haredi* population continues to grow, a moderate coalition that might force it to reform will become more and more unlikely – even if the occupation were to end.

Subsidies for the *haredim* are one of the reasons that the overall tax burden on Israel's citizens is high, helping propel a slow exodus of largely secular Jewish elites from the country. In recent years, Israel has suffered from a brain drain, in which large numbers of its most talented citizens have gone abroad to complete advanced degrees and have not returned. Although the loss of highly skilled labor is typical for less developed nations, it is unusual for a developed, economically vibrant country such as Israel. According to a 2007 study in the *Israel Economic Review*, between 1995 and 2004, nearly five percent of Israelis between the ages of 30 and 40 with at least a master's degree left the country. The study also found that college-educated Israelis immigrated to the United States at a higher rate than college-educated citizens of any other country. As of 2007, the number of Israeli lecturers at U.S. universities was equivalent to 25 percent of Israel's total senior academic staff – double the analogous ratio for Canada, which ranked second, and nearly six times those for Holland and Italy, which were next in line. Israel's Central Bureau of Statistics found that between 1990 and 2009, 260,000 more Israelis left the country for at least a year than returned from a year or more abroad. Although the recent economic stagnation in Europe and the United States appears to have slowed this trend, it remains to be seen whether this is a temporary aberration or a permanent shift.

One cause of this flight is economic and professional opportunity. Israelis working in the sciences and high-tech industries often find higher salaries and better research environments overseas. Last year, in an effort to entice the country's most capable scientists to remain in Israel, the government designated \$350 million to create 30 centers for scientific excellence within five years. But that move is not likely to be enough. The study in the *Israel Economic Review* found that Israelis living in the United States had left Israel largely not because of lack of research opportunities but because of its cost of living, high taxes, excessive government regulation, poor schools, and the security situation. Given the likelihood that these factors will remain in place, there is little reason to think that the brain drain will slow. As the impoverished *haredi* population grows, Israel's best-educated and high-earning citizens will bear the burden of subsidizing it. And if Israel's politics continue down the path of ethnocentrism, Israel's best and brightest may have yet another reason to leave.

The occupation is not the sole cause of Israel's brain drain, but it does contribute to the problem. Relieving Israel of the burdens of the occupation would improve the

nation's security, weaken the political standing of the *haredim*, and allow the Israeli government to refocus its spending. By feeding into the brain drain, the politics of the occupation are putting Israel's long-term prosperity at risk.

BACK TO THE FUTURE

The occupation stands at the center of the challenges to Israel's future as a Jewish, democratic, and prosperous state. It has fueled nationalist chauvinism among Israeli Jews, promoted discriminatory state policies and greater bigotry toward Israel's Arab citizens, produced divisive politics that have empowered the *haredi* community to pursue its own interests at the expense of the state, and contributed to Israel's brain drain.

Only by abandoning the occupation can Israel cure these political ills and undergo the revolution it needs. Resolving the conflict could deflate the current ethnocentric mood among Israeli Jews and encourage Israel's Arab citizens to end their unproductive provocation. It would allow a coalition of forces from among Israel's secular mainstream parties to join forces to defend liberal values, provide for greater equality for Arab citizens of Israel, and compel the *haredim* to become productive members of society. Israel's democracy would still face a number of problems: most notably, extreme wealth inequality, continued political instability in surrounding Arab states, and Iran's quest for nuclear weapons. But an end to the occupation would allow Israel to shed its unsustainable subsidies to the settlers and the *haredim*, freeing up resources to rebuild the country's social safety net, whose erosion underpinned the mass protests that erupted this past summer. And it would give Israel the chance to rebut critics who argue that Israel is an irredeemably ethnocentric and even racist state.

Of course, Israel cannot end the occupation alone. A stable peace requires Palestinian partners who will persuade their people to accept negotiated borders as final, relinquish the dream of a return to their ancestral homes, and acknowledge that Israel is not a temporary interloper but a permanent presence. Such Palestinian leadership has too often failed to materialize. But Israel's commitment to peace has also too often been halfhearted. Its leaders must do all they can to end the conflict – to ensure Israel's very survival as the Jewish state and liberal democracy its founders envisaged.

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