

**DUAL DEMOCRACIES INITIATIVE (DDI)**  
***A Final Status Negotiation Framework (FSNF)***  
**Foundations Paper**

***11 Years' Private Discussions on the Two-State Solution***  
***(October 6, 2006 – October 6, 2017)***

This paper is the culmination of 11 years' exploratory thinking and discussions on the two-state solution in a Track Two setting since October 6, 2006, itself rooted in the author's ideas on the subject in the early 1970s. Refined over time, it has therefore been both the basis and result of discussions on the ground, on both sides of the Green Line, and in the international community, on both sides of the Atlantic.

**DDI** has been a thought leader on the necessary upgrading of the Clinton Parameters to fully take into account facts on the ground, especially in light of accelerated changes in the almost two decades which have since elapsed. **DDI** has, as such, promoted, as an inescapable priority, the need for a mutually supportive Israeli-Palestinian two-state formula based on a reciprocal minorities structure, Palestinian Arab in Israel and Jewish in Palestine, which preserves the two states' respective majorities and national characters.

While, particularly since 2013, significant progress has been observed in the shifting of the discussion on the two-state solution in the direction of a recognized need for dual minorities, the treatment of the issue of a remaining Jewish presence in the Palestinian state has largely only ever been considered to be a final status, and therefore left-over, issue.

The uniqueness in the **DDI** formula therefore lies in the answer it gives to the question of what stage the issue of a remaining Jewish presence in the Palestinian state should come in.

**DDI** considers the issue of a remaining Jewish presence at the framework stage. Indeed, **DDI** considers this to be the catalyst to entry into and pursuit and conclusion of effective negotiations.

It is only by fully bringing the settler issue into the system of give and take that the settler issue can ever be resolved to both sides' satisfaction, and, by extension, that a win-win – and therefore sustainable – final status agreement is possible. The focus must be on turning the problem into a solution, thereby expanding the value of peace. Seizing heretofore neglected value considerations will give the parties the sense of direction needed in order to enter into meaningful negotiations in the first place. The reciprocity anchored in the generous Palestinian concession allowing a Jewish presence to remain under Palestinian sovereignty would render negotiations dynamic, creating a mechanism for give and take where all issues in dispute can be traded off against one another. Linear, narrowly-framed intra-issue trade-off would give way to dynamic inter-issue trade-off, vastly boosting the chances of circumventing and breaking through deadlock and arriving at agreement.

When settlers are given an option to remain, they would not be remaining as settlers, but as fully integrated Jewish minority members, individually and not collectively, and subject to agreement by the Palestinian authorities. By virtue of its inclusion in the framework for final status negotiations, the option to remain would also be subject to reciprocity implications in the framework. Beyond the recognition of the generosity of the underlying Palestinian concession and the win-win value which would be generated through the resulting give and take, such a step by the negotiators and brokers would also serve as recognition that a vehicle for acceptance needs to be built into the two-state solution if it is to ever be viable.

It is thus as a result of the interim approach to conflict resolution finally giving way to the comprehensive approach that **DDI** fully upgrades the Clinton Parameters and in turn unlocks the potential for regional normalization of relations and democratization as well as the region's capacity to effectively fight terrorism and reabsorb displaced peoples.

**DDI** recalls:

- the presence on the ground of two peoples respectively in need of an independent state within which to express their national identity in a democratic setting as the reason why a two-state solution must be pursued to its conclusion;
- that if we allow the two-state solution to fail, the substitute will not be a binational one-state solution but a persistent conflict based on an existential crisis which does not know any middle ground;
- the reality that within a two-state solution each state will have an irredenta in the other's state, and that, if the parties are to reach a sustainable agreement, the overlapping sense of belonging of both peoples to all of the land cannot be overlooked, but rather must be built into the solution, and indeed harnessed;
- that at the foundations of the conflict are deep emotional considerations, and that, if the parties are to reach a sustainable agreement, the emotional and narrative-based aspects of the disputed issues in the conflict – particularly as concerns respective needs for a sense of acceptance, recognition of suffering, and equal treatment – must be built into the solution from the ground up in a way which, reaching beyond words alone, translates into actions;
- the growing consideration in the mainstream discourse on the ground on the two-state solution of the conflict resolution opportunities afforded by a Palestinian concession allowing a Jewish minority to stay in a Palestinian state under Palestinian sovereignty;
- that in order to reach a successful conclusion of future negotiations between the parties, it will be necessary to consider the settler issue in its full depth, thus necessitating, going forward, a treatment of this core issue which goes beyond annexation, blocs, and swaps alone, and reaches for an understanding of the value that could be created by exploring its potential in the context of Israeli-Palestinian, Arab-Jewish reconciliation and economic capacity-building for the Palestinian state;
- that a Palestinian concession on the settler issue allowing a Jewish minority to stay would also offer game-changing opportunities for negotiations through a kick-started process of give and take which could propel the parties to final status agreement, under the condition that the engagement of this great Palestinian concession would be predicated upon the formulation of a comprehensive diplomatic framework, with full backing from the international community, which ensures full reciprocity in negotiations;
- that, indeed, based upon past experiences, in light of the inevitability of further deadlock in future negotiations, the parties and brokers should dedicate significant thought to not only the substantive issues in dispute, but also the procedural side of negotiations, namely how to combine the substantive issues in dispute so as to create a system of give and take which maximizes the potential trade-off possibilities within and between issues;
- that a comprehensive and integrated framework for peace is the only effective diplomatic tool to channel the parties to a final status agreement, as only it can provide an endgame vision to negotiate toward, and as only it can allow for movement away from negotiations conducted on a disjointed, issue-by-issue basis, and toward negotiations which, in recognition of the interlinkage of all issues in the conflict, deals with these issues simultaneously through a dynamic system of trade-offs within and between the issues;
- the need for an endgame vision of two co-operative but independent sovereignties ensuring in both states the full expression of national identity through both civic democratic and ethnic means, and thus looks ahead to mutual recognition by the parties of the State of Israel as an independent and pluralist democracy and the national home of the Jewish people with a permanent Palestinian Arab minority enjoying full citizenship rights, and the State of Palestine as an independent and pluralist democracy and the national home of the Palestinian people with a permanent Jewish minority enjoying full citizenship rights;

- the overriding need, in the context of the shifting security landscape in the Middle East, for a new and highly co-operative regional security framework, and looks ahead to the forging of a democratic core in the Middle East of Israel, Palestine, and Jordan, with the aim of gradual enlargement to include Egypt and other neighbors;
- that, as Jerusalem is greater than the sum of its parts, the solution as to how to share it must be integrated within the rest of the two-state solution as well as with the broader regional and religious dynamics, and as such Jerusalem must be considered comprehensively and, where relevant, incorporated into the full system of trade-offs;
- Europe’s historic responsibility toward the conflict, its promise of support in its June 1980 Venice Declaration, and its commitment to minorities as expressed in the June 2008 Bolzano Recommendations, and that, while the U.S. will inevitably be the lead player in the international community, the EU, in its capacity as key to international legitimacy, must also play a decisive diplomatic role in order to help achieve a successful outcome, lest the process fails;
- the historic opportunity, which we must not take for granted, presented by the Arab Peace Initiative to provide the necessary regional buy-in to a solution – including through economic normalization, heightened regional security co-operation, and the presentation of a path toward full acceptance of Israel within the region – but also that activation of this potential will only arise in the context of an implementable Israeli-Palestinian endgame vision in which both sides feel they are gaining; and
- that the litmus test for a sustainable peace will be the successful construction of a new order which achieves legitimacy among stakeholders across the security, socio-economic, and political spectrums of the two states.

## THE DDI PROPOSAL

1. The **DDI FSNF** envisages a just and viable outcome to fresh negotiations being based upon a final status agreement ensuring the co-existence of two peoples across two independent, pluralist democratic states, Israel and Palestine, through a reciprocal minorities structure, Palestinian Arab in Israel and Jewish in Palestine, which preserves the states’ respective majorities and national character. The **FSNF** focus makes possible a successful engagement in purposeful negotiations within a limited timeframe by addressing key Israeli and Palestinian legitimate demands, and translating them into acceptable two-way offers. It calls for trade-offs within a comprehensive framework, meeting Palestinian needs for a homeland and responding to Palestinian expectations relating to, principally, 1967 borders, Jerusalem, refugees, and natural resources. In parallel it responds, principally, to Israeli security needs, as well as expectations relating to acceptance of the Jewish presence during peacetime, and the recognition of the Israeli state as the homeland of the Jewish people. The **FSNF** looks to agreement to a permanent Jewish minority presence within the Palestinian state, fully integrated under Palestinian sovereignty, as opposed to in enclaves, as reciprocated through the newly possible dynamic system of trade-offs offered by the framework and reflected by full civil rights for the Arab minority in Israel. **DDI** envisages a framework which promotes an outcome prioritizing the security, independence, democratic nature, and economic viability of both states, and addressing the emotional core of the conflict. **DDI** offers a solution based on the foundational principle that if Israelis and Palestinians, Jews and Arabs are going to have to live together, they should learn to benefit from each other. The **FSNF** provides the parties with the means of solving their problems together.
2. Negotiations within the **DDI FSNF** would be grounded in relevant international resolutions and successful elements and constructive understandings of, as well as lessons learned from, earlier negotiations. They would be squarely grounded in the Arab Peace Initiative and focused on the particular need in the region for the viability and collective security of the three states of Israel, Palestine, and Jordan.
3. The Palestinian state would be based upon 1967 borders, preserving space, contiguity, and natural resources, while offering Israelis on an individual basis, and by mutual agreement, the option to

remain, first as residents, and eventually as co-citizens of the Palestinian state. All settlement structures remaining within the new Palestinian state borders would be converted into civilian communities under Palestinian sovereignty. All physical and economic infrastructure would be preserved, inclusive of settlement industries, industrial zones, and agricultural establishments. **DDI** would ensure territorial swaps remain limited in nature, minimizing population displacement and ensuring Palestinian territorial contiguity and the viability of its capital in East Jerusalem. Co-operative private-public sector support on both sides of the final border between the two states would underpin the transformation of the transferred economic infrastructure, and would prioritize the need for accelerated economic development of the Palestinian state in order to ensure its viability and in order to enhance its capacity to absorb returnees.

4. The Israeli state would, in response, guarantee its Palestinian Arab citizens' full rights, social, economic, and political, with special guarantees for land ownership rights. The **DDI**'s dual minorities structure would create the fresh incentives and new diplomatic context needed to underpin the establishment of new and dynamic Palestinian Arab communities, and to ensure Israel's permanent minority enjoys equal opportunities in all sectors of the Israeli economy, both private and public.
5. The **DDI FSNF** looks to capacity-building and reciprocity as a means of resolving the refugee problem. While the Palestinians, conceding a settler option to remain, would offer the Israelis a means of solving the settler problem, locked in this solution of the settler issue would also be a means of resolving the Palestinian refugee problem. Through mutual accommodation, the parties would be able to turn the settler issue from a problem into a solution by transforming and harnessing former settlement economic infrastructure under Palestinian sovereignty in order to accelerate growth of the Palestinian economy for the benefit of all of Palestine's citizens, Arabs and Jews alike. Turning both settlers and refugees into citizens, the new Palestinian state would provide a means of humanizing both groups in the context of a new state of fresh opportunities which replaces conflict with the foundations for co-operation and mutual support. Pursuant to such strategy and mechanism, a final status agreement based upon the **DDI FSNF** would foresee compensation to all refugees. Refugees living outside historic Palestinian territory and electing to come back to Palestine would become full citizens, be offered housing and employment, and would undergo a transformation from deprivation and dependence to economic and social renewal and growth. A possibility of refugee return to modern-day Israel would be left open to the extent that returnees would contribute to the Israeli state and that, quantitatively, returnees would not threaten the demographic balance of the state. To this end, in recognition of the demographic constraints on both Israel and Palestine of accepting, respectively, the other's citizens, **DDI** foresees a carefully managed process of resettlement of Israeli settlers and Palestinian refugees across the two states in a manner which does not threaten the equilibrium of either state. This process would be governed by an agreement on population movements, forming part of the final status agreement, which would preserve the independent national identities of the two states, Arab and Jewish. With this in mind, any Palestinian citizen who will have resided continuously in the Palestinian state for five to seven years following final status agreement, could, by mutual Israeli-Palestinian agreement, be granted the opportunity to apply for citizenship in Israel. The agreement on population movements would set demographic limits which reflect the relative territorial sizes of the two states, and, in the spirit of reciprocity, would govern the number of Israelis granted and electing to exercise the option to remain in order to become citizens of the Palestinian state. The **FSNF** encourages the parties to explore the trade-off opportunities which become possible under the **DDI**, especially in the context of the most sensitive and stubborn issues in the conflict. Of particular relevance to the refugee issue, the **DDI FSNF** stresses and makes possible trade-off both within and between issues. As such, **DDI** invites the parties to consider trade-off opportunities within a comprehensive refugee compensation package comprising of monetary compensation, options of work, and options of return. The **DDI** emphasis on treating the settler issue as a vehicle for acceptance within the two-state solution would accordingly, within the **FSNF**, provide the parties with a basis for reaching closure on the narrative issues arising out of the historic yet ever present Palestinian refugee crisis.

6. The **DDI FSNF** foresees Jerusalem becoming the shared capital of the two states and taking the form of a socially and economically cohesive whole, not least as a focal point for Israeli-Palestinian shared tourism initiatives, key to both states. With seamless functioning across sovereign lines and separate but co-operative municipalities, West Jerusalem would become the Israeli capital and East Jerusalem the Palestinian capital. **DDI** invites the exploration of the modality of dual citizenship throughout the framework as a means of preserving the separate identities of the two independent states, and as a means of offering the parties' respective peoples a new dynamic pursuant to which mutual accommodation, as well as economic and social transformation, could be developed and sustained. The modality of dual citizenship becomes particularly relevant to the complex and overlapping Arab-Jewish presence in the dual capital. **DDI** offers opportunities for a more accommodative political, social, and economic geometry in Jerusalem, easing the approach to the otherwise nearly impossible challenge of separating the two communities, Israeli and Palestinian, while ensuring distinct and independent sovereignties.
7. Following final status agreement and during a five- to seven-year transition period to full independence, the security of all citizens of the Palestinian state would be the shared responsibility of the Israeli and Palestinian states. Following the dismantlement of the current separation barrier, which would become redundant under **DDI**, and the establishment of new and secure borders, to be completed during the five- to seven-year post-signing period, no Israeli military presence would remain in the Palestinian state. Because of the demilitarized nature of the Palestinian state, the Palestinian state would, in order to ensure its own security, need to host international forces along its borders as well as, where necessary, within its territory. Under **DDI**, building upon existing arrangements, the parties would be encouraged to devise a collective security structure across the three states of Israel, Palestine, and Jordan, as underwritten by the international community.
8. Based upon the parties' understanding of, and in principle agreement to, the intended final outcome of a negotiation process, as embodied in the **DDI FSNF**, and the spirit in which the negotiation process is to be conducted, the parties would take confidence-building steps consistent with these final status objectives. Assured by the substantive and procedural strengths of a framework grounded in the **DDI** paradigm, the parties would be able to minimize calls for, and look beyond, preconditions as a means of attempting to re-enter meaningful negotiations. The **DDI FSNF** foresaw the offer by the EU of the establishment of a special relationship with both states in the context of a final status agreement, believing that, extended beyond the European Neighborhood Policy, such a redefined relationship would provide the parties with a strong incentive for not only substantive re-engagement in final status negotiations but also the achievement of an early and lasting, just, and viable peace agreement. However, applied within the context of the **DDI** paradigm – which provides unique possibilities for Israeli-Palestinian economic co-operation and for the transformation of the Palestinian economy – the EU's offer takes on a wholly new and more effective meaning.
9. Failure to achieve re-engagement, the result of failure to define an alternative and implementable framework, particularly in this period of rising tensions in Gaza and the West Bank, simultaneous eruptions elsewhere in the Middle East, and of global economic challenges, will continue to place an extremely heavy economic, political, and security burden on the international community, and particularly on Europe. While the **DDI FSNF** and possible derivatives of this framework cannot be imposed upon the parties, it could be made clear to the parties that failure to re-engage on the basis of a reasonable and mutually just basis may no longer be acceptable, sustainable, or endlessly underwritten.
10. Building upon extensive private preparatory work since the inception of the ideas in October 2006, the **DDI FSNF** could be initially and effectively explored by the U.S., in co-ordination with a revitalized Quartet. There is a need for supportive action by the Quartet with full participation of and active diplomacy by all other members, the EU, Russia, and the UN. The Quartet partners, as well as relevant Arab states, in particular Jordan, could explore the **DDI FSNF** with both parties to the conflict, without expecting either side to publicly propose or react to it, and thus lay stable foundations for a reinvigorated negotiation process.

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