

# Conditions for Peace between Israel and Palestine

It is time to revisit the only peace plan that can end the conflict: an equal ownership of the land by all inhabitants, under a confederation of Israel and Palestine

July 1, 2006

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Economist

With the State of Israel at war once again with Arabs, this time with Hamas in Gaza and Hezbollah in Lebanon, it is time to revisit the only peace plan that can end the conflict: an equal ownership of the land by all inhabitants, under a confederation of Israel and Palestine. Several writers have proposed such a confederation, but, aside from my own papers, the others have not confronted the land issue, which lies at the heart of the conflict.

There has been so little analysis of the confederation idea, that there has been a lack of names for the proposed union other than "Israel and Palestine." We need a distinct name for the confederation, since it could include additional states, including parts of what are now Israel and Palestine. I previously proposed "Levant," the French term for the region, but now I think a more indigenous name would be better: Jaffa, the old city now within Tel Aviv-Yafo.

Jaffa, part of the ancient Israelite tribe of Dan, was a major port in ancient Israel, and also an important Arab city during the Medieval era. Arab attacks on Jews in the early 1920s caused them to move north to resettle in Tel Aviv. Under the 1947 UN partition plan, Jaffa was to be an Arab enclave within the Jewish state. With the rejection of the plan by Arabs, the Israelis took the city in the war of 1948. In 1954, Jaffa was annexed to Tel Aviv. Today, Jaffa has Muslim, Christian, and Jewish residents. Jaffa would be an ideal capital of a confederation of Israel and Palestine, and a good name for the Confederation.

The heart of the conflict between Israeli Jews and Palestinian Muslim and Christian Arabs is the ownership of the land. A just resolution needs to take a strictly neutral position. Pure neutrality implies human equality and endows every resident of the territory an equal right to the land. The only practical implementation of equality is for each permanent resident to have an equal share of the land rent, as the rent reflects the benefit from the land.

There needs to be an institution that collects and distributes the land rent, and this would be the Confederation of Jaffa. Every person and organization possessing land, including governments, would pay the market rent of land to the Confederation. The two initial states of the Confederation would be Israel and Palestine, with Palestine having initial jurisdiction of the territory now under the Palestinian National Authority established in 1994.

Strict neutrality and human equality also implies that each person be affiliated with a government only by his consent. Any resident could secede from either state and become a citizen of the Confederation or create a new state within the Confederation if he can gather a sufficient minimum number of people. A state, however, could not expel any citizen.

The rent would be distributed in two amounts. Half the rent would pay for the expenses of the Confederation. The other half would be periodically distributed to the residents. Thus each person would see a concrete benefit as an equal owner of the land.

Those currently having possession of land could stay where they are. Palestinians would in effect be receiving rent from the lands held by Israelis, so they would be compensated for not being able to

The State of Israel would retain its military and be able to protect itself from those Arabs who would reject the peace plan. The opposition to Israel and Zionism by some Muslims has several levels. The most extreme level is an opposition to there being any Jewish presence at all in the region. A just peace plan requires above all that each party accepts the right of the other party to live in the region. The Confederation and Israel would have to defend themselves from Muslims who take this extreme position. Most likely only a small minority of Muslims hold this view.

The next level is an opposition to the State of Israel. This opposition would become muted if there is a Confederation under which Arabs are no longer ruled by Israel. Again, Israel would have to defend itself from those Arabs who violently oppose any State of Israel. If the world, including the Arab states, recognize the Confederation, then much of the violent opposition would cease, because it is the hope, however unlikely, of toppling the State of Israel, and the hoped for support from other Muslims, which fuels the terror inflicted on Israel, and in turn induces the violent Israeli attacks which we are now witnessing.

The global community needs to implement the Confederation of Jaffa even in the face of opposition by some Israelis and Palestinians. If governments do not seek the Confederal solution, then peace groups and pro-justice individuals should do so. Let us recognize the Confederation of Jaffa as the legitimate government of Israel and Palestine, and equal rights to the land as reflected in its rent, as the unique just solution to the conflict. Let there be a global organization of those who recognize and promote this peace plan, and let this grow until those who have power are compelled to confront the idea of Confederation with equal rights to the land.

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**FRED E. FOLDVARY, Ph.D.**, (May 11, 1946 — June 5, 2021) was an economist who wrote weekly editorials for [Progress.org](#)

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Foldvary's commentaries are well respected for their currency, sound logic, wit, and consistent devotion to human freedom. He received his B.A. in economics from the University of California at Berkeley, and his M.A. and Ph.D. in economics from George Mason University. He taught economics at Virginia Tech, John F. Kennedy University, Santa Clara University, and San Jose State University.

Foldvary is the author of *The Soul of Liberty, Public Goods and Private Communities*, and *Dictionary of Free Market Economics*. He edited and contributed to *Beyond Neoclassical Economics* and, with Dan Klein, *The Half-Life of Policy Rationales*. Foldvary's areas of research included public finance, governance, ethical philosophy, and land economics.

Foldvary is notably known for going on record in the *American Journal of Economics and Sociology* in 1997 to predict the exact timing of the 2008 economic depression—eleven years before the event occurred. He was able to do so due to his extensive knowledge of the real-estate cycle.

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