Is the Two-State Solution Still Valid? Yes, But a Preparation Period is Needed

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Donald Trump's return to the White House will likely be accompanied by a regional diplomatic initiative, running parallel to the fragile agreement between Israel and Hamas. This raises the question: Is the two-state solution still viable based on the parameters that guided the last effective negotiations between Ehud Olmert and Mahmoud Abbas at Annapolis in 2008?

The answer addresses two main components: examining feasibility in spatial-demographic-economic, political, and social dimensions—each being necessary but insufficient—and creating physical conditions for a gradual separation and rebuilding of trust between the parties, requiring both to settle for "half their desires."

An in-depth examination of the West Bank's spatial reality reveals a complex picture of demographic distribution and spatial control. In Areas A and B, which constitute nearly 40% of the West Bank, more than 2.5 million Palestinians live, plus about 400,000 in East Jerusalem. The built-up area in these regions spans 710 square kilometers—about a quarter of the West Bank.

These areas have no permanent Jewish presence, except for eight illegal outposts in Area B, half of which are defined as agricultural farms with one family each. Six are located in the so-called "Consensual Reserve" southeast of Bethlehem. Two additional outposts are in the Ramallah area, one near the Ofra settlement and the other in Turmus Ayya village territory. Importantly, all lands in Areas A and B are Palestinian-owned, either state or private property (source: "Peace Now").

In Area C, the picture is more complex: As of late 2024, there are 134 settlements and 221 illegal outposts (66 established during the current war). Despite the large number of Jewish communities, their built-up area is only 1.6% of the West Bank. Meanwhile, Palestinian settlement in Area C includes about 1,100 communities, covering 140 square kilometers—2.4% of the West Bank.

Another significant fact is that about 81% of Palestinian settlement in Area C is actually a natural extension of communities located in Areas A and B, where construction has spilled over into Area C. The Palestinian population in Area C numbers about 400,000 people—45% of the area's total residents. Adding to the complexity is the fact that 52% of Area C—the core of West Bank settlement—is privately owned Palestinian land.

Israeli Central Bureau of Statistics data for late 2024 paint a complex picture of Israeli presence in the West Bank: While it numbers 511,908 people, the demographic trends appear negative. This year, like three of the past five years, there is a negative migration balance (more leaving

than joining), with a significant decline from 1,359 newcomers in 2023 to 1,880 departures in 2024.

This gloomy picture is reflected in both international migration (between the West Bank and abroad), which deteriorated from 809 to minus 284, and in internal migration (between Israel and the West Bank), which plummeted from 550 to minus 1,596. Population growth relies solely on natural increase, which rose from 12,499 to 12,998, with 58% concentrated in ultra-Orthodox settlements, particularly Modi'in Illit and Beitar Illit.

In a broader view, settlers currently represent only about 5.14% of Israel's population, 15% of the West Bank population, and 55% of the population in Area C. These figures point to a significant demographic shift, raising serious questions about the future of settlement and its social composition.

Regarding the economic feasibility of a two-state solution, examining relations between Israel and the Palestinian Authority indicates a trend of increasing dependency. According to research by Dr. Roee Faiberg from the "Tamrur" research group, Israel is the PA's main trading partner, with annual trade volume of 5-6 billion dollars. The data show that about 65% of Palestinian imports come from Israel, and 85% of Palestinian exports go to the Israeli market.

Another dimension of economic dependence is reflected in the labor market. Until the outbreak of the current war, about 130,000 Palestinians worked legally in Israel and the settlements, with another 50,000 working without permits. The war led to a dramatic surge in unemployment in the Palestinian Authority, from 25-30% to 50-60%, with unemployment particularly high among young people.

The budgetary picture further emphasizes Palestinians' deepening dependence on Israel. Of the PA's annual budget of 5.6 billion dollars, the portion of tax money Israel collects for the Authority has grown from 40% in 2010 to nearly two-thirds today. Meanwhile, funding from donor countries has significantly decreased, from 39% to just 4% of the PA budget. These figures reflect deepening economic dependence between the PA and Israel, originating in the "Paris Protocol."

The demographic and economic reality among Israelis presents a complex and difficult picture: The rise in the proportion of ultra-Orthodox, who now constitute 36% of the West Bank's population, alongside the decline in secular residents to 26%, reflects a profound change in the settlers' socio-economic fabric.

Striking statistics: 37% of settlers belong to the lowest socio-economic cluster, with another 9% in clusters 2 and 3. This means nearly half the population lives in deep poverty—ten times the Israeli average. The state tries to bridge this gap through government subsidies at twice the national average, but this is a problematic and unsustainable solution.

The demographic and land data in the West Bank paint a clear picture: Palestinians hold a significant demographic majority and spatial dominance, both in terms of land ownership and

built-up area. This reality presents annexation advocates with an insoluble dilemma: either losing the Jewish majority or giving up Israel's democratic character.

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Nevertheless, separation can be achieved through land swaps of about 4% of the West Bank's area. Such a solution would allow preserving 80% of the Israeli population currently living beyond the Green Line under Israeli sovereignty, while maintaining territorial continuity and the fabric of life for both Palestinians and Israelis.

The practical challenge of evacuating Israelis centers mainly on employment and housing aspects. Detailed analysis of the data shows the challenge can be addressed: Regarding employment, since 50% of settlers are children, their average employment rate stands at 63%. Of these, 62% already work in Israel, and 6% are retirees. This means only about 3,500 new jobs need to be created annually for five years (almost all in education and welfare systems). This is a modest challenge compared to Israel's job creation rate of about 100,000 new positions annually.

In housing, based on the percentage of adults over 19 (50%) and the marriage rate in this age group, 6,400 housing units would need to be built annually for five years. This too is an achievable goal considering Israel's annual construction pace of about 55,000 new housing units. These figures emphasize that from a spatial perspective, separation between the two peoples within a two-state solution framework is feasible, especially if implemented over a five-year period.

Regarding the feasibility of a diplomatic settlement in the political dimension, the picture is more complex and includes challenges and contradictions. On the Israeli domestic front, the current government, relying on a Knesset where 16 MKs live in settlements and outposts, categorically rejects any arrangement including the establishment of a Palestinian state. In monitoring government and Knesset committee decisions over the past two years, almost no mention of a long-term solution to the conflict was found.

Even in the opposition, there is reluctance to return to the Annapolis parameters. Meanwhile, the PLO, despite its official support for the two-state solution, faces significant internal challenges: loss of control in Gaza, Hamas's opposition to the two-state solution, splits within Fatah, and lack of public legitimacy. All these make it difficult to promote a diplomatic agreement.

However, the regional system has undergone dramatic change since October 7. Research by Dr. Moran Zaga from "Tamrur" reveals that six key Arab states—Egypt, Jordan, Bahrain, UAE, Qatar, and Saudi Arabia—directly link ending the fighting in Gaza with progress toward a comprehensive diplomatic solution. These countries see the two-state solution as a key to regional stability and promote a shared vision linking the region's future to a sustainable resolution of the Israeli-Palestinian conflict.

The international arena shows a similar trend, with a sharp rise in declarations of support from the UN and European Union for the two-state solution. In the US, despite declining support for

this solution since Trump's victory, an assessment is emerging that a broad diplomatic initiative is needed to remove Hamas. The American plan aims to establish a regional defense alliance under its auspices to contain the "axis of chaos and terror" led by Iran.

The analysis reveals that Israel is diplomatically isolated due to its opposition to returning to a diplomatic process. The future of its position largely depends on the incoming American president's policy, who will need to deal with the Arab position conditioning normalization with Israel on progress in the Palestinian track.

As for feasibility in the social dimension—public opinion research conducted by Professors Sivan Hirsch-Hoefler and Gilad Hirschberger from "Tamrur" reveals an interesting picture of Israeli public attitudes regarding the territories' future. The December 2024 findings show a clear split: 50% of the Jewish public supports separation from Palestinians, either through a bilateral agreement (25%) or unilateral action (25%). The other half advocates continued Israeli control, either through formal annexation or maintaining the status quo.

Two prominent trends have emerged over the years among the Israeli-Jewish public: a dramatic decline in support for the two-state solution, from 47% in November 2018 to 25% in late 2024, and a significant rise in support for maintaining the status quo, from 9% to 22% in the same period. Support for annexation also rose from 17% to 28%. These changes reflect a profound process that began well before the October 2023 events.

Among Israel's Arab public, the picture is completely different, with 84% supporting separation, including 58% through a two-state solution. Additionally, research by Dr. Maoz Rosenthal from "Tamrur" on discourse as expressed in social media, party leader statements, and print media ("Haaretz," "Israel Hayom," "Yedioth Ahronoth") reveals that no significant discussion of a permanent solution to the Israeli-Palestinian conflict is taking place.

Only after building mutual trust and proving Palestinian governance can substantive negotiations on a permanent arrangement be held

On the Palestinian side, surveys conducted by the Institute for Social and Economic Progress indicate 69% of Palestinians support a two-state solution based on the 1967 lines, and 42% support a single state with equal rights. Research by Dr. Ronit Marzan and Sigalit Maor from "Tamrur" points to a significant change in Palestinian influencers' discourse on social media: an 80% decrease in using terms related to military and religious activism, in favor of discourse emphasizing media, cultural, and political activism.

Above all these data looms the trauma of the October 7 massacre and its implications for Israeli society, alongside the extensive destruction and heavy casualties in Gaza and their impact on the Palestinian side. These residual effects pose a significant challenge to any future solution.

The comprehensive review above raises a central insight: While there is spatial feasibility for a two-state solution, the political and social barriers, especially on the Israeli-Jewish side, require adopting a gradual approach. Instead of immediately pursuing a permanent arrangement, a

preparation period is needed to build the conditions and trust necessary for significant compromises.

I propose a diplomatic framework for resolving the conflict focused on two main axes: The first is creating legitimate partners. In Israel: holding elections to form a government that renews commitment to the two-state solution based on traditional parameters. On the Palestinian side: holding presidential and parliamentary elections for the PA and PLO, aiming to create a unified and legitimate leadership including all factors that recognize Israel.

The second axis is building territorial and economic infrastructure to enable Palestinian governance: creating Palestinian territorial continuity in the West Bank by transferring parts of Area C to PA authority, including 2% of the built-up area that has spilled over from Areas A and B into Area C, based on Sharon and Olmert's plans, while deploying Palestinian police forces in these areas under agreed performance metrics.

In Gaza, the IDF would withdraw and Palestinian police would be deployed, with the possibility of Arab force reinforcement. The continuous connection between Gaza and the West Bank would be restored via railway (the "Safe Passage"), by completing the track from Erez Crossing to Tarqumiya Crossing. The Paris Economic Protocol would be updated, including establishing an independent mechanism for clearing Palestinian indirect taxes. An international mechanism would be established to finance the process. Normalization between Israel and the Arab world would be promoted, especially in the context of building a regional alliance against Iran.

This framework offers a realistic framework for progress, recognizing existing political and social limitations and creating gradual conditions for building trust between the parties. This process will require considerable time and is based on a clear win-win concept: Israel will maintain substantive security authority in the West Bank, preserve the settlements and outposts, East Jerusalem, the Jordan Valley, and the border with Jordan. It will enjoy close security coordination with the PA, restoration of relations with Jordan and Egypt, and integration into a regional alliance against Iran.

The Palestinians will enjoy significant territorial continuity (albeit limited), dramatic economic strengthening, comprehensive rehabilitation of Gaza, renewal of the vital connection between the two parts of Palestine and effective governance, and will have a unified address representing the Palestinian people. The success of this phase will enable moving to negotiations on a permanent arrangement.

The main challenge, as the analysis above teaches, is not in spatial feasibility or technical issues, but in the willingness of leaders on both sides to lead their peoples to a historic compromise. The complex reality created after October 7 requires rethinking: Will we continue to be dragged toward a one-state reality, or will we find the courage and wisdom to implement the two-state alternative which, despite everything, remains possible.

The way forward necessarily passes through an interim stage: elections on both sides, gradual transfer of Area C territories to the Palestinian Authority, and restoration of the Gaza-West Bank connection. Only after building mutual trust and proving Palestinian governance can substantive

negotiations on a permanent arrangement be held. This is not a fantasy, but a complex reality requiring courageous leadership on both sides.