Who lives there? Most of the Jewish residents in the West Bank (Judea and Samaria) and Gaza are Israeli-born, white collar, young couples. The median age in Israel is twenty-nine, however in the territories the median age is nineteen. This high number of young people is one explanation for the rapid growth of the population there. Contrary to popular myth, only 50 percent of the residents are "religious." Although only 40 percent of the Jewish population work in the areas where they live, Israeli production in the territories annually exceeds one billion dollars, while the other 60 percent commute to urban centers of Israel to work.

How they live. There are approximately 140 towns and villages in the territories. Approximately 60 percent of the Jewish residents live in towns with populations between 2,000 and 20,000. The other 40 percent of the inhabitants live in smaller villages. These towns and villages are thriving communities and often provide quite innovative living experiences. For example one settlement encourages religious and non-religious populations to live and work together and even send their children to the same schools, something highly unusual in most of the country.

Why are they there? There are two major motivations for Israeli Jews to move to the settlements:

(1) Quality of life. Most of the settlements are essentially suburbs of the main population centers of Tel Aviv and Jerusalem. Outside of Israel's dense urban areas there is a better quality of living. In Jerusalem there are 1,000 people per square kilometer and in Tel Aviv the figure is close to 7,000 people per square kilometer. In the West Bank, however, there are only 300 people per square kilometer, clearly a more appealing arrangement for young families. Moreover, people want to be a part of their own communities and work to create something new.

(2) Zionist ideology. There is a strong ideological drive to return to and resettle the land of Israel. This has been vital to Jewish nationhood building across political boundaries. Growth in the territories has continued at a constant rate, even during the intifada. By the end of 1996 more than 150,000 Jews were living in the West Bank with an approximate annual average rate of growth of 10 percent and this has remained constant for the last four years, despite government changes from Likud to Labor.

Where do people live? 40 percent of the Jews reside in the "greater Jerusalem area," 40 percent live near the coastline and Tel Aviv, and the remaining 20 percent live in the Jordan Valley, southern Judea, northern Samaria and in areas closer to dense Palestinian populations.

If nothing dramatic occurs in Israel or the region as a whole, the current level of growth is expected to be maintained. Thus by the year 2000 the population of Jewish inhabitants will reach approximately 220,000. These people are an integral part of Israeli society. With Israel's relatively small population, 150,000 settlers means that more than half of Israel's population has a relative or friend among them. This may have affected the Israeli consensus which produced the Belin-Eitan agreement on the future of the settlers. This bi-partisan agreement concluded that the communities in Judea and Samaria should not be uprooted, the majority of the settlers should remain under full Israeli sovereignty, and the minority should maintain full citizenship while granting special status to their communities, including continuing relations with Israel and safe passage from those communities to sovereign Israel. This agreement reflects a mutual recognition of the reality within the Israeli populace.

The great challenge for both Jewish residents and their Palestinian neighbors is to work together to build trust and confidence rather than try to bypass one another. In this regard, there are opportunities to develop tourism jointly in Jericho and Hebron. There are numerous business interests throughout the territories which settlers and Palestinians could develop together and there are many mutual environmental concerns which must be tackled.

Settlements and final status issues. The Jewish presence in the territories as a result of these communities overlaps and supports other major Israeli final status interests:

- **External security**—the Jordan valley is Israel's best line of defense against a revived eastern front. Even in a situation of tension—and not belligerence—this area would give Israel the depth that provides alternatives to preemptive action. On the hills at the center of the territories, Israel has early warning stations for intelligence, air control etc., which would need to be maintained in the future.

- **Internal security**—the Jewish communities in greater Jerusalem and western Samaria help to protect against
potential terrorist threats to Israel's center, where 80 percent of its population is concentrated.

- Water—almost 40 percent of Israel's water originates in the West Bank. There are two aquifers in western and northern Samaria. Israel's presence and control in these areas help protect one of the region's most precious resources. The settlements do not exist apart from Israel's larger strategic interests. Rather, they are integral to a range of other key Israeli interests that must be addressed in the final status talks.

Demography and a final agreement. It is especially telling to examine the demographics of the Israeli and Palestinian populations in the territories. Roughly 90 percent of the Palestinian population lives in 35 percent of the territories, whereas only 8 percent of Israelis live in this same area. As much as 85 percent of the Israeli population lives in another 25 percent of the territories, while only 7 percent of Palestinians live in this same area. In the remaining 40 percent of the territories there is only a small population, approximately 7 percent of Israelis and 3 percent of Palestinians. However, these areas are vital to Israel's security because they comprise the Jordan Valley (30 percent) and the northern and southern security areas (10 percent).

This breakdown shows how difficult it will be to make a decision regarding further deployments and concerning the final status agreements. Consideration should be given to four basic approaches to the final status:

1. Total territorial solution—splitting the territory between the two entities (Israel and the PA) and giving exclusive power to one entity in each territory;

2. Total functional solution—dividing the functions each entity would control throughout all of the territories;

3. Differential solution—dividing the power throughout the territories depending on the population of each area with more power going to the entity with the greater population in any given area; and

4. Combined solution—partially territorial and partially differential solution, dividing part of the area on a territorial basis and sharing the rest on a functional/differential basis.

It is still not clear whether an agreement can be reached. The willingness of both parties to accept reality, to realize that the alternatives of not reaching an agreement are worse, and to make mutual concessions, will determine the chance of reaching an agreement.

Jerusalem. Although not part of the "settlements," it is important to examine the population trends in the "greater Jerusalem area" since 1967. In 1967, there were 198,000 Jewish residents in Jerusalem and 69,000 non-Jewish inhabitants. In 1995, these figures had grown by 210 percent among the Jewish population (to 417,000) and an even greater increase—252 percent—among the non-Jewish population (to 174,000). Interestingly, the annual growth rate of the Jewish population has been decreasing since 1992 from 3 percent down to 1 percent, whereas the annual growth rate of the non-Jewish population has increased to about 4 percent in 1995. Against this background, among other things, Israel's need to build in Har Homa should be examined.

This Special Policy Forum Report was prepared by Lauren Rossman.