

Point of View #83

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Potential Collapse of the Palestinian Authority: Nightmare for Israel, Fantasy for the BDS Movement

The deduction of the Palestinian Authority tax revenues, which Israel collects for the PA who then allocates them to "[prisoners, released terrorists, and families of shahids](#)," was rejected by the PA. The PA insisted on returning funds and is now on the verge of economic collapse. The consequences of a PA collapse in the West Bank will yield far more serious ramifications for Israel than a possible cancellation of Eurovision due to fire from Gaza. This is especially true if the collapse is accompanied by an official Palestinian declaration that they no longer demand an independent state, but rather demand that Israel give full civil rights to all Palestinians.

The Issue

- **The Palestinian Authority is holding on by a thread** as a result of cuts in US aid budgets and the withdrawal of US donations from UNRWA. PA wages endured further cuts after the PA insisted on returning Israeli tax revenues again last week.
- **The PA has no raison d'être other than to provide salaries which it (no longer) pays.** While the PA maintains public order and service provision, the political path it represents has failed to realize the establishment of a sovereign Palestinian state or Palestinian self-determination. Hamas' tactical achievements in Gaza alongside the unlikely success of a Trumpian Middle East Peace Plan to establish an independent state, further heighten the PA's irrelevance for its constituents and subsequent illegitimacy.
- **The erosion of the brake-like functions will make this crisis very difficult to overturn.** The passing of Israel's decision to deduct PA funds as an official law will be very complex to amend. This takes place at an all-time low-point in US-PA relations that have ultimately put the US government's ability to mediate the current situation in question; especially as Egypt's diplomatic efforts have narrowed focused on mediating Hamas-led Gaza.

Why is this Important? Why Now?

- **A Palestinian inversion towards Palestinian statehood.** The last decade has witnessed an [ideological shift](#) within Palestinian society, where an independent Palestinian State has become so unrealistic that many opt for Israel to provide full equality to all Palestinians.
- **Officially returning the key to Israel: The collapse of the PA may represent not only an "administrative collapse" but a "declarative collapse."** The collapse of the PA will open the door to more than just chaos or the potential Hamas-takeover of the West Bank; A possible official Palestinian declaration waiving their demand for a state alongside Israel, and demanding for "one man, one vote", would place Israel in a political conundrum.
- **The collapse of the PA may invert the support of the international community of a two-state for two people solution,** as the option of annexing the West Bank gains momentum in Israel.
- **Such an international inversion will be the realization of a BDS fantasy.** Without a political agenda advocating separation, the delegitimization campaign and the comparison to apartheid that is propagated by the BDS movement will likely gain momentum, even among Israel's friends. Should the next US government be lead by a Democrat, Israel is liable to face its most serious political crisis since its establishment.

Policy Options

- **Strengthening the PA and creating a viable political horizon are the keys to breaking the long-term standstill with the Palestinians in the West Bank as well as possible answer to establishing a viable and constructive Palestinian alternative to Hamas in Gaza.**
- **Such a response is inconsistent with the current Israeli approach and tactics, which consider the PA a threat to Israeli interests, sometimes more so than the security threat posed by Hamas:**
 - There is an Israeli duality in regards to the PA. On the one hand, the existence of the PA fulfills Israel's security needs. On the other hand, Israel considers the PA to be politically hostile.
 - Israel's actual approach reflects a perception that it is easier to reach a non-political agreement with Hamas on the basis of deterrence than to conduct politically with the PA and the PLO.
- **The collapse of the PA may be a security and political catastrophe. Therefore in the short term, it is in Israel's clear interest to immediately transfer tax revenues, even if it must forego compensation.**