

the past, some of these pressures have encouraged firms and the executives who run them to behave more responsibly while other pressures have rewarded unethical behavior. Our challenge is to restructure those incentives so as to make it in the self-interest of more firms to behave more responsibly more of the time. But in our legitimate efforts to discourage and penalize “infectious greed,” we should not overlook the important ways in which corporate performance has also improved.

Peace before Justice: Settling the Palestinian-Israeli Conflict

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As violence in the Middle East continues, hopes for a settlement have been further dimmed by an alarming polarization. Palestinians and Israelis have returned to the language of maximal demands, and to pointing fingers at all that has gone before. This trend can only make peace more elusive.

For now, we say, seek peace, not historical judgment. Far too much public discourse focuses on who is to blame—and by implication, who should carry the main burden of ending hostilities and settling the conflict.

Those who blame the intifada want the Palestinian Authority to suppress it. Those who blame Israeli occupation of the West Bank want Israeli troops withdrawn. One side points the finger at Israeli Prime Minister Ariel Sharon and seeks his removal, the other at Palestinian leader Yasser Arafat and seeks his.

Trying to sort out who has been most abusive, who has suffered more, and who has stronger claims will only extend the bloodshed. For now the focus should be on finding a formula that allows both sides to live together.

We say “for now” because once peace is firmly established, there will be time for a truth commission to look into matters of blame and justice. After all, even in other parts of the world, from South Africa to Argentina, such investigations took place after a new regime was established. Even there, the main purpose was reconciliation and healing rather than incrimination.

To envision peace, we must flesh out at the outset the “final status,” the vision of what the world is going to look like—one in which a Palestinian state and Israel will live together, both not merely recognized by all governments but also enjoying normal relations with them.

To argue that political negotiations about the final status must await cessation of hostilities is to seek to prevent them from taking place. To hold that we can fight and talk is equally untenable. Clearly, a significant scaling back, especially of attacks on civilians by Palestinians and military control of civilians by the Israeli army, must and can take place for a fleshing out of the final status to proceed.

We say fleshing out, because there is a surprising, widely shared informal understanding of what the outline of the final status is likely to be. It would entail a fully independent, viable, contiguous Palestinian state and a secure Israeli one. Their borders would be roughly along the 1967 lines, with some possible land swap between the two, based on mutual agreements.

Granted, this shared understanding seems not yet to extend to notions about Jerusalem, although even here there is much support on both sides for some kind of compromise.

It is precisely because “the basics” are in place that there is room for working them out in more detail. Without such a clear vision, it is hard to see people on either side putting new hope into what must be their shared future.

No settlement can be complete, or even merely reasonable, without attending to the refugees, including getting them out of camps. Ignoring their conditions, rights, and aspirations is not conducive to a lasting peace.

Two criteria must be met, beyond financial compensation. First, because a two-state solution is based on the notion of self-determina-

tion for two peoples, the Jewish character of Israel must be preserved through a robust Jewish majority. The second is that a solution must not be imposed on the refugees. They must be offered several options for permanent settlement, including in the Palestinian state.

Whatever final status agreements are made, the process must involve the people on the ground, not just diplomats. There has been too much death and destruction, too much hate and mistrust, and too much discourse of intransigence to overcome quickly.

Hence, while negotiations take place, we call for a process of cooling off, of preparing the public for compromise. Some unilateral gestures would help, such as under-responding rather than over-reacting to perceived transgressions; dismantling of some of the outlying Jewish settlements; and the arrest—and continued detention—of those who ignore the Palestinian Authority's ban on attacks on civilians.

A settlement of the Palestinian-Israeli conflict, or even the Arab-Israeli conflict, will neither end troubles in the region nor the challenges facing U.S. policy, but it is an important step toward tackling many of the region's ills. No issue is as critical to the political psychology in the region or to the perceptions of America as the Arab-Israeli conflict.

Clearly, the official positions of Israeli and Palestinian leaders are far from our outline of a settlement. Public support for tougher positions has also increased with every death, because people are losing faith in the possibility of peace—even as majorities continue to crave it. Among Americans who care about Arabs and Israelis, we find many who have been pained not only by the bloodshed, but also by the polarization of the past few months—but who refuse to be drawn into separate camps. Polls indicate they may even be a torn silent majority.

Now is the time to rally behind a vision of a fair, peaceful option that saves lives, and to postpone an accounting of history.