AS the formal Middle East peace process recedes further, a new cancer is growing that may render any formal agreement worthless anyway: intensifying incitement of hatred against "the other side".

As with many aspects of the Israeli-Palestinian conflict, both sides have extremists who could destroy remaining goodwill.

On the Arab side, new research shows a disturbing policy of incitement from the time Palestinian children begin school.

And the Palestinian Authority continues to glorify terrorists. The PA's Minister for Prisoners' Affairs, Issa Karake, last month visited the family of the man who planned Israel's Passover massacre, Abbas Al-Sayed, and gave them a plaque to mark the anniversary. In March 2002, a man whom Al-Sayed had coached and videotaped walked into a hotel in Israel as hundreds took part in Passover dinners and detonated himself. Thirty people were killed and dozens injured.

On the Israeli side radical attitudes are being pushed by leading rabbis and Jewish extremists are also celebrated.

Residents near Caesarea have named a street in honour of Meir Kahane, a rabbi who advocated the forcible removal of Arabs from Israel.

He was jailed for attempting to make bombs and later his son, Benjamin, glorified Baruch Goldstein, a Kahane supporter who shot dead 29 Palestinians as they prayed.

But the latest insight into incitement comes from a study of 118 textbooks issued by the Palestinian Authority.

There is no mention of there being any Jewish holy site and grade 7 students are told the most sacred place for Jews, the Western Wall, is actually called the Al-Buraq Wall. Grade 10 students are taught that martyrdom is a noble death, and that "hearing [weapons] clash is pleasant to my ear and the flow of blood gladdens my soul".

Grade 7 students are taught: "The rank of shahid [martyr] stands above all ranks."

Grade 12 students are taught: "If the jihad fighter is killed in sublime God's cause he is granted martyrdom and God forgives him his sins, grants him his favour and lets him enter paradise."

Grade 10 students are taught Jews "often enrich themselves with forbidden money".

In Holy Koran and its Studies, grade 11 students are taught: "God's messenger said: 'The hour of resurrection will not come until the Muslims fight the Jews. The Muslims will kill them, and when a Jew would hide behind a rock or a tree the
rock or the tree would say, "O, Muslim, O worshipper of God! There is a Jew behind me; come and kill him" except the saltbush, which is the Jews' tree."

And on the brink of adulthood, grade 12 students are told: "The Muslims' countries today badly need jihad and jihad fighters in order to liberate the usurped land, evict the usurping Jews."

On the other side, Israelis have been warned by their Defence Minister, former prime minister Ehud Barak, of "a wave of racism that is threatening to pull Israeli society into dark and dangerous places".

This came after 50 leading rabbis -- 39 on government payrolls -- urged people not to rent apartments to Arabs or foreigners.

Prime Minister Benjamin Netanyahu condemned the call although every taxpayer-funded rabbi retained his job.

Knesset Speaker Reuven Rivlin spoke strongly: "In my opinion, their (the rabbis') statement shames the Jewish people. If such a thing were said in relation to Jews anywhere on the globe, a hue and cry would be raised in Israel on the need to stand up against anti-Semitism."

Isi Leibler, a former leader of the Australian Jewish community who lives in Jerusalem, joined the condemnation in a newspaper column, saying that in 1991 he was accused of sensationalism when he warned that the failure to stem the emerging dominance of rabbis promoting extremism in religious observance and radical nationalism would become "one of the greatest threats facing the Jewish people". "It comes down to the failure of successive governments to break the stranglehold of extremist religious parties which exercise excessive leverage," Leibler wrote recently in The Jerusalem Post.

He issued a new warning: "If efforts are not made to stem the extremist trends and promote the moderate Zionist streams, the time is looming when the state will fall under extremist control."

Netanyahu was himself accused of extremism after the murder of a Jewish family in the settlement of Itamar last month.

He immediately announced 500 new apartments in settlements and declared: "They murder, we build."

That comment brought, in the words of The Jerusalem Report, scathing criticism; on the Right, settlers resented the suggestion new settlements were a punishment rather than "an inherent right", while the Left resented the implication that killing was the Palestinian norm rather than an aberration in "the long period of calm achieved at least partly through the Palestinian Authority's impressive control of law and order".

But it is clear from the textbooks survey there is a school curriculum that refuses to acknowledge Israel or incites hostility towards Israelis and Jews.

The survey was done by Impact-SE, an independent research organisation whose advisory board includes Muslims, Jews and Christians.

Its chief executive Shelly Elkayam summarised the research to Focus: "The Palestinian Authority in an organised way has created a policy that is expressed in the textbooks in which there is no Jewish entity in the Middle East, no Jewish people, no human beings [who] are Jews in the Middle East."

Elkayam says the rabbis' call not to rent to non-Jews and Netanyahu's "they murder, we build" statement are different.

"What we are monitoring is not spontaneous expression of politicians or religious leaders, what we are studying, analysing and presenting is the product of the policy of the Palestinian Authority in educating their children," she says. "This is how they create the minds of the 20-year-olds of today."

Yet a new survey of young Israelis found 50 per cent did not want Arabs in their neighbourhood, 46 per cent said Arabs should not be able to serve in the Knesset and 25 per cent said "hate" when asked how they felt about Arabs.

The nonexistence of Israel in Palestinian books is reciprocated at times: a map distributed by Israel's Nature and Parks
Authority shows neither the West Bank nor the largest city, Ramallah.

Palestinians say they are reminded daily of their nonexistence: neither the Haaretz newspaper nor The Jerusalem Post includes the West Bank on weather maps.

Elkayam’s team is studying Israeli schools now. "In the Israeli textbooks there are children described as Palestinians, they are human beings and they go and eat together, there is no demonisation of the Palestinians at all."

A further dimension of the hardening of attitudes lies in the use of law. While Israelis despair at the schoolbooks, many of the one million Arabs in Israel despair at the legal system.

The Supreme Court recently allowed a Jews-only building even though it constituted "wrongful discrimination". The court said the development was too advanced.

And in Jerusalem Mayor Nir Barkat has defied repeated court orders to evict Jewish settlers from an illegal building in an Arab neighbourhood.

Attorney-General Menachem Mazuz ordered him to do so but Barkat refused.

State prosecutor Moshe Lador then told Barkat that refusal "constitutes a serious blow to the values of the rule of law".

Barkan rejected Lador's order also. Mazuz's replacement as Attorney-General, Yehuda Weinstein, also told Barkat failure to implement the court orders could be a crime.

He told Barkat: "These actions harm the independence of Israel's criminal prosecution system and could harm the parity of the criminal process."

But Barkat told Weinstein: "It is superfluous to state that the Jerusalem municipality is obliged to take action to implement this order and all the other orders that have been issued in the city."

Police said they had been prepared to observe the court orders but that "requests from parties in the Jerusalem municipality made it clear that the municipality was suspending dealing with the order".

This led to the extraordinary situation where Barkat's senior municipal lawyer, Yossi Habilio, said Barkat was acting illegally.

"My only agenda is the rule of law," Habilio said.

Rather than back two successive attorneys-general and the courts, the Netanyahu government backed Barkat; Interior Minister Eli Yishai wants to legalise the building retrospectively.

Yishai's spiritual adviser, Rabbi Ovadia Yosef, last year said he wished God would smite Palestinians with a plague so they would "vanish from the world" and recently said: "Weren't the gentiles born just to be useful to us, to serve us? If not, they have no place in the world, only to serve the Jewish people."

Barkat's office this week confirmed to Focus the court orders had still not been implemented.

"It's business as usual," a spokesman said. "Nothing's moved."

He said Barkat had made a deal with Ataret Cohanim, a right-wing settler group trying to Judaise Jerusalem.

The spokesman said the group had claimed ownership of a nearby building that had been "commandeered by Arab residents" decades ago.

He said Barkat had agreed that if Ataret Cohanim dropped its claim for that building he would allow it to remain in Beit Yonatan.

The case is highly divisive. Arabs argue there is no way they could tell Israel's highest law officer his orders were superfluous.
In Israel's new climate, both sides are increasingly defiant. There is a desperate lack of leadership, something for which both sides are likely to pay heavily if present trends continue.