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## PROSPECTS FOR ARAB-ISRAELI PEACE

### INTRODUCTION

Prompted by the Palestinian *intifada* (uprising) in the West Bank and Gaza, now eleven months old, Secretary of State George Shultz launched a peace offensive early this year to relieve tensions and outline a solution to the Arab-Israeli conflict. Shultz has traveled to the Middle East four times since the uprising began last December to push his peace plan with little apparent success. Although Egypt has supported it, no other Arab party has. Israel, facing elections next month, remains deadlocked over the plan. There is little more Shultz can do now other than lay the groundwork for the next U.S. administration.

Although Shultz failed to draw the parties into a reinvigorated peace process, his efforts have forced both Arabs and Israelis to focus on the peace issue. Given the approaching Israeli elections and the tantalizing hints that the Palestinians are rethinking their obstructionist policies toward a peace settlement, the U.S. must continue its catalytic role to help Israelis, peace-seeking Palestinians, and pragmatic Arab states reach a consensus on peace.

**Dangerous Status Quo.** The ongoing Palestinian uprising in the territories underscores that the status quo is dangerous and unstable. Absent progress in resolving the impasse, extremism on both sides will feed on the unrest. Disturbing demographic trends within the territories as well as within the wider Arab world, meanwhile, are creating a huge number of impatient youths who will generate even greater volatility, making another war increasingly likely. The continuing arms race, the proliferation of surface-to-surface missiles, and growing use of chemical warfare will make the next war much more costly than the last one. And another war could unravel Israel's peace with Egypt, which already has deteriorated after an initial honeymoon period.

The comprehensive approach to peace repeatedly has failed. By contrast, the step-by-step approach has yielded past successes and thus should be pursued in the future. As the next administration designs its Middle East peace strategy, it should remember:

- 1) **The crux of the problem is not the fate of the territories, but Arab failure to accept Israel's existence.**
- 2) **Only direct face-to-face talks can achieve lasting progress.**
- 3) **The Palestinians must be included in the negotiations.**
- 4) **The Palestine Liberation Organization (PLO) is an unacceptable negotiating partner until it ends terrorism and amends its national charter to recognize Israel's right to exist.**
- 5) **The Soviet Union should have no role in the peace process unless Moscow earns it by restoring relations with Israel and limiting the flow of arms to Israel's adversaries.**
- 6) **An international conference could be called to ratify an agreement but not to negotiate it.**
- 7) **Israel's security must be safeguarded in any final settlement because Israel will not agree to relinquish control over the territories without ironclad security guarantees.**

## **THE UPRISING AND ITS CONSEQUENCES**

The *intifada* began last December as a spontaneous revolt in the Gaza Strip against Israeli rule. It quickly spread to the West Bank and spawned a clandestine local leadership that gave direction and organization to the civil disturbances. The riots, born of frustrated Palestinian nationalism, were fueled by despair for the future and a desperate desire to overcome the humiliation of powerlessness. Although the explicit target was Israel, the riots also reflected resentment against the indifference toward the plight of the Palestinians by last November's Arab League summit in Amman, Jordan, which focused on the Iran-Iraq war to the exclusion of the Israeli-Palestinian struggle.

Initially, the *intifada* had a distinctly religious flavor, with rioters chanting Islamic, rather than PLO slogans. Indeed the PLO apparently was caught as much by surprise as was Israel. Pictures of PLO leader Yasser Arafat did not appear until several weeks after the disturbances began and leaflets distributed by the indigenous "United National Command" were not co-signed by the PLO until one month into the uprising. Although the PLO now has assumed operational control of the *intifada*, at the start it was as out of touch with the prevailing mood in the territories as was the Israeli government. This is understandable given that most of the PLO cadres are refugees from land that is now Israel, not from the West Bank or Gaza.

The *intifada* reflects the coming of age of a new Palestinian generation. High Palestinian birth rates have produced a volatile "baby boom" cohort, which has lived its entire life under Israeli administration. Approximately 75 percent of West Bank Palestinians are under age 21. In Gaza, one of the world's most densely populated regions, the average age is estimated to be 15. The *shebab* (slang for "the boys") who spearheaded the confrontations with Israeli troops are too young to remember the Israeli military juggernaut that rolled into the territories during the 1967 June War. They are inspired instead by the

guerrilla war of attrition that forced Israel to withdraw from Lebanon following its initial victory in 1982.

**Fundamentalist Islam.** This new generation of Palestinians rejects the deference to Israeli authority that older Palestinians reluctantly have exhibited since 1967. Disillusioned by the inability of the Arab states to liberate them, young Palestinians increasingly have turned inward in search of salvation. The failure of pan-Arab nationalism has led many of them to fundamentalist Islam. The radical fundamentalist group *Hamas* ("Zeal," the acronym for the Islamic Resistance Movement) has grown steadily in strength, particularly in the teeming slums of Gaza, and has sponsored its own strikes to demonstrate its independence from the PLO. *Hamas* calls for the destruction of Israel in a *jihād* (holy war) and the establishment of an Islamic state.

It and similar Muslim fundamentalist groups pose a long-term challenge to the secular PLO and to the leadership of Yasser Arafat, particularly if the PLO fails to translate the psychological and propaganda achievements of the uprising into tangible benefits for the 1.5 million Palestinians living under Israeli rule in the West Bank and Gaza. Arafat also faces a potential challenge from the indigenous "United National Command," which called on the PLO to provide a "positive political program" in a recent pamphlet.<sup>1</sup> The uprising has shifted the center of gravity of the Palestinian movement from the exiled leaders to resident Palestinians. The PLO currently enjoys the support of most Palestinians in the territories, but if it squanders the international sympathy gained by the uprising in a short-sighted return to terrorism-as-usual, it will feed growing anxiety that the uprising is leading nowhere and may exacerbate cleavages between Palestinians inside the territories and those in exile. This eventually could encourage Palestinians in the territories to build their own political institutions that could rival the PLO.

To stay at the head of the Palestinian parade, Arafat will be under increasing pressure to move toward a settlement. Arafat must be looking over his shoulder at the United National Command and *Hamas*, both of which could challenge his authority if the situation continues to fester.

## ISRAEL AND THE TERRITORIES

Israel occupied the West Bank in 1967 in self-defense, not in a war of conquest. Israel acted only after Jordan, which had occupied the West Bank (formerly part of the British mandate for Palestine) during the 1948 Arab-Israeli war, opted to join Egypt and Syria in fighting Israel in the 1967 June War. From the beginning, Israel has proclaimed its willingness to relinquish these conquered territories, except for Jerusalem and minor border changes for security reasons, in exchange for peace. It hoped to use the territories as bargaining chips in a peace settlement. The Arab world unequivocally rejected this offer at its September 1967 Khartoum Summit, which trumpeted the "three no's" — no peace, no negotiations, and no recognition of Israel. The Arabs remained committed to destroying Israel, not just pushing its borders back.

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<sup>1</sup> *Middle East Policy Survey*, September 9, 1988, p. 1.

**Enhancing Security.** Holding on to the territories since then has enhanced Israeli security by pushing terrorists farther away from Israel's borders and giving Israel an important buffer on its eastern flank that reduces the vulnerability of Israel's narrow nine mile-wide waist. Under Labour Party governments, Israel began to establish settlements in the territories to enhance security by blocking the infiltration of terrorists. After the Likud Party came to power in 1977, settlement was accelerated for ideological reasons in pursuit of the vision of a Greater Israel. Today there are approximately 60,000 Jewish settlers in the West Bank and Gaza.

Although the possession of the territories contributes to Israeli security, the Palestinian inhabitants of those territories naturally complicate the situation. Indeed, this is the lesson of the uprising. The widespread deployment of the Israeli army in riot control duties has raised military expenditures and interfered with training schedules. By last January, Israel had more troops stationed in the Gaza Strip than it used to occupy all of the territories in 1967.<sup>2</sup> Instead of using settlements to help protect the army, Israel increasingly must use the army to protect the settlements. Now that the *intifada* has become a chronic condition, Israel may be drawn into a war of attrition that greatly increases the burden of controlling the territories.

The uprising also has changed Israel's cost-benefit calculus for retaining control of the territories in other ways. Before the uprising, the occupation paid for itself. Virtually all Palestinian public services were paid for by taxes imposed on the Palestinians. Now, however, the uprising has boosted the price of maintaining order in the territories, while Palestinian boycotts on tax payments and reduced economic activity have reduced revenues. Although the uprising has not significantly deprived Israel of unskilled Palestinian labor (roughly 90,000 Palestinians daily travel to Israel for work), a boycott of Israeli-made goods could cut Israel's exports to the territories, its third largest export market after Europe and the U.S.

**Demographic Challenge.** The real threat to Israel is not the riots, but the long-term demographic challenge from the Palestinians in the territories: If Israel retains the territories, by the turn of the century according to projections by Israel's Central Bureau of Statistics,<sup>3</sup> Israel would have 4.3 million Jews and 3.8 million Arabs. As rapid growth brings the Arab population close to parity with the Jewish population, Israel will confront the dilemma of either withholding political rights from the Palestinians, thereby abandoning Israel's commitment to democracy, or extending political rights to the Palestinians, thereby sacrificing Israel's status as a Jewish state. Regardless of where its borders were then, Israel would have great difficulty defending itself with up to half of its population loyal to the attacker.

Observes former Israeli Foreign Minister Abba Eban: "If we insist on ruling an entire territory and population (which was never envisioned when we made the dramatic breakthrough to Jewish statehood) we shall soon lose our Jewish majority, our democratic principles, our hope of ultimate peace, the prospect of avoiding war, the maintenance of

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<sup>2</sup> *Jerusalem Post*, International Edition, week ending January 9, 1988, p. 3.

<sup>3</sup> *Jerusalem Post*, International Edition, week ending October 24, 1987.

our international friendships, the durability of the Egyptian Treaty relationship and any chance of a national consensus at home."<sup>4</sup>

## **THE SEARCH FOR AN ARAB NEGOTIATING PARTNER**

Israel from the start has had difficulty finding Arab negotiating partners. Early efforts to negotiate a settlement with Jordan's King Abdullah led to his assassination by a Palestinian gunman in 1951. Few Arab leaders have been self-confident and secure enough to look past the short-term political dangers of breaching the Arab consensus against accepting Israel's right to exist to appreciate the long-term benefits of peace. Egypt's Anwar Sadat, the decisive leader of the Arab world's largest nation, had the necessary vision, courage, and pragmatic statesmanship to recognize Israel as an irreversible established fact. Using the U.S. as a mediator, Sadat in 1978-1979 negotiated a peace treaty with Israel that enabled Egypt to recover the Sinai Peninsula and gain the economic and strategic backing of the U.S.

The Camp David peace accords were a two-track effort that succeeded in producing Egyptian-Israeli peace, but failed to resolve the Palestinian problem. The PLO, anointed as the "sole legitimate" representative of the Palestinians by the Arab summit at Rabat in 1974, refused to negotiate with Israel, which it was committed to destroy. Jordan, wary of breaking with the Arab consensus, refused to participate in the Camp David process.

Because the PLO stubbornly clings to its policy of terror, recent peace efforts have focused on Jordan as an interlocutor for the Palestinians. The September 1982 Reagan Plan, which envisioned Palestinian self-government in association with Jordan, stirred King Hussein's interest but eventually withered on the vine when he declined to participate without Palestinian support. Shimon Peres, former Israeli Prime Minister and now leader of Israel's Labour Party, also has committed himself to pursue the "Jordanian Option."

## **THE JORDANIAN OPTION**

Unable to countenance a deal with the PLO, which remains committed to Israel's destruction, the Israelis have looked to Amman as a negotiating partner. Jordan's King Hussein, a pro-Western moderate, is a realist who has shed any illusions about achieving Arab goals by a military victory over Israel. He has reached a *de facto modus vivendi* with Israel, in part because of a shared enmity against the PLO. In September 1970, the King crushed the PLO in a bitter civil war, while Israel helped him to repulse a Syrian intervention on the Palestinians' behalf.

Hussein, however, is not Anwar Sadat; and Jordan is not Egypt. Having seen his grandfather, King Abdullah, gunned down by a Palestinian angered by Jordan's contacts with Israel, Hussein will act cautiously according to the needs of self-preservation. Unlike Egypt, Jordan is a small country, surrounded on all sides by stronger, potentially hostile states — Syria, Iraq, Saudi Arabia, and Israel. Moreover, Jordan always has been dependent

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<sup>4</sup> Abba Eban, "Israel's Main Goals, and Mr. Shultz's", *The New York Times*, February 24, 1988.

on foreign aid, first from Britain and the United States, more recently from Saudi Arabia and Kuwait. In addition to these external constraints, Hussein operates with a major internal constraint — roughly 60 percent of Jordan's people are Palestinians.

**Arafat's Stalling.** Hussein knows that any peace settlement requires hard compromises. Unlike the Sinai Desert, the West Bank cannot be relinquished in its entirety by Israel because of security considerations. Modifications in the border probably will have to be made to thicken Israel's narrow waist. Therefore, Hussein needs Arab support, particularly Palestinian support, if he is to sign what inevitably would be a controversial treaty. To make sure that Jordan alone does not bear the onus of negotiations with Israel, Hussein has sought the cooperation of the PLO when responding to American or Israeli peace initiatives. When the Reagan Plan was on the table in 1982, and again in 1984 when newly elected Israeli Prime Minister Shimon Peres launched his own quiet peace initiative based on the Jordanian Option, Hussein sought to bring the PLO into the peace process, only to see the wily Arafat slip away in a haze of ambiguity.

Arafat would neither commit himself to negotiations by halting PLO terrorism and recognizing Israel nor allow Hussein to speak for the Palestinians at the peace table. After losing his power bases in Jordan, Egypt, and Lebanon, Arafat refused to surrender what he considered to be the PLO's strongest card — its credentials in the Arab world as the "sole legitimate" spokesman for the Palestinian people. Unlike Hussein, who urgently sought a settlement before Israel's "creeping annexation" of the West Bank had passed the point of no return, the PLO seems to have believed time was on its side.

Disgusted with Arafat's stalling tactics, Hussein broke with the PLO in February 1986 and sought to undermine its appeal on the West Bank. He announced an economic development program for the West Bank designed to strengthen pro-Jordanian Palestinian moderates. Implicit in his moves was a threat to cultivate Palestinian support for negotiations that excluded the PLO. In April 1987, Hussein reached a secret agreement with Shimon Peres, then Israel's Foreign Minister, to convene an international peace conference to restart the peace process. This initiative was blocked by Israeli Prime Minister Yitzhak Shamir, who was suspicious of the international conference format and adamantly opposed to territorial compromise.

## **THE SHULTZ PEACE INITIATIVE**

Prodded by the upheavals in the territories, the Reagan Administration decided in January 1988 to try to revive the stalled peace process. In a series of visits to the region, Secretary of State Shultz and Ambassador Philip Habib consulted with the leaders of Israel, Egypt, Jordan, Syria, and Saudi Arabia. Shultz then distilled ideas into a blend of concepts drawn from Camp David, the 1982 Reagan Plan, and the Peres Plan. Shultz outlined his three-part package for a comprehensive settlement in letters sent to Middle Eastern leaders in March 1988.

The negotiations were to be kicked off with an international conference attended by the five permanent members of the United Nations Security Council (the U.S., Soviet Union, Britain, France, and the People's Republic of China), Israel, and interested Arab parties.

All conferees would be required to renounce violence and terrorism and endorse U.N. Security Council Resolutions 242 and 338, which accept Israel's right to exist. The conference would provide the umbrella that Jordan needs to shield itself from charges by radical Arabs that it is unilaterally selling out the Arab cause.

**Shultz's Promise.** At the same time Shultz addressed Israeli concerns that the conference could impose a peace settlement on Israel. He assured Israel that the conference's powers would be carefully defined in advance. It would be proscribed from imposing solutions or vetoing agreements reached in the working groups. If the conference overreached its authority, Shultz promised Israel that the U.S. would walk out with Israel.

According to the Shultz plan, the conference quickly would lead to independent bilateral negotiations between Israel and each of its remaining neighbors with which it remains at war. Israel would negotiate with a joint Jordanian-Palestinian delegation in a two-stage interlocked set of negotiations to determine transitional and final arrangements for the territories. A six-month negotiating deadline was set for completing negotiations on a three-year transitional period of self-government for the territories. Negotiations over the final status of the territories would begin seven months after the transitional negotiations began and would be completed within one year.

**Confidence Building.** The transitional period essentially was a renamed version of the autonomy arrangements envisioned at Camp David, but the time frame was reduced from five years to three years. This interim phase was intended as a confidence-building measure to assure both sides that their vital interests would be protected. The U.S. would participate in both sets of negotiations and would submit a draft at the outset of ideas on transitional arrangements.

Although Egypt accepted the Shultz plan, other Arab states were noncommittal. Israeli leaders, meanwhile, were deadlocked over the plan, with Peres enthusiastically supporting it and Shamir unyielding in opposition. Aside from Syria, no state rejected it outright; none apparently wanted to let the other side off the hook by accepting the onus for blocking U.S. peace efforts. The PLO, whose participation was not envisioned in the plan, responded with a car bomb left near Shultz's hotel on one of his visits to Jerusalem.

Although Shultz did not press Shamir to accept the plan, the Secretary of State made it clear that he considered Shamir's opposition the chief barrier to progress. Shultz claimed that Shamir purposely misinterpreted the plan to exaggerate its risks. In April he sought to go over Shamir's head by appearing on Israeli television to discuss the plan. Shultz apparently hopes to act as a catalyst to raise the profile of the peace issue and make Israel's November elections a referendum that could provide a mandate for Israeli participation in negotiations.

#### **KING HUSSEIN'S GAMBIT**

While Shultz focused on the Israeli side of the equation, the Arab side was disrupted by the sudden closing of the Jordanian option. Hussein stunned the world this July 31 by renouncing his Hashemite dynasty's claim of sovereignty over the troubled West Bank. The

King moved decisively to sever legal and administrative links to the West Bank by dropping 24,000 West Bank municipal workers from his payroll and dissolving Jordan's lower house of Parliament, half of whose 60 members represent West Bank districts. Hussein's action was motivated primarily by the prickly state of Jordanian-Palestinian relations. Historically, Jordan's conservative monarchs have feared the destabilizing influence of Palestinian radicals on Jordan's large Palestinian population. About 60 percent of Jordan's 2.8 million population is estimated to be Palestinian, refugees from the 1948 and 1967 Arab-Israeli wars.

**Jordanian-Palestinian Strains.** For their part, Palestinians distrust Jordan's Hashemite dynasty because of its territorial ambitions toward the West Bank and its dealings with Israel. King Abdullah, after all, annexed the West Bank in 1950. Following the Israeli occupation of the West Bank in the 1967 June War, Hussein sought to rein in Palestinian guerrillas operating from bases in Jordan in order to avert Israeli retaliation. This led to the "Black September" of 1970, when the Jordanian army crushed a Palestinian revolt and ejected the Palestine Liberation Organization from Jordan.

Although Jordanian-Palestinian relations have improved in recent years, Hussein's relations with Yasser Arafat remain strained by mutual dislike and suspicion. The King is embittered by what he regards as Palestinian ingratitude for his efforts on their behalf and is particularly chagrined by the anti-Jordanian sentiments of the young Palestinians who form the backbone of the *intifada*. Hussein may be influenced by his younger brother, Crown Prince Hassan, who is known to favor a loosening of ties with the West Bank to prevent the radicalization of Jordan's East Bank Palestinians.

In addition to being frustrated at being taken for granted by the Palestinians, who have waved PLO flags while pocketing Jordanian economic aid, Hussein has grown increasingly frustrated with the Arab states that have encouraged PLO irresponsibility. When the 1974 Arab summit at Rabat recognized the PLO as the sole legitimate representative of the Palestinian people, for example, this not only weakened Hussein's claim to sovereignty over the West Bank but opened a Pandora's box that threatened the legitimacy of the King's rule in Jordan as well. After all, if the majority of Jordan's population is Palestinian, then should not the PLO govern Jordan?

**Snubbing Hussein.** The last straw may have been this June's Arab summit in Algiers. Hussein's pleas for Arab states to live up to their financial aid commitments to Jordan and to help Jordan raise Palestinian living standards were ignored by the assembled Arab heads of state. Instead, Hussein was galled by the decision to funnel money to the Palestinians exclusively through the PLO, rather than through a joint Jordanian-Palestinian channel, as before.

Embittered by repeated snubs, the King sought to remind the Palestinians, other Arabs, Israel, and the U.S. that Jordan is an indispensable participant in the Arab-Israeli peace process. His July 31 speech renouncing the West Bank thus seems designed to alarm and unsettle the Palestinians with the maximum psychological shock. By disengaging from the West Bank, he presents the PLO with one of its greatest challenges ever: it now must attempt to fill the vacuum Hussein has created and assume responsibility for the welfare of 800,000 West Bank Palestinians. In effect, he has told Arafat to put up or shut up.

The King undoubtedly expects the PLO to flunk this test. Arafat's strength — and his weakness — is his ability to juggle the contending factions within the PLO and keep most of them happy by finessing, postponing, or dodging controversial issues. Arafat's vacillating leadership has molded an organization equipped for free-lance terrorism and ambiguous diplomacy, but not for responsible administration, a task that demands hard choices and firm leadership.

**Economic Side Effects.** Hussein knows that, even if the PLO could organize itself for responsible administration, Israel would block it from filling the vacuum left by Jordan. Israel already has tightened restrictions on the flow of money into the West Bank to limit the PLO's ability to fan the flames of the Palestinian uprising by subsidizing striking workers, owners of closed shops, and families of jailed protesters. Once Jordan's \$60 million annual payroll stopped being disbursed to West Bank civil servants in August, the PLO was hard-pressed to smuggle enough money in to take up the slack. Gradually, the uprising will be suffocated by its own economic side effects, and the PLO will lose its chief propaganda victory. By abdicating his administrative role on the West Bank, Hussein is gambling that the PLO will fail to satisfy the local population, which will then turn again to the King.

Hussein also has been motivated by frustration with Israel and the U.S. Israel's Shimon Peres, for example, was unable to follow through on a secret April 1987 agreement with the King to negotiate a territorial compromise over the West Bank, which would have provided for Palestinian self-government in association with Jordan. This was blocked by Israeli Prime Minister Yitzhak Shamir's Likud party. By abandoning the Jordanian Option, which entailed risks for Hussein similar to those taken by his grandfather King Abdullah and Egypt's Anwar Sadat, both of whom became martyrs for peace, the King has chosen to concentrate instead on protecting his own throne.

In doing so, he has administered shock therapy to both Israel and the PLO, which now must negotiate with each other if progress is to be made toward peace. The King knows that such progress is impossible, given the PLO's unwillingness to renounce terrorism and recognize Israel's right to exist. He therefore has made it clear that he is not abdicating a role in the peace process, but merely refusing to shoulder the burden of negotiations (and the political risks of reaching a compromise with Israel) until the Palestinians themselves have decided to do so. Jordan remains an indispensable player in the peace process; if only because it is needed to sign on as a guarantor of any treaty.

## **WHAT NEXT?**

Now that Hussein has stopped the already faltering Shultz initiative in its tracks, the U.S. must reassess its strategy for Middle East peace. By disengaging from the West Bank, the King has reshuffled the cards and left the bargaining table. Although he has expressed a willingness to return to play a role in future peace negotiations, that role will be a diminished one because of his commitment to defer to the Palestinians. The Jordanian Option is dead. The upsurge in Palestinian nationalism has precluded any attempt to negotiate with the King over the head of the Palestinians.

When contemplating future diplomatic moves the U.S. should bear in mind that:

**1) The crux of the problem is Arab refusal to accept Israel's existence, not the status of the territories.** Arab leaders rejected the U.N. partition plan and went to war against Israel in 1948, despite Israel's willingness to accept a Palestinian state next door. The PLO was formed in 1964 to "liberate" Israel, not to "liberate" the West Bank and Gaza, then under Jordanian and Egyptian control. Peace is possible only after the Arab parties to the conflict conclude that Israel cannot be destroyed by war or terrorism and they explicitly endorse U.N. Security Council Resolution 242, which recognizes Israel's right to live in peace behind secure and recognized borders.

**2) The comprehensive approach is unrealistic and should be replaced by step-by-step diplomacy.** Trying to resolve all aspects of the conflict at once hopelessly complicates the process and gives Arab hardliners veto power over the outcome. The problem should be approached incrementally in bilateral negotiations between Israel and each of its neighbors. Syria, which has no short term interest in peace because of domestic political constraints and foreign policy goals,<sup>5</sup> should not be allowed to join negotiations to block progress from the inside. Instead Syria should be given the opportunity to join the peace process at a later date, on the condition that it abandon its past role as a spoiler relentlessly seeking to obstruct the peace process.

**3) Only direct, face-to-face negotiations can achieve a lasting peace.** Parties unwilling to sit down to negotiate with Israel directly are unlikely to keep commitments made in their name. The Arabs must negotiate with Israel, not the U.S. The settlement must be concluded between the adversary parties and cannot be imposed by the superpowers.

**4) The Palestinians must be included in the negotiating process.** A durable peace settlement cannot be reached over the heads of the Palestinians because no Arab state can credibly represent their interests. The *intifada* is a threat to Jordanian authority as well as Israeli authority. Palestinian unrest would eventually unravel almost any state-to-state peace accord.

**5) The PLO should be excluded from the peace process until it recognizes Israel and disavows terrorism.** Although the PLO hinted at accepting Israel in return for an independent Palestinian state in the Abu Sharif paper presented at the most recent Arab summit in June, Arafat has not embraced this moderation of the PLO's commitment to Israel's destruction. Until the PLO accepts the legitimacy of the state of Israel, ends its terrorism, and amends its charter to reject violence as the only means of reaching a final settlement of the conflict, the PLO should be frozen out of any negotiating process.

**6) The Soviet Union must earn the right to participate in the peace process.** Moscow broke diplomatic relations with Israel in 1967, votes each year for its expulsion from the U.N., and is the chief source of arms for Israel's Arab enemies. If the Soviet Union desires

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<sup>5</sup> Syria's Assad regime is a narrowly based dictatorship that seeks domination over Lebanon, Jordan, and the Palestinians. It shuns compromise with Israel because this would strengthen domestic opposition, particularly among fundamentalist Sunni Muslims, to its increasingly unpopular rule. See James Phillips, "A U.S. Strategy for Dealing with Syria," Heritage Foundation *Backgrounder* No. 476, December 27, 1985.

to participate in the peace process, it should first restore diplomatic relations with Israel, end its anti-Israeli activities at the U.N., and stop exporting arms to Arab states hostile to Israel.

**7) An international conference cannot advance the peace process unless it is limited to ratifying agreements reached in direct negotiations.** A conference could block progress in negotiations if it gave Arab radicals veto power over agreements reached by Israel and moderate Arab states. A conference, moreover, could degenerate into a propaganda exercise in which the U.S. and Israel are isolated and chastised by Arab and Soviet delegations. Once convened, such a conference could acquire a life of its own. If it deadlocked or resulted in a U.S.-Israeli walkout, regional tensions could be exacerbated. Given the poor record of past international peace conferences dealing with Arab-Israeli, or any other, conflicts, a conference should be considered a last resort. Any conference required as an umbrella for moderate Arab participation should be designed with limited plenary powers that would enable it to ratify, but not interfere in, bilateral negotiations.

**8) A settlement must safeguard Israel's security.** Because Israel's survival is at stake, the Arab side must grant Israel safeguards to reduce the risks of returning the disputed territories. Any territories returned must be demilitarized in perpetuity. Israel should retain advance warning stations and defense bases in the West Bank. Israel's border on the West Bank should be changed to enhance the security of Israel's major population centers. A lengthy transition period — up to 30 years — of autonomy for the West Bank would be necessary to build confidence in the peace process. While the West Bank would acquire limited self-government in association with Jordan during this period, Gaza could become an independent state immediately, perhaps part of a confederation with the West Bank and Jordan, because it does not pose the same security threats to Israel.

Although such arrangements would infringe on the sovereignty of the Palestinian homeland, many precedents for such limited sovereignty have been set. West Germany and Japan have accepted permanent limitations on their sovereignty in return for an end of occupation following World War II. Austria must remain neutral according to the terms of the 1955 treaty that set the terms of Soviet and Western Allies' withdrawal of their occupation. Although the Palestinian state in Gaza would be constitutionally prohibited from acquiring an army or allowing foreign military forces to be based there, it would give Palestinians a flag and a passport. West Bankers would enjoy self-government immediately in association with Jordan and Gaza.

**9) The status of Jerusalem should be negotiated last.** This thorny issue should be kept in abeyance until the end of negotiations because it is charged with emotion and will require extensive negotiations. It is unrealistic to expect Israel to relinquish Jerusalem since no Israeli government could do so without collapsing. At the same time, it is unrealistic to expect the Arabs to accept a settlement that does not afford Muslims some degree of control over the Muslim holy places in the old city section of Jerusalem. Perhaps some kind of a Vatican-type arrangement could be worked out to satisfy both sides.

## CONCLUSION

Although the Shultz peace initiative tried to accomplish too much too fast, it has served a useful purpose in trying to catalyze an Israeli consensus on the peace process. Unfortunately, the Arabs are even farther away from reaching a consensus on peace efforts than Israel. Heretofore, the U.S. and Israel have waited in vain for the PLO to end its terrorism and participate responsibly the peace process. But King Hussein's recent disengagement from the West Bank has put pressure on the PLO to prove it can safeguard the interests of Palestinians living in the West Bank. Moreover, the growing strength of fundamentalist Palestinian groups poses a long-run challenge to PLO authority if the situation continues to fester. Following the American and Israeli elections in November, the U.S. should make a patient, persistent effort to draw both sides into a step-by-step peace process, leading to direct bilateral negotiations between Israel, Jordan, and responsible Palestinians.

James A. Phillips  
Senior Policy Analyst

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