

# **New Thinking for Israeli-Palestinian Peace**

**A Working Paper**

Second in the Series:

**Towards a New Middle East:  
Peace and Post-War U.S. Policy**

Coalition for Post-War U.S. Policy in the Middle East  
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# **New Thinking for Israeli-Palestinian Peace**

## **A Working Paper**

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# **New Thinking for Israeli-Palestinian Peace**

## **A Working Paper**

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In his March 6 address to a joint session of Congress, President George Bush articulated unequivocally the basic principles that underlie a settlement of the Israel-Palestine conflict. He noted that:

A comprehensive peace must be grounded in United Nations Security Council Resolutions 242 and 338 and the principle of territory for peace. This principle must be elaborated to provide for Israel's security and recognition, and at the same time for legitimate Palestinian political rights. Anything else would fail the twin tests of fairness and security. The time has come to put an end to Arab-Israeli conflict.

This assertion that there is a "twin test" for peace was the first such display by an American President of a balanced concern for both Palestinian and Israeli rights. This balance, when taken together with the strong U.S. display of commitment to Israel's security during the Gulf war and the President's overwhelming domestic popularity and recognized world leadership, create hope for renewed U.S. efforts to press for a comprehensive Middle East peace.

As the President noted, the principles inherent in U.N. Security Council Resolutions 242 and 338 must be elaborated. What follows is an effort at such an elaboration.

### **Israeli Security/Palestinian Rights: Keys to Middle East Peace**

A resolution of the Israeli-Palestinian conflict must address its two crucial component issues:

- \* Israel's need for security;
- \* Recognition and implementation of Palestinian rights.

#### **Israeli Security**

Israel's need for security is a fundamental concern both within Israel and for U.S. policy makers. Any effort to resolve the Israeli-Palestinian dispute must therefore begin by realistically addressing this issue.

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Israel views its security in constant danger primarily due to the refusal of the Arab states to end the state of belligerency against Israel and grant formal recognition, thereby continuing Israel's isolation in the Middle East and the escalating arms build-up in the region.

For their part, the Arab states point to Israel's failure to define its borders and implement U.N. resolutions dating from 1948, and express their own fear of Israel's hostile intentions and actions. If there is to be a comprehensive Middle East peace, these security issues must be addressed.

It is important to recognize at the outset of this discussion that the Gulf war has affected Israel's security in several ways:

- \* As a result both of diminished East-West tensions and of the fact that the international coalition that was formed to confront Iraq's aggression against Kuwait did not and could not include Israel, Israel's projected role (as the "strategic asset of the United States in the Middle East") has been diminished.
- \* U.S. Undersecretary of Defense Paul Wolfowitz stated in a briefing to Arab Americans on September 24, 1990 that the demonstrated U.S. and U.N. commitment to the defense and security of Saudi Arabia and Kuwait was the best assurance that could be given to Israel to encourage it to implement U.N. Security Council Resolution 242 with the confidence that its security would be protected and similarly guaranteed.
- \* It may be one of the ironies of the Gulf war that Iraq's unprovoked missile attacks on Israel's civilian centers produced an effect opposite to that sought by the Iraqi leadership. Israel's demonstrated restraint won respect from the allies and the rapid U.S. deployment of Patriot defense systems helped to reduce Israel's vulnerability to further attacks. As a result, two important new facts were established. While Israel's leadership chafed at the restraints imposed upon them, preferring to project "self-reliance," Israeli public opinion appreciated the strong and immediate U.S. response. A recent Israeli poll shows Israelis feel more secure, believing that the United States is firmly committed to defending Israel's security.

In addition, these recent events weaken the traditional "strategic depth" argument for Israel retaining the West Bank. As President Bush noted in his March 6 address, "in the modern age, geography cannot guarantee security and security does not come from military power alone." As the recent Gulf crisis has demonstrated, security can be better achieved through international guarantees, regional cooperation, adequate defense capability, and arms control.

Economic stability is another critical component of security. Israel, it is estimated, has lost almost \$3 billion since August 1990. These losses are a result of increased costs of military preparedness and decreased revenues due to the war's effect on tourism and other disruptions in the economy due to either the intifada or the Israeli military curfew over the Occupied Territories for the duration of the war.

Israel is currently facing additional extraordinary economic and social pressures resulting from the influx of Soviet Jews. In addition to the \$400 million in housing-loan guarantees recently committed by the United States, Israel is now seeking an additional \$13 billion in grants and guaranteed loans to deal with the economic pressures created by this new wave of immigration.

Israel's economic isolation in the Middle East has had a severe effect on the state's security and viability. A function of the continued state of war, the Arab boycott has forced Israel to be over-dependent on relations with the West and the world Jewish community. As Israel's needs have increased, so too has its dependence.

The current Israeli government is not only its most hard-line, it is also its most dependent on U.S. economic, political, and military assistance. While the U.S. Congress has not begrudged such assistance in the past, the levels required in the post-war period are of such magnitude and the purposes for which they are to be used (i.e., the settlement of hundreds of thousands of Soviet immigrants) are of such consequence that there will be constraints on the U.S. ability to meet those needs.

Thus, any peace plan intended to resolve the Israeli-Palestinian dispute must address these basic Israeli security concerns:

- \* international guarantees
- \* regional cooperation and acceptance
- \* arms control
- \* economic integration into the region

### **Palestinian National Rights**

The intifada has had a profound and lasting impact on Palestinian nationalism and self-assertiveness and on the Israeli-Palestinian relationship. It has produced a physical, economic, and psychological separation of the two peoples and reestablished the reality of the "Green Line" demarcating Israel from the occupied Palestinian lands.

This separation did not diminish during the Gulf crisis. The Palestinian response to Saddam Hussein's exploitation of their national struggle is significant to note here. It was a response symptomatic of their deep desire for national liberation, their feeling of having been victimized, betrayed, or ignored by the West, and their deep sense of despair at the failure of their leadership, its moderation, and rational political processes to produce tangible change in their living conditions under a brutal occupation.

In his September 4, 1990 testimony to the House Committee on Foreign Affairs, Secretary of State James Baker noted both Saddam Hussein's exploitation of the Palestinian issue and the need for the United States to address this question when he stated:

. . . one of the most telling arguments that Saddam Hussein makes is that he is the champion of the downtrodden Arab. He is the champion of the Palestinians who have no place to go and who are sorely put-upon, and that is why I think . . . it is important that we keep our eye as well on the ball of moving . . . toward some resolution of that problem, because the ground will not be as fertile as it is today.

Far from discrediting Palestinian national claims or rendering them obsolete, as some have claimed, this Palestinian response during the war, born of alienation and despair, only points to the urgency of a solution. Twenty-four years of occupation and systematic denial of their basic rights have not reduced Palestinian aspirations; rather, they have enflamed them.

The post-war Middle East will not find Palestinians, or most other Arabs for that matter, more accepting of Israel's occupation or less demanding of Palestinian national rights. As General Norman Schwarzkopf noted in a February 25 interview with the *Los Angeles Times*, "The most important factor to stability and peace in the Middle East is the resolution of the Palestinian question. . . . this is the major impediment to peace."

While the crisis has caused an erosion of support for the PLO and, to some extent, for Palestinian rights in some Arab capitals, such is not the case in all Arab countries or even among all levels of Arab public opinion. To most Arabs the Palestine issue remains a central and powerful emotional symbol of the failure of the West to deal fairly with the Arab World. As long as Israel occupies the West Bank and Gaza Strip (as well as Syrian and Lebanese lands) and denies Palestinian rights, relations between Israel and the Arab states cannot be normalized.

The challenge for the United States in the post-war search for a resolution to the Israeli-Palestinian dispute will be to produce the same recognition of Palestinian rights and the same commitment to Palestinian security as that provided to Israel.

### **Critique of Previous Approaches**

Since the mid-1970s two approaches have been proposed for a resolution of the Israeli-Palestinian problem:

- \* The convening of an international peace conference, a concept endorsed by the Europeans, the Soviets, and most Arab states;
- \* The U.S.-led "peace process."

Both efforts have failed, albeit for what appear on the surface to be radically different reasons.

The international peace conference has not succeeded because Israel refuses participate--or accept the premise of such a conference--and the United States refuses to take steps designed to "deliver" Israel to such a parley. The United States has argued, with some merit, that there would be no U.S. Congressional support for applying pressure on Israel if it refused to participate, nor would there be any guarantee that pressure could produce the desired effect of forcing Israel's internal political processes to accept participation in such a meeting, in which Israel would stand virtually isolated, thereby less secure.

Such an international conference can only be convened if it is accepted by all parties to the conflict, if there is agreement on fundamentals, and if the conference is designed to implement and guarantee a solution. In the absence of such prior agreement on fundamentals or goals, the international conference is a non-starter.

The U.S.-led "peace process" has similarly failed to produce any real movement toward a settlement. Since Camp David, the "peace process" has supposedly faltered over the inability to find Palestinian participants to "negotiate" with Israel. These Palestinian "interlocutors," as they were termed, were to have filled a difficult bill. They were to be non-PLO in order to be acceptable to Israel, and yet they were to be sufficiently nationalistic so as to be acceptable to the Palestinian community both inside and outside the Occupied Territories.

The failure of this effort was due to several factors, one of which has been the refusal by Israel to commit in principle to the "land for peace" formula, i.e., an explicit commitment to withdraw from the Occupied Territories. Another factor has been the inability of the United States to define or commit itself to support an attractive enough end (i.e., Palestinian statehood or self-determination) to encourage the PLO to sanction Palestinians from within the Occupied Territories to participate. Therein lies the dilemma.

Palestinians have refused to participate in talks in which their rights are not recognized. Palestinians have framed the issue thus: "negotiations are for the purpose of implementing and securing mutually recognized rights; they are not for the purpose of determining whether or not one has rights." As a result, the Palestinian leadership within the territories has deferred to the PLO which, in addition to its organizational role, is the symbol of Palestinian national rights, and this has been unacceptable to Israel.

Even after the PLO agreement in December 1988 to accept U.N. Security Council Resolution 242, to recognize Israel's existence, and to renounce the use of violence against civilians, Israel still refused to reciprocate and to accept the PLO as a participant in the "peace process." In a telling comment, Avi Pazner, a senior aide to Prime Minister Yitzhak Shamir, made clear the reason for Israel's rejection of the PLO. *The New York Times* (August 13, 1989) quoted Pazner as saying, "[W]e don't talk to the PLO because their basic political demands are unacceptable to us . . . the fact that they are terrorists is not the issue at all."

In an effort to circumvent Israel's objections, Secretary of State Baker launched a complex process to start Israeli-Palestinian talks. The process was to begin with a Palestinian delegation (sanctioned by the PLO, approved by Israel[!]) meeting with an Israeli delegation to plan elections in the West Bank and Gaza Strip. These elections were to choose a Palestinian authority for the territories which would, in the end, negotiate an interim arrangement with Israel.

While the PLO gave its approval, Israel refused to accept this process, fearing it would lead to a loss of Israeli sovereignty over the Occupied Territories.<sup>1</sup> Two comments by Prime Minister Shamir early in the process illustrate this Israeli fear:

If the elected representatives try to stray from the course which will be allowed for them, and will try to deal with other subjects like trying to establish a Palestinian state, Israel will prevent them, even though they have been elected. (*New York Times*, April 24, 1989)  
And if the elected Palestinians will not abide by the rules of the game, we will cancel everything and return to the previous situation. (*Yediot Aharonot*, April 21, 1989)

Labor Defense Minister Yitzhak Rabin added, "We will send to prison any elected Palestinian who declares loyalty or affiliation to the PLO." (*Ha'aretz*, April 21, 1989).

Because the United States was unable to press the Israelis to be more forthcoming or to accept negotiations with the Palestinians, the "peace process" foundered.

Prospects for the success of a similar "process" in the post-war Middle East are no better than they were in the earlier period. While it may be true that the PLO has hurt its international standing by its support of Saddam Hussein, the deficiency in the U.S. approach to the "peace process" has not been in who is to do the negotiating but in what was to be negotiated.

In seeking a solution to the Israeli-Palestinian conflict, two facts emerge as central to the discussion:

- \* Palestinians inside the Occupied Territories, and the PLO itself, will not oppose any process which is designed to end the Israeli occupation of the West Bank and Gaza Strip and put the Palestinian community on the path to fulfillment of their national rights.
- \* Israel will require more in the way of international and regional commitments and security guarantees before it can develop a national consensus to withdraw from the territories.

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<sup>1</sup> In *A Peace Initiative by the Government of Israel*, under the heading "basic Premises," Section D reads:

The initiative is founded upon the assumption ... [that] there will be no change in the status of Judea, Samaria and Gaza other than in accordance with the basic guidelines of the government.



## Toward a Solution

If it can be determined in advance what guarantees Palestinians and Israelis each need in order to make peace, then leadership is required to put forward a comprehensive plan incorporating the concerns of each party.

Rather than await a negotiating process, which in all probability will not occur given the profound psychological and ideological barriers separating the two parties, it would be more useful to elaborate the President's principles into a vision of a peace process spelling out both the stages of implementation and the ends, and presenting such a package to Israel and the Palestinians for their acceptance.

This plan, termed the Strategic Peace Incentive Package (SPIP), would accept the maximum concerns of each community. To the Israelis, it would offer specific and detailed commitments of international security guarantees, economic cooperation, defense assistance, normalization of relations with the Arab states, and funds for economic development. All would be conditioned, however, on Israel's commitment to withdrawal from the occupied West Bank and Gaza Strip. To the Palestinians, the SPIP would offer, similarly, commitments of independence with international security guarantees, the ability to reunite and reconstruct their national community, economic development assistance, and recognition of their statehood. But they would first have to agree to a phased plan of implementation leading to final-status negotiations with the Israelis.

The initial proposal of such a SPIP could be presented by the United States, the Arab states, or the U.N. Security Council. To be credible, however, it should receive the endorsement of all three before being offered to Israel and the Palestinians.

Offering such a package to both Palestinians and Israelis would be an important new approach to the search for a Middle East peace. It is new precisely because it:

- \* Commits the United States, the Arab states, and the U.N. Security Council to the specific requirements of a lasting peace;
- \* Offers Israelis and Palestinians a vision of a Middle East beyond war with incentives attractive enough to draw them into a meaningful peace process of clearly identified steps of implementation; and
- \* Replaces failed efforts at Israeli-Palestinian dialogue with an internal Israeli dialogue and an internal Palestinian dialogue, as each party strives to accept the package and commit itself to peace.

## The Strategic Peace Incentive Package (SPIP)

The United States and the Arab states (specifically the Gulf Cooperation Council states plus Egypt and Syria) could frame the SPIP. It should be introduced and endorsed by the U.N. Security Council so as to provide international guarantees.

Components of the SPIP would include:

- \* Creation of a Peace Incentive Fund (PIF). The fund would collect sufficient revenues (in the range of \$15 billion to \$20 billion) from the United States, European Community, Japan, and the Arab states willing to participate. The fund would be available in equal amounts to Israel and the Palestinians at specific steps of the SPIP for economic development, resettlement of Jews and Palestinians in their respective lands, and private-sector initiatives to enhance regional economic cooperation.
- \* Advance commitment of the Arab states to a timetable of specific steps leading to normalized relations with the State of Israel.
- \* Commitment of U.N.-endorsed security guarantees for Israel and the Palestinians, and creation of peace-keeping forces meeting the specific security requirements of each community. Israel may require additional specific U.S. guarantees and involvement. But the engagement and endorsement of the Security Council is important since the SPIP's international legitimacy is based on its being an elaboration of U.N. Security Council Resolution 242.

When the package of commitments has been completed and has been endorsed by the U.N. Security Council, the SPIP would then be offered to Israel and the Palestinians. To secure the commitment of each party, the Security Council would require formal acceptance by the Israeli government and the Palestine National Council.

Should Israel accept the SPIP and agree to withdraw from the Occupied Territories, the Arab states would simultaneously agree to end the state of belligerency with Israel.

Should Israel reject the plan, the United States should support a U.N. Security Council effort to dispatch monitors to the West Bank and Gaza Strip to report on the human-rights situation in the Occupied Territories and to provide protection to the Palestinian population under military rule.

\* \* \*

The steps of implementation of the SPIP are as follows:

### Step A

Simultaneous with Israeli withdrawal, the Arab states participating in the SPIP will announce acceptance of Israel's permanence and legitimacy as a state in the Middle East. There will be a U.S.-led, U.N.-endorsed effort to provide enhanced security guarantees both for Israel and for the

Palestinians in the territories which Israel will evacuate. Since the status of Israel's settlements in the territories will be left to a later stage in the process, the presence of U.N. security forces will be important not only to assist a Palestinian police force in the maintenance of public order but also to protect Israeli settlers who will remain in the territories pending final-status negotiations and to protect Palestinians from militant armed settlers.

### Step B

Following the evacuation of Israeli forces, the U.N. security force charged with assisting in the maintenance of public order will be complemented by a political team dispatched by the U.N. Secretariat which will establish a timetable and process for free elections for Palestinians in the West Bank and Gaza Strip. In addition to covering municipal affairs, the elections, to be completed within six months, will also be for a national representative assembly. Once elected, this assembly will constitute the Palestinian interim government which will:

- \* Organize national and local police forces to work with the U.N. security force;
- \* Be responsible for all areas of administration and enforcement; and
- \* Refrain from taking unilateral steps to alter matters to be resolved in final-status negotiations with the government of Israel, including the status of Jewish settlements and final borders.<sup>2</sup>

At the end of six months the Arab states will announce the end of the economic embargo against Israel.

### Step C

At the end of one year the Arab states and Israel, under the auspices of the U.N. Security Council, will begin negotiations on regional issues such as water and arms control.

At the same time, Israel will gain access to the Peace Incentive Fund enabling it to draw on specified amounts for settlement of Soviet Jews and economic development programs.

The Palestinian interim government will also, at this time, gain access to specified amounts of the PIF at this time in order to begin immediate economic development plans to create a viable economic and political order in the West Bank and Gaza Strip. Such plans can be developed in cooperation with Palestinian institutions in the diaspora that have expertise in these areas. The govern-

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<sup>2</sup> The Palestinians of East Jerusalem are residents of the West Bank. Because of Israeli government land confiscations and settlement development, the area of Arab habitation has become a separate enclave. It should, nonetheless, fall under Palestinian/U.N. governance during the interim period. Appropriate security guarantees, and access to Israel, should be provided to Israelis who remain in Jerusalem's eastern suburbs awaiting final-status negotiations.

ment, working in cooperation with the Palestine National Council, can also establish a Palestinian "Law of Return". This will make possible the reconstitution of the Palestinian national community in a manner consistent with the economic, social, and political absorptive capacities of the Palestinian territories.

#### **Step D**

At the end of three years, the U.N. Security Council will convene an all-party conference to resolve final status issues related to implementation of U.N. Security Council Resolution 242.

Central to the conference will be a series of bilateral direct negotiations between the Palestinian government and the government of Israel, Syria and Israel, and Lebanon and Israel. In each of these negotiations, issues to be resolved will include (where applicable):

- \* status of settlements and settlers;
- \* final borders and appropriate security arrangements; and
- \* normalized relations.

With the completion of this process between the government of Palestine and the government of Israel, the Arab states will offer formal diplomatic recognition to the state of Israel. At the same time, the conference will give formal recognition to the State of Palestine and admit it as a full member of the United Nations.

## Mission Statement

### Coalition for Post-War U.S. Policy in the Middle East

The Coalition represents organizations concerned with ensuring that U.S. post-war policies in the Middle East reflect America's long and productive relationships in the region. American policies should be formulated on the basis of mutual concerns and shared goals for international and regional order, stability, prosperity, and, most importantly, peace.

Members of the Coalition believe that the current debate about post-war U.S. Middle East policy does not sufficiently address the need to create and maintain bilateral, regional, and international efforts to foster peace and stability. The Coalition supports a continued American role in the region based on a vision of promoting peace and stability by advancing greater economic and political pluralism. This effort, over time, will be the key factor in diminishing prospects for conflict throughout the region.

The United States has a moral, strategic, and political role in the region. American leadership, in the 1990s, in partnership with the United Nations, can be a major force in promoting the rule of law and the evolution of a new international order, especially in the Middle East. There is no more vital task for American and world diplomacy in this decade.

The Coalition will address a number of topics in the continuing debate about U.S. post-war policy.

- \* **regional security and stability** - the freedom for all parties to live peacefully within secure and recognized boundaries
- \* **regional arms control** - the limitation and elimination of all weapons of mass destruction including biological, chemical, nuclear, and ballistic missile technology
- \* **peaceful resolution of all current crises and conflicts**, and a broadly defined effort to promote reconciliation among all peoples and governments in the region
- \* **greater political pluralism and respect** for human, civil, and political rights
- \* **economic development strategies** which promote open markets, economic empowerment, and regional prosperity

The Coalition welcomes the support and cooperation of others who share its interests in ensuring that the post-war debate will lead to an American commitment to and participation in an enduring process for peace and prosperity.

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