

POLICY PAPERS • NUMBER ELEVEN

**CHANGING THE BALANCE OF RISKS:
U.S. POLICY TOWARD
THE ARAB-ISRAELI CONFLICT**

HARVEY SICHERMAN



THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY
50 F STREET, N.W. • SUITE 8800 • WASHINGTON, D.C. 20001

THE AUTHOR

Harvey Sicherman is a consultant on international affairs and an Adjunct Scholar of The Washington Institute. During the first Reagan Administration, he served as Special Assistant to Secretary of State Alexander Haig. Dr. Sicherman has written widely on U.S. and European policy in the Middle East and is the author of *Broker or Advocate: U.S. Policy toward the Arab-Israeli Dispute* (Foreign Policy Research Institute, 1978) and "Illusions and Reality: Europe's Role in the Middle East," *Orbis* (Spring 1985). He is also a member of The Washington Institute's Presidential Study Group on U.S. Policy in the Middle East.

The opinions expressed in this Policy Paper are those of the author and should not be construed as representing those of the Board of Trustees, Board of Advisors or staff of The Washington Institute for Near East Policy.

Copyright © 1988

The Washington Institute for Near East Policy

PREFACE

In our democracy, presidential campaigns are important not only for the opportunity they provide to choose between contenders for the nation's highest post, but also for the respite they offer from day-to-day politics to take stock of American national interests and to evaluate the means by which those interests can best be served. It is during the next year, when the course of policy for the next administration will be charted, that politicians and policymakers alike will have the responsibility of making sober assessments on the proper direction of U.S. policy.

Given the shocks in the Middle East in recent months – from the violent uprising in the West Bank and Gaza to the spread of strategic missiles and the frightening use of chemical weapons – U.S. policy in that volatile region is sorely in need of reappraisal. Fundamental concepts about U.S. goals and objectives need to be examined closely if the next administration, whether Democratic or Republican, is to enter office with a clear idea about how to overcome the myriad problems posed by the task of securing U.S. interests in the Middle East.

In this regard, The Washington Institute commissioned Dr. Harvey Sicherman to evaluate just one element of the larger Middle Eastern picture, U.S. policy toward the Arab-Israeli conflict. A longtime observer of and participant in Middle East policymaking, Dr. Sicherman presents in this Policy Paper a serious and balanced understanding of what the region will bear and what American capabilities can produce.

Dr. Sicherman argues that the three basic goals of U.S. policy in the Arab-Israeli arena are to deter war, to conserve the existing peace and to create the conditions that may permit the enlarging of peace in the future. The likelihood of a breakthrough toward comprehensive peace, he says, is slim. What first has to be done is to “change the balance of risk” in favor of the peacemakers.

The following pages offer a useful blueprint of how U.S. policy can frustrate the designs of those who would undermine peace while emboldening those who would seek it. According to Dr. Sicherman, accomplishing those two goals will go far toward expanding the possibilities for peace in the future.

The Washington Institute presents this provocative work as part of its effort to promote informed debate on U.S. policy in the Middle East. We especially hope it will contribute to the larger debate that will be so much a part of our nation's political life over the coming months.

Barbi Weinberg
President
June 1988

EXECUTIVE SUMMARY

Since 1973, four very different American Presidents have committed the United States to the quest for a settlement of the Arab-Israeli conflict. Their experience indicates that beyond the deterrence of war, U.S. interests are served best by a diplomacy that reduces the risks to those who wish to make peace. Today, the search for peace depends on changing the balance of risks in these situations:

- *The likelihood of Arab-Israeli warfare has increased in recent years because of Syria's strength and ambitions, but it remains far from inevitable.* Hafiz al-Assad's military build-up has shielded his support for terrorism by raising the costs of retaliation, but it is a policy the U.S. can counter by coordinated measures that, in turn, raise the cost of Syrian tactics. Syria's choice will be then to facilitate a peace process on less than its own terms or face a grinding stalemate.
- *While peace between Egypt and Israel, the cornerstone of American diplomatic achievement in the Middle East, has survived a series of crises, Egypt cannot play the leader's role in promoting an expanded Arab-Israeli peace that was originally expected of it.* Despite its gradual return to the center of Arab politics as a consequence of the Iran-Iraq war, domestic and inter-Arab pressures constrain the Mubarak government from risky diplomatic initiatives or even the drastic economic reform needed to heal a sickly economy. Washington can ease some of Cairo's economic and political problems, but the U.S. cannot force Egypt to do much more in support of a U.S.-brokered peace process.
- *Jordan remains the key to the next step in the peace process but it is unable to act alone to negotiate directly with Israel in the absence of Soviet or Syrian support or the PLO's blessing.* Therefore, even in the context of an international conference, Jordan is unlikely to reach an agreement with Israel which is opposed by the USSR, Assad or Arafat. There is no indication either that the USSR is willing to support an agreement opposed by Syria or which breaks the Arab consensus on a Palestinian state. It follows that unless the U.S. (or Israel) is prepared to yield on the issue of PLO representation or to change its view of the undesirability of an independent Palestinian state, the international conference must lead nowhere.
- The most common interest uniting Jordan, Israel, the U.S. and the Palestinian Arabs is to create new "facts" for the more than one million Palestinians under Israeli military control – *decreasing the Israeli role while increasing Jordanian influence and the influence of Palestinians willing to live at peace with Israel.*

America's task is to continue to deter war, to conserve the existing peace and to create the conditions that might enlarge it. America's opportunity is to use the current sense of urgency to help change the balance of risks – first and foremost through interim measures to change conditions on the ground – so that Israelis, Palestinians and Jordanians interested in peace can pursue it.

CONTENTS

PREFACE

v

EXECUTIVE SUMMARY

vi

INTRODUCTION

1

SYRIA: THE WAR OPTION

4

EGYPT: THE EVOLUTION OF DECLINING EXPECTATIONS

11

THE PEACE PROCESS AND THE SEARCH FOR COMMON INTERESTS

18

CHANGING THE BALANCE OF RISKS

28

INTRODUCTION

In November 1987, the Arab states emerged from the Amman summit meeting with rare unanimity about their priorities. What they called the "Palestinian-Israeli conflict" was at the bottom of their agenda. As if to emphasize the point, the summiteers also allowed individual members to reestablish diplomatic relations with Egypt, broken after the peace treaty with Israel eight years earlier. Seized with the dangers of Iranian religious imperialism in the Gulf war, the Arabs had said collectively that, in effect, the Palestinians were on their own.

Not six weeks later, the inhabitants of Gaza began rioting against the Israeli occupation forces. The violence soon spread throughout the West Bank, and on December 21, the Israeli Arabs astounded their Jewish fellow citizens by staging a strike in sympathy. Taken by surprise, the Israeli government resorted to a variety of tactics, most of which were condemned internationally. Curfews, deportations, beatings and shootings failed to suppress a widespread uprising that often pitted youthful stone-throwers against regular army troops.

These events destroyed a status quo which had been tolerable, if not entirely comfortable, for several years. Mounting casualties injected fresh urgency into the search for a new peace process to replace one which had been stalled by differences over procedures and substance. It is not yet clear that the latest Palestinian revolt will, over time, make the conflict any more amenable to a solution. It is clear, however, that the United States has been thrust once more into the forefront of the effort to find one.

This paper explores the American role in renewing the peace process. The word "process" is used advisedly, because it should be clear by now that an Arab-Israeli reconciliation will be neither swift nor sure. The record also shows that while presidential styles differ, the mere fact of presidential commitment hardly guarantees progress. Since, 1973, however, we have learned that, through an American-dominated diplomacy, U.S. objectives – including security for Israel, containment of Soviet influence, access to oil and better relations with important Arab states – can be pursued successfully even in the absence of a final agreement. This domination was called into question by events since 1982; Washington has now been afforded an opportunity to recover it.

To do this, American policy for the future must be founded on a realistic response to three sets of questions:

- What is the potential for war, especially between Israel and Syria? Can Syria be given a stake in the peace process?

- What are the prospects for strengthening the existing peace between Egypt and Israel? Can Egypt play a role in broadening the peace?
- What is the future of the peace process itself? Can anything be done about Palestinian grievances without a formal negotiation? Must that process include the Soviet Union, Syria and the PLO? Is there really a Jordanian option?

While the U.S alone may not be able to provide the answers to all of these questions, it can act as a “catalyst” to help others provide the answers:

- War between Israel and Syria is not inevitable if the U.S. conveys clearly – in word and in deed – that Syrian tactics of terrorism and bluff will carry heavy costs and will not change American policy.
- The Egyptian-Israeli peace depends in large measure on Washington’s ability to aid both parties, to make clear its expectations of Egypt’s adherence to the Camp David Accords and to encourage a constructive Egyptian role in the regional peace process.
- The most common interest uniting Jordan, Israel, the U.S. and the Palestinian Arabs is to create new “facts” for the more than one million Palestinians under Israeli military control – decreasing the Israeli role while increasing Jordanian influence and the influence of Palestinians willing to live at peace with Israel.

The struggle now underway throughout Gaza and the West Bank will go far to determine whether such a program is possible or whether, as has happened so often in the past, a Palestinian leadership born amidst violence proves incapable of accommodating Israeli or Jordanian interests. Yet it seems clear that a reassertion of Jordanian authority is a prerequisite for the successful pursuit of the so-called Jordanian option, which foresees the Hashemite Kingdom as the dominant partner with the Palestinians in a negotiation that imposes Arab sovereignty over land now under Israeli military control. The alternative – a sovereign Palestinian state – has been rejected rightly by Washington, as either a dangerous sham or a mortal danger to its neighbors if it were truly sovereign.

Contrary to the views of many observers, a successful reassertion of American diplomacy also means avoidance of an international peace conference. If held under current conditions, such a gathering would turn out to be an opportunity for the USSR, Syria and the PLO to exercise a veto, whether formalized in the conference procedures or not. The conditions which made the 1973 conference the *prelude* to a U.S.-brokered Egyptian-Israeli peace process simply do not exist yet to make a 1988 version merely the “accompaniment” to a U.S.-brokered Israeli-Jordanian negotiation.

The ultimate dilemma for U.S. policy is that while the risks of making war remain too great, the risks of making peace have grown as well. Now, after the violence in Gaza and the West Bank, it can be said that the risks of not having a peace process have also grown. America's task is to continue to deter war, to conserve the existing peace and to create the conditions that might enlarge it. America's opportunity is to use the current sense of urgency to help change the balance of risks – first and foremost through interim measures to change conditions on the ground – so that Israelis, Palestinians and Jordanians interested in peace can pursue it.

SYRIA: THE WAR OPTION

U.S. policy since the Camp David Accords rests on the assumption that without Egypt, the Arab "war option" against Israel has been foreclosed. American diplomacy achieved the minimum: the deterrence of war on a scale that would damage U.S. interests throughout the region and could threaten a confrontation with the Soviet Union. But this is an achievement that cannot be taken for granted. Syria, assisted by the USSR, has made great strides toward creating its own military option, which, if exercised, might involve the superpowers and threaten the Egyptian-Israeli peace. It has also found terrorism to be a potent weapon with which to damage American policies it opposes. The challenge for the U.S., therefore, is to dissuade Syria from a violent course, but not at the expense of Washington's other vital regional interests. History suggests that this can be done if Syria's special circumstances and the tactical ingenuity of its president, Hafez Assad, are kept in mind.

Syria is rare among modern states in the Middle East in its rejection of its neighbors' political legitimacy. Damascus has always condemned the post World War I division of the pre-war Ottoman province of Syria into contemporary Syria, Israel, Jordan, Lebanon and part of Turkey. Unable to recreate its historic role as the center of the early Arab empire, the country today is ruled by Baathist ideologues who preach Syrian leadership of a united Arab world.

Beneath Syria's sometimes contradictory mixture of nationalist grievance and pan-Arab aspiration, there lurks the harsh reality of deep-seated hatred between the ruling Alawite minority and the Sunni majority. The Alawites may invoke pan-Arab or nationalist themes to justify their policies but they depend first and foremost upon the cruel patterns of ethnic politics to survive the violent antagonism of the Sunnis. For the Alawites, the alternative to the current regime is likely to be a massacre. This sobering prospect has helped give the Assad regime a remarkable resiliency in a country previously characterized by frequent and deadly changes of leadership.

Ultimately, however, Assad himself deserves the credit for having charted a path for Syria through extraordinary difficulties. Through cunning, skill, ruthlessness and steady if fractious support from the Soviet Union, he has preserved his regime against internal and external opposition. Through it all, he has often set the political margin on the Arab-Israeli conflict. Moreover, having ascended to the presidency as a result of his predecessor's disastrous intervention in Jordan in September 1970, Assad's foreign policy reflects cautious expansionism.

Syria's policy has been most clearly applied in Lebanon. Bordered by Turkey (a member of NATO) and Iraq (a virulently hostile Baathist rival) and

not strong enough to either defeat Israel or conquer Jordan, Assad found in Lebanon the best opportunity to expand Syrian influence. By aggravating and then exploiting the weakness of the Beirut government, Assad at once enlarged Syria's historic territorial claims, prevented the emergence of another hostile state on his flanks, and strengthened his hand on the Palestinian issue.

To make Lebanon's factions dependent on him, Assad exhibited a tactical flexibility worthy of Machiavelli. He attacked the PLO in 1976 and sided with the Christians, a policy he reversed by 1981 and reversed again a few years later. To contain Iraq, Syria allied itself with Iran and thereby gained better control of the rising Shiite community in Lebanon. By 1987, Assad seemed in the process of reversing this too, on the one hand rethinking his alliance with Iran and on the other hand supporting the militarily weaker Shiite Amal organization against the Iranian-funded Hizballah – the very militants he had originally patronized to turn Amal in his direction.

Throughout these episodes, Damascus found itself often at odds with Washington. U.S. Middle East policy cut consistently across Assad's main objectives and Assad's main objectives ran contrary to American purposes. The U.S. attempt to support a pro-Western Lebanon at peace with Israel would have reversed nearly a decade of growing Syrian influence. The Reagan initiative of September 1982 would have placed the Palestinian issue within a Jordanian-Israeli solution. As events turned out, the weak American-led multinational force (MNF) did not establish the Gemayel Government's authority, allowing Assad to exploit Sunni, Druze and Shiite fears to his advantage. Nor did Washington have Jordan's agreement to enter negotiations under the Reagan plan. This provided another opening for the exercise of Syrian influence.

Gifted with time, opportunity and fresh Soviet military support, Assad was able to undo much of Syria's 1982 humiliation in Lebanon. Within two years, he blocked Arafat's attempt to join with Hussein; facilitated the spectacular bombing of the U.S. embassy in Beirut; encouraged harassment of the MNF, especially after the Israelis withdrew from the Druze dominated mountains overlooking Beirut; and had a hand in the October 1983 bombings of the U.S. and French military compounds, leaving 241 U.S. servicemen dead and leading directly to Reagan's decision to withdraw from Lebanon a month later. Assad had discovered his method: violence short of war, conducted under Syrian auspices (though not always by Syrians themselves), which exploited the ambiguities of U.S. policy.

Today, more than three years after Syria's remarkable recovery of influence in Lebanon, Damascus appears to be at another turning point. After a period of isolation, the consequence of Syrian support for terrorism, Assad appears ready to improve relations with the United States. In assessing the prospects for such relations, however, Washington needs answers to three questions.

- What is the goal of the Syrian military buildup?
- What is the direction of Syrian policy in Lebanon?
- And what are the Syrian diplomatic objectives?

Syria's military buildup

Damascus defines its military policy to be the achievement of "strategic parity" with Israel, a concept not limited to military forces but heavily dependent on them. Those forces number about 500,000 soldiers on active service – comparable to the size of the Egyptian armed forces although Syria has less than a quarter of Egypt's population. In many categories of weaponry, Syrian stocks far outweigh Israel's. Syrian artillery exceeds Israel's by a thousand pieces; its surface-to-air missile launchers outnumber Israel's 130 to 45. Replenished by the Soviets, Syria's air force boasts 200 high quality strike aircraft and is numerically on par with Israel's 640 first-line jets. More advanced MIG-29s may soon be arriving and Syria already possesses a more integrated operational air control system. Damascus apparently plans to use chemical weapons – or at least threaten to use them to deter any Israeli resort to nuclear weapons – perhaps on their "strategic" missiles, the SS-21. Air defenses, including the Soviet-installed SA-5 system, are now manned by Syrian crews. A growing proportion of the other anti-aircraft missiles are mobile, perhaps even half of the 150 SAM batteries. Syria's navy is newly equipped with more missiles (22, up 25 percent over pre-1985) and, for the first time in a quarter century, two Soviet-made submarines.¹ More recently, after a slowdown apparently imposed by economic trouble, Syria has resumed its military build-up. Following offensive maneuvers in early 1981, a fresh supply of Soviet arms has begun to flow to Syrian forces, including more T72 tanks, SS21 missiles and SU24 bombers.

All this armament equips Syria to deal with a two-front war and to exact a heavy price from Israel from the earliest inception of conflict. The most obvious Syrian strategy would be to delay the mobilization of Israeli resources by missile attacks on rear areas and to hamper Israeli air cover. Above all, this preparation makes more plausible a military plan that combines Syria's most successful experiences in fighting Israel: the smash and grab tactics of October 1973 and the "war of attrition" in the spring of 1974. Both of these attempts to

¹ For information on the Syrian military build-up, see International Institute of Strategic Studies' *Military Balance*, London, 1987 and Aharon Levran and Zeev Eytan, *The Middle East Military Balance*, 1986, Jaffee Center for Strategic Studies, Tel Aviv University, 1987.

recover the Golan Heights failed but they did compel the U.S. to intervene in negotiations.

Plausibility, however, is not probability, much less an actual decision to go to war. Assad knows that Syria is not Egypt; that Syria itself remains vulnerable through the northern air corridor, from the sea and through Lebanon; and that, in any case, an attack on Israel depends not only on his battle plan but on an assessment of what the other Arab governments and the superpowers will do. He could hardly expect much military or even financial support from his often hostile Arab colleagues unless he wins an early and stunning victory. And he cannot assume that the U.S. would intervene to stop the fighting before Israel had beaten the Syrian forces attempting to regain the Golan, regardless of any U.S.-Israeli diplomatic disagreement over the Golan's final status. In fact, Assad could conclude just as easily that for U.S. purposes, Syria's defeat could remove the most difficult obstacle to a Washington sponsored peace process. And while the USSR might support Assad if his regime were in danger, Moscow would find it hard to prevent a defeat of Syrian forces well short of the scenario that entails an Israeli siege of Damascus.

It follows from this calculation that the immediate purpose of Syrian military preparations may be to raise the cost of Israeli reaction to Syrian moves in Lebanon. Over the past several years, the Syrians have probed tacit Israeli reactions more than once: building tank redoubts near the security zone; moving missiles into Lebanon's Bekaa valley; deploying paratroopers further south than ever before as part of the campaign to control Hizballah; participating in the terrorist campaign against Israeli targets abroad and through various PLO factions' attempts to attack Israel's northern areas (including the hang-glider infiltration in November 1987, claimed by Ahmad Jibril's Damascus-based organization). By raising the cost of Israeli retaliation, Syria gains flexibility to pursue a war of attrition against the Israeli security zone along the Lebanese border. By keeping the "pot boiling," the casualties mounting, the air of incipient crisis, Assad also engages U.S. interests in changing the status quo, apparently trying to repeat Sadat's 1972-73 strategy but at less risk and on a smaller scale.

To succeed, however, Syria must exploit U.S. and Israeli differences without provoking a disastrous reaction to its violent tactics. This is a perilous undertaking and in the spring of 1986, the Assad regime came dangerously close to miscalculation. Syrian redeployments from winter positions were combined with a menacing exercise that brought an Israeli build-up to match. The atmosphere of mounting tension was fed by Syrian complicity in various bombings throughout Western Europe, leading to the barely averted attempt to place explosives on an El Al plane about to depart from London.

Israeli alarms, combined with the American raid on Libya in mid-April, led Assad to fear that Syria might be "jumped" by Israel with full U.S. support.

Syria's isolation was deepened when the British government expelled the Syrian ambassador for his role in the El Al bomb plot and then organized a diplomatic boycott of Damascus. Responding to London's requests, the European Community decided in November 1986 to embargo new arms sales to Damascus, increase surveillance for Syrian diplomats and the Syrian Arab Airlines, and prohibit high-level diplomatic contacts with the Assad government. (The American ambassador had been withdrawn the previous month). Cautioned anew by Moscow against allowing terrorism to become an "excuse" for an American or Israeli attack, Assad pulled back. He denounced terrorism, suddenly became active again in trying to secure the release of Americans held hostage in Lebanon and reiterated his desire for a high-level dialogue with Washington.

At the same time, economic burdens made the quest for "strategic parity" much more problematical. The military build-up consumed one-sixth of Syria's gross national product and more than half of government expenditures. Fully one-fifth of the labor force was committed to active military duty. Moreover, the collapse of oil prices staggered an economy already undermined by excessive bureaucracy and corruption. Indeed, economic problems seem to have forced a stand-down in the Syrian armor once massed on Israel's northern front.

Meanwhile, there were other signs that Syria's longer term objectives remained beyond reach. Its domination of Lebanon remains incomplete with its much-ballyhooed formula for a revision of Lebanon's political system, the so-called Damascus agreement of December 1985, stillborn. In November 1986, the PLO reestablished itself at Sidon in southern Lebanon, humiliating Amal, the largest Shiite group whose Syrian-backed leader, Nabih Berri, is the titular Minister for Southern Affairs. In retaliation, the Shiites besieged Palestinian camps in West Beirut, before being themselves attacked by the Moscow-controlled Lebanese Communists and the Druze – Syria's nominal ally.

Fearing the defeat of his major client, Amal, Assad sent nearly 8,000 soldiers and a heavy tank force into Beirut (in spite of his 1976 experience that such intervention could turn into a strategic liability). He continues to rely on Berri's strong organization to hamper the PLO in the south and to check Hizballah in Beirut's southern suburbs. Clearly, the Syrian president is not prepared to let Iranian agents dominate the Shiites and at the very least, Syrian troops in Beirut can influence the election of the next Lebanese president later this year.

These developments suggest that Assad is again preparing to make tactical changes in the face of mounting difficulties. Over the last several months, he has moved to improve relations with his Arab colleagues, especially in performances at the January 1987 Islamic Conference summit in Kuwait and the November 1987 Arab League summit in Amman. He did not openly oppose the reconciliation of the PLO under Arafat's leadership and has thus far proved

amenable to Moscow's plans for an international peace conference. In Amman, he acquiesced in the decision of member-states to resume bilateral ties with ostracized Egypt. In his Lebanon policy and through various meetings (direct and indirect) with Iraq, he has given signs of an impending change in Syria's controversial ties to Khomeini's Iran. Lastly, the Syrians have restricted the activities of the Abu Nidal gang while the Syrian officer implicated in the European bombings – Col. Muhammad Khouli – has been demoted. While there have been few signs of fundamental shifts in Syrian policy, Assad's tactics appear to have changed significantly.

Persuaded that Assad was in fact acting to curb terrorism, President Reagan sent him a letter in June 1987 inviting an improved relationship. Once again a high level American emissary, UN Ambassador Vernon Walters, visited Syria; once again, Secretary of State Shultz paid court to Damascus, as he attempted to "jump-start" the peace process. But a lasting improvement in the U.S.-Syrian relationship can only be sustained by the following elements:

- ***Deterrence:*** Past involvement in Lebanon and with the hostage-taking indicates that the U.S. must make Syria pay higher costs for pursuing a policy that employs violence for political ends. The ability to do so depends on more than military capability alone, although that facet is crucial. The U.S. must be prepared to state categorically that escalation – an attempt to "smash and grab" – or a war of attrition against Israel will result in Syria's defeat. Moreover, Washington should reaffirm that violence short of war, namely terrorism, will also become a more costly policy to follow. It should be made clear that Syrian support of terrorism will be the litmus test of improved bilateral relations.
- ***The direct approach:*** The U.S. should appreciate Assad's independence in his dealings with the Soviet Union and should make no attempt to circumvent him by substituting a direct relationship with an indirect one via Moscow. But crucial to a direct approach to Damascus is American insistence on reciprocity. Assad should not be permitted to treat the U.S. as the supplicant. Nor should he ever be allowed to reject presidential emissaries (as he did Philip Habib) on tendentious grounds. If neglected, these important points of protocol leave a dangerous impression about U.S. purposes and will.
- ***Mutual interests:*** Experience shows that successful agreements with Syria are possible only in the context of a deterrence that abets mutual interests. In 1973-74, the U.S. brokered the Golan Heights disengagement agreement in part because Assad wanted to gain from the war something only Washington could help to give him. Later, the "red-lines" in Lebanon prevailed for several years because of tacit agreement between Syria and Israel over their objectives.

Today, deterrence and the direct approach are largely in place. The question is whether mutual interests exist to the point where the U.S. and Syria can do useful business with each other. Specifically, do the Syrians have a constructive role to play in the peace process? On the face of it, the answer would be "yes." Only the U.S. and Israel can convert Syria's *de facto* veto on the peace process into a formal role at a negotiation, but only Assad and the Soviets can enlarge the formal peace process. U.S. support for the international conference idea and coinciding Syrian and Soviet interest would seem to combine these elements.

Unfortunately, Syria's terms for a peace process are sharply at variance with U.S. objectives. At a minimum, Damascus demands a veto on bilateral negotiations and PLO participation. Assad has spoken of total Israeli withdrawal behind the 1967 lines; he opposes a Palestinian confederation with Jordan; he offers, at best, a cessation of belligerency with Israel.

Given these positions, U.S.-Syrian interests can be made to coincide only on a very superficial level. An American attempt to broker an arrangement pacifying the Lebanon border or to negotiate over the Golan Heights has failed to attract Damascus – and will continue to do so – because it addresses situations that Assad either does not wish to settle or does not believe can be settled on favorable terms. Syria can be expected to seek American help in electing a pro-Syrian Lebanese President, but regardless of U.S. interests in pacifying Lebanon, it would be a mistake to facilitate Syrian domination of that country, especially when Damascus supports attacks against Israel from Lebanese territory.

In short, Syria may act temporarily in a way that serves U.S. interests, but unless the U.S. envisions a peace process along Syrian lines, the basis for a longer term improvement of relations is lacking. Despite these dismal prospects, it would be wrong for American statesmen to accept a Syrian "veto" and conclude that "nothing can be done" about the peace process unless some Syrian terms can be met. Over the past two years alone, Syria's regional strength has waned, its capacity to threaten its neighbors has declined with it and its major diplomatic objectives continue to go unmet. It can be said that for Washington the road to peace will certainly not lead through Damascus.

EGYPT: THE EVOLUTION OF DECLINING EXPECTATIONS

The foreclosure of the war option through deterrence of Syria is one of the basic aspects of an American policy to change the balance of risks in favor of peace. Ultimately, however, both deterrence and peace are functions of America's most dramatic achievement, the Egyptian-Israeli peace treaty. The treaty embodies the U.S. contention that Arab grievances can be reconciled without fatally compromising Israel's security. So long as it endures, the underlying coincidence of U.S., Israeli and Egyptian interests will prevent a "wider war" even if its existence does not ensure a wider peace.

Since the treaty was signed in 1979, however, important relationships have evolved amidst turbulent events. The diplomacy set in motion by the Camp David Accords reached an impasse without facilitating the autonomy promised the Palestinian Arabs under Israeli military occupation; Egyptian-Israeli negotiations on the issue have been suspended indefinitely since late 1982. Cultural, political and commercial contacts between Egypt and Israel remain sharply circumscribed. Moreover, troubled relations between Egypt and the U.S. have left bitter tastes in each party's mouth. Washington and Cairo have been at odds over the peace process, over debt financing and over their response to terrorism.

The "evolution of declining expectations" and the future of the treaty can be best assessed in the context of Egypt's own strategic considerations in making peace with Israel. Sadat's initiative was, above all, an assertion of Egyptian independence. He believed that the byproducts of peace would be Western – especially U.S. – aid and investment that would compensate for cutoffs in Arab subsidies. More advanced American weaponry would also become available for the Egyptian military. Whatever injury was sustained to the country's self esteem as the "natural" leader of the Arabs would be healed by the sheer weight of Egypt's importance in the region and by an agreement that offered otherwise unobtainable advantages for the Palestinians. Thus Sadat became the first Arab leader to believe that better relations with Israel would strengthen his domestic position and Egypt was the first Arab state to bank upon peace with Israel as crucial to its economic progress. As Heikal had put it, "Sadat took off with the Russians and landed with the Americans" – via the Israelis.

Even before his assassination, however, Sadat's policy began to encounter great domestic and international difficulties. The "open door" to U.S. and Western investments did not admit much reform into the country's domestic economic management and instead left in place the Nasser inheritance of subsidies and inefficient state industries. Buoyed by foreign aid, Suez Canal tolls, oil revenues and workers remittances, little was done to change a system that guaranteed every university graduate a job and set artificially low prices for food, electricity, gasoline, transport and communications. Thanks to cheap

goods and a high birthrate, demand for food far outpaced the increase in agricultural productivity. By 1983, more than half of all Egypt's food was imported, including three-quarters of its wheat. In the post-October War period, Egypt's foreign debt ballooned tenfold, from \$3 billion in 1973 to \$16 billion in 1979 to nearly \$30 billion in 1987, with a third of the country's export earnings going for debt service.

Resentment at Sadat's style of government and the flaunting of the newly wealthy beneficiaries of the open door unsettled Egyptian politics. While always vexed by the Left, it was the Muslim Brotherhood and other advocates of a more Islamic Egypt who took the lead in opposing Sadat in the years following his peace initiative. Beset by mounting domestic opposition, Sadat finally resorted to mass arrests of his adversaries in the months preceding his assassination on October 6, 1981.

Sadat's successor, Hosni Mubarak, acted quickly to reverse some of his predecessor's policies. Domestically, he "opened up" the political system, allowing the organization of small but vocal parties in order to separate the "acceptable" opposition from the more radical, would-be revolutionaries. When challenged, even by the fundamentalists, Mubarak did not hesitate to stifle public protest. His foreign policy was essentially a cautious corrective, trying to find the best of all possible worlds. Egypt kept the peace with Israel, but kept it coldly; it maintained the special relationship with the U.S., but at a distance; it renewed relations with the USSR, but offered no broad resumption of political or military cooperation.

Mubarak's most immediate task was to regain all of Sinai without being forced to reach agreement over Palestinian autonomy, in effect reversing Sadat's precedent at Camp David. De-linking Israel's territorial withdrawal from progress on the autonomy talks reflected the belief of Mubarak and his closest advisors that Egypt was dangerously and unnecessarily exposed on the Palestinian issue. Having achieved the Israeli withdrawal by April 1982 (except for Taba), Mubarak was then free to restore the PLO dimension to Egypt's policy as a prerequisite for readmission to the councils of the Arab States.

Israel's war in Lebanon offered Cairo the opportunity to take up the PLO "card." Egypt (and France) took the lead in pressuring the UN and Washington for a "political" solution to the Beirut siege in the form of fresh U.S. recognition of the PLO's importance. When this failed, the Egyptians found their chance in a public reconciliation between Mubarak and Arafat, after the PLO leader's ejection from northern Lebanon by Syrian forces in late 1983. Washington applauded Mubarak's pro-PLO policy, apparently in the belief that it would ease both Egypt's resumption of inter-Arab leadership and Arafat's turn towards negotiations. But Cairo led with a faltering hand.

In a spring 1984 visit to Washington, Mubarak seemed to suggest a sequence of negotiations between Israel and a Jordanian-Palestinian delegation. But no

sooner did that idea begin to excite great interest than Egypt retreated behind the Arab consensus on the necessity for PLO participation. Mubarak once again helped resuscitate Arafat in 1985. Despite the damage done to Egypt's economy by the Achille Lauro incident and Jordan's rising distaste for the PLO leadership, Mubarak sponsored Arafat's "Cairo Declaration," in which he renounced terrorism except in "occupied Palestine," a formula falling short of Jordanian, Israeli and American requirements.

Through it all, Egypt's relations with Israel deteriorated. Though Egypt's ambassador was not withdrawn from Tel Aviv until after the Sabra and Shatilla massacres in September 1982, Mubarak's government soon created a whole series of barriers to his return. Its list of conditions included total Israeli withdrawal from Lebanon; improvements of Palestinian life in the territories, and progress on the Palestine issue, meaning the creating of a new negotiating framework in which Egypt would not be the sole Arab participant. Mubarak's government discouraged tourism and business contacts with Israel and generally emphasized the point that it was less interested in deepening the peace than in reconciling with the other Arabs.

Perhaps most dangerous was that Mubarak essentially gave the opposition parties free reign to attack the peace treaty with Israel. A telling glimpse of Mubarak's policy occurred after the murder of a half-dozen Israeli tourists by an Egyptian policeman, Suleyman Khater, in October 1985. Not only did Mubarak dismiss the incident in a way deeply offensive to the Israelis, but he countenanced a public outcry over the "injustice" of the policeman's subsequent conviction and sentencing. Overnight Khater became a national hero and then was turned into a "martyr" after his mysterious suicide in his jail cell.

A similarly heightened tension surrounded the Taba issue. These several hundred feet of beach and a hotel preoccupied diplomats, politicians and lawyers all out of proportion to its size. The inability of Egypt, Israel and the U.S. to resolve this matter until nearly four years after Israel's withdrawal from the rest of Sinai grew into a symbol of the increasingly troubled Egyptian-Israeli relationship, a relationship that provides the strategic underpinning for the U.S. position in the Middle East.

U.S.-Egyptian bilateral ties were also troubled, thanks at least in part to the cumbersome administration of U.S. economic aid, the slow shipment of U.S. arms and the general breakdown of political communication. The record of misunderstandings began with Egypt's apparent inability to influence Washington during the Lebanon war, continued with the U.S. courtship of Hussein as the "key" Arab leader, and climaxed with the Achille Lauro affair. In that episode, which marked the nadir of recent U.S.-Egyptian relations, Mubarak was accused by U.S. officials of misleading them; he, in turn, demanded a public apology from Washington.

These political misfortunes were accompanied by deep economic difficulties. There seemed little stomach in Mubarak's Administration to tackle the real problems of a bloated bureaucracy, massive inefficiency and inflated subsidies. While doing little on its own, Egypt's economy has been overtaken by external events, including the 1985/86 drop in tourism and the end of the oil boom. Just when foreign debt reached the danger level, matters were worsened by the February 1986 police riots that further undermined national and international confidence in the Mubarak government.

In the face of mounting troubles, many observers were tempted to write off the Mubarak regime. Unlike his predecessors, Nasser and Sadat, Mubarak lacks the charisma to demand sacrifices or the imagination to undertake daring initiatives. But both the government and its pragmatic president have shown great resiliency, partly because the alternatives lack either popular support or threaten an even more uncertain future.

A return of Nasserism, drawing upon the nostalgic years when Cairo seemed a major international power, is unlikely. A break with Israel and the U.S., combined with the resumption of close ties with the USSR, would plunge Egypt into an immediate financial crisis and perhaps a military crisis for which she is ill-prepared. In any event, Nasserism requires a Nasser to stir the popular support and imagination.

Another alternative, feared more by many, is a Sunni "fundamentalist" republic. The Muslim Brotherhood has long been a factor in Egyptian politics and the ideology of an Islamic renaissance that exploits Western technology while rejecting Western society was actually developed in Egyptian intellectual circles long before it was made popular by the Ayatollah Khomeini. But the result of such an effort might be the same crisis provoked by Nasserism, without the Soviet alternative and, unlike Iran, without the financial legacy to sustain the experiment. Finally, fundamentalism in Egypt, like Nasserism, has yet to find the charismatic leader who could steer the country in dramatically different directions.

All analyses of Egypt's future must take into account the leading role of the Army. In Iran, the Shah and his appointees were the main agents of change and, except for the bazaar merchants and the clergy, there were no other institutions with an independent political tradition. The Egyptian revolution, in contrast, was made by the military, not by the mobs, the clergy or the intellectuals. The professional soldiery, not the conscript army, is the guardian of the revolution. Ultimately, political change in a military-based regime will come from that quarter before any other.

Mubarak himself has been very careful to assure that the army has a direct stake in both his rule and the relationship to the U.S., which means inevitably a continued flow of advanced weaponry.

Perhaps the most difficult development for the U.S. would be a Mubarak regime that sees in its foreign ties the scapegoat for its domestic disorder. Washington would fear to press a weak Egyptian government, but a weak Egyptian government would feel compelled, out of weakness, to press Washington (or Jerusalem). Such a spiral could lead an Egyptian leader to conclude that his survival depended upon breaking the peace treaty.

To avoid this spiral and to shore up the U.S.-Egyptian relationship calls for actions by both governments. There is an opportunity to do so because fortuitous circumstances have combined to ease some of Egypt's most pressing recent dilemmas:

- The gradual removal of Arab diplomatic and economic sanctions reflected less Cairo's costly cultivation of the PLO than the impact of the Iran-Iraq War. Not since the mid-1970s has Egypt been more recognized as the "balance wheel" of the Arab states. And Nasser could never have dreamt that the Gulf states would be soliciting Egypt to come to their assistance.
- Gulf financing has also provided a respite from the balance of payments crisis brought on by debt and the 1986 collapse of oil prices. The International Monetary Fund (IMF) plan, key to the rescheduling by the so-called Paris Club of Cairo's creditors that was arranged in May 1987 is predicated on further reforms to cut subsidies and stimulate exports. But unlike earlier IMF plans that provoked riots in 1977, the Egyptian government has been given both more time and more flexibility to act.

These events and Mubarak's reelection to a second presidential term have added measurably to Egypt's confidence. That confidence, however, should not be mistaken for fundamental change in either Mubarak's style or his country's longer-term economic prospects. Egypt's population growth, state dominated economy, shaky financial system and overwhelmed public services are a potent combination for disaster. The U.S. cannot invent Egyptian leadership. But as the largest source of Egypt's foreign aid – and, among other things, Egypt's main sources of wheat (75 percent of domestic consumption) – Washington should take steps to alleviate this pressure.

First, a solution must be found for the U.S. military debt, \$4.5 billion contracted at high, fixed interest rates and with stiff penalties for delinquency. Egypt pays over \$500 million per year in interest alone. The rescheduling signed in November 1987 refinances those debts falling due between January 1987 and June 1988. While that relieves the imminent crisis, it does not solve the bulk of it over the long term.

Second, the U.S. should reconsider the substitution of cash grants for a portion of the AID program. Too many Americans trying to tell the Egyptians

how to do too many projects becomes both demeaning and counterproductive, especially when U.S. aid often requires high-price foreign experts and agricultural aid that in fact discourages Egyptian food production.

Third, the U.S. must accept the fact that only the Egyptian government can mandate the pace of economic reform. Much certainly needs to be done and the Mubarak regime seems to lack the prestige to demand the necessary sacrifices. But unless the U.S. (and the IMF) wish to join the long list of frustrated, would-be renovators of Egypt, then this political fact should be recognized. The U.S., of course, should quietly and steadily prod Cairo down the reform-minded path. Ultimately, however, we cannot second-guess the Egyptian government on the pace or extent of change.

On the political side, the U.S. needs an unusual combination of political, financial, and military flexibility to sustain its relations with Egypt for the period ahead. Washington's approach towards Egypt must be conditioned by that country's historic role in the peace process as well as by Mubarak's clear predilection not to bear any responsibility for carrying out the unfinished business of Camp David. Cairo is unlikely to lead in broadening the process because it lacks the resources and influence, but it cannot afford to be left behind, having invested its prestige in the peace diplomacy.

Under the circumstances, the dramatic period of discovering new common interests between the U.S. and Egypt has been succeeded by a time of more wary circumspection in which interests must be very carefully defined. These are still considerable: joint military exercises; coordinated actions (short of military action) to harm Libya; a mutual desire to expand the peace process and to weaken Syrian influence; and a shared effort to bring the Iran-Iraq war to a conclusion "with neither victor nor vanquished." But the pursuit of these objectives will find the U.S. and Egypt playing different and sometimes adversarial roles. For example, the U.S. probably cannot turn Egypt away from a policy that still sees the PLO as essential to the peace process, both as justification for Cairo's diplomacy and as a means of "recapturing" the organization from radical influence.

Nevertheless, it is essential that the U.S. continue to treat Egypt as a critical ally and neither the "Jordanian option" nor any other "option" should be pursued without assessing its impact on Egypt's future and its leader's credibility. After all, without the Egyptian-Israeli peace, all other options are meaningless. At the same time, the U.S. must caution Cairo not to undermine the treaty by failing to defend it. We should point out that commercial and cultural "normalization" with Israel confers a political legitimacy to the relationship, the lack of which will inevitably damage both the peace and relations with the U.S.

Still, in the final analysis, Washington should recognize that the real "red lines" on Egyptian-Israeli peace are drawn only in the sand and rocks of Sinai.

A hard-headed if begrudging recognition of those lines has sustained the treaty thus far through several severe tests, most notably the Israeli invasion of Lebanon. So long as Egypt is ruled by prudent men, those hard-headed calculations will continue to survive a period of political stalemate.

THE PEACE PROCESS AND THE SEARCH FOR COMMON INTERESTS

The burden of this analysis thus far is that U.S. capacity to deter war remains considerable. A judicious diplomacy and anti-terrorism strategy, coordinated with Israel, can frustrate a Syrian attrition campaign. Egypt's domestic and strategic considerations still warrant both the peace treaty and a strong relationship with the U.S. But if war remains too risky, so does peace.

Despite the lack of a dramatic breakthrough toward peace, the course of diplomacy over the past two years has attested to the desire for a peace "process." The surprise encounter in July 1986 between King Hassan of Morocco and Israeli Prime Minister Peres showed that, at the very least, Arab and Israeli leaders could meet and publicly disagree without traumatic consequences. Soon thereafter, Vice President Bush issued a statement of common principles supposedly held by Egypt, Israel, Jordan and "many Palestinians." Egyptian-Israeli relations were strengthened by a Mubarak-Peres summit meeting in September 1986 that settled the Taba arbitration issue and led to the return of an Egyptian ambassador to Tel Aviv, after a four-year hiatus. During this period, Israeli and Soviet representatives met to discuss the resumption of consular relations (halted by the USSR after the 1967 war), eventually leading to the visit of a Soviet consular delegation to Israel in July 1987. In February 1987, Mubarak and Peres, now foreign minister, met again to call for an international conference. Peres devoted much of the spring of 1987 to promoting the idea of an international conference as a risk worth taking, under certain conditions; the Likud half of the National Unity Government, led by Prime Minister Yitzhak Shamir, remained unconvinced. Shamir himself approved a variant of the "international auspices" approach in October 1987, permitting Washington and Moscow to oversee the start of Israeli-Jordanian negotiations on the sideline of the upcoming Reagan-Gorbachev summit in December; Jordan refused. Now, in the wake of the continued violence in the West Bank and Gaza, the United States is exploring the possibility of a different "structure," which begins with a full Five Power international conference to open negotiations on changes in the military occupation and then proceeds to the diplomacy of reaching a "final status" for the disputed areas.

The reality, however, is that major obstacles – both procedural and substantive – remain as entrenched as ever.

- Jordan and Egypt want an international conference, with Soviet, Syrian and PLO participation, rather than direct negotiations mediated by the United States. Both Arab states have had their confidence in Washington's ability to mediate a negotiation with Israel called into question. Their lack of certainty in America's ability to serve as an able and honest broker reflects their belief that the U.S. cannot budge Israel very far on the issues as well as their conviction that the U.S. cannot

reduce the inherent foreign and domestic risks they run in such a negotiation. It also remains unclear how the U.S. and Israeli notions of an international gathering that, in Peres' words, "permits progress, not paralysis," can be reconciled with the Jordanian and Egyptian conceptions of the conference.

- While rejecting Arab demands for a Palestinian state, even one supposedly destined for confederation with Jordan, the U.S. does believe that Resolution 242's principle of exchanging territory for peace will require substantial Israeli withdrawal. Israel also rejects the idea of a Palestinian state but its National Unity Government – and its population – are deeply divided over the extent of any territorial withdrawal. However, there is national consensus that Israel should not return to the 1967 lines or yield Jerusalem to an Arab sovereignty. Only the lack of an Arab negotiating partner has glossed over the inherent potential for serious U.S.-Israeli disagreement.

- The role of the USSR and Syria, though apparently crucial to the convening of an international conference, would be superfluous and even deleterious thereafter if U.S. and Israeli interests are to be served. It is not clear, to say the least, why Moscow and Damascus would agree to help set the table and then also agree not to eat the meal.

- Any agreement that reflects U.S. and Israeli rejection of the Palestinian state also betrays the Arab consensus embodied in the 1982 Fez summit resolutions. While Jordan has attempted to smother the "self-determination as state" outcome in the notion of confederation, the PLO under pressure has always reiterated its demand for real sovereignty. After the Palestinian unrest, there is little evidence so far that anything short of a state will satisfy Palestinian aspirations. Yet nothing has changed to alter Israeli, American or Jordanian calculations that such a state would be dangerous.

It may not be possible for American statesmen to thread a way through these obstacles. But a realistic search for common interests is necessary if the guideposts for a peace process are to be discerned. That means to explore these crucial relationships, which – apart from Egypt and Syria – shape the diplomacy of peace: the U.S.-Israel strategic alliance; Jordanian-Palestinian interests; and the superpower rivalry, which has become more active with the advent of the Gorbachev leadership.

Strategic alliance with Israel

The remarkable fact about the U.S.-Israeli relationship today is the extent to which it has grown following the extraordinary frictions of 1981-1983. The strategic divide that threatened cooperation between Washington and Jerusalem at the beginning of the 1980s has been effectively bridged. Convinced that Israel was a strategic asset, not a liability, President Reagan has insisted upon closer collaboration in military infrastructure: the programs, training and mutual exchanges that bring the two countries' armed forces to work together on common projects. This has added a new dimension to the unique U.S.-Israeli relationship, which draws upon strongly held common values to bridge enormous differences in size, sense of security and, sometimes, regional interests.

Despite the firm foundation of their alliance, U.S. and Israeli visions of the final shape of a peace process do not entirely coincide. The Reagan Plan endorses the American consensus formed in the aftermath of the 1967 war:

- the principle of territory for peace should be applied by means of direct negotiations between Israel, Jordan and Palestinians who accept the basic formula of Resolution 242;
- Palestinian political aspirations should be realized within a Jordanian sovereignty;
- Israel should retain only that territory beyond the 1967 lines that is justified on grounds of national security, not for historical or religious reasons;
- Jerusalem should be a united city, with freedom of worship guaranteed for all.

In the absence of movement toward a settlement, the U.S. has preferred that Israel retain control of the territory west of the Jordan River but that it neither extend its sovereignty nor establish settlements on the land occupied in 1967 in order not to complicate any future return of these areas to Jordan.

For want of an Arab negotiating partner, Washington has expected Israel to hold the territories as a perpetual bargaining point while trying not to disturb the status quo. Neither Israeli political party, however, has found this to be a practical policy. Labor may have justified the post-1967 settlement pattern on strategic grounds, but as the Allon Plan envisioned, the party mainstream always intended to incorporate large portions of the West Bank into Israel as the outcome of a final agreement. After 1974, Labor found even the strategic rationale difficult to sustain, with the Rabin government acknowledging that any territorial settlement would require a national referendum rather than just Knesset (parliamentary) confirmation. This reflected the strong impulse within

the Labor coalition to regard "Judea and Samaria" as inseparable parts of the national patrimony.

In the Likud, "Judea and Samaria" could never be regarded as "bargaining chips." Their position derived from nationalistic principles that often denied legitimacy to the Hashemite Kingdom of Jordan on the grounds that that area had been unjustly detached from the Palestinian Mandate by the British in 1921. For the religious-nationalists, such as the Gush Emunim, retention of the territories and their settlement by Jews – especially in the centers of large Arab populations – was bound up in a belief that the Messianic redemption would be hastened, a doctrine obviously not subject to negotiation.

Each of these Labor and Likud positions became fixed in different "theories" about what would really occur if the military occupation simply continued. On the one hand, Labor raised the "demographic" issue, the fear that ruling over more than a million unwilling Arabs would eventually either corrupt Israeli democracy or dilute the Jewish character of the state. On the other hand, Likud believed that the territories could be held without running either danger so long as Arab political aspirations were not raised and Israeli settlements were planted "strategically" to fracture the mass of Arab urban settlement.

Both of these theories suffered from logical defects even before the onset of the Palestinian rebellion in late 1987. The logic of Labor suggested that no Arab negotiating partner need appear because Israel, for its own reasons, would have to vacate the territories. The logic of Likud was equally defective, because its plans could succeed only in the event of massive Jewish immigration or massive Arab emigration. If neither were to occur, Likud would be left with the same demographic dangers to Israel's Jewish and democratic character feared by Labor.

The violent end to the status quo in the territories may bring about an Israeli "working consensus" that borrows from both theories. Israel will not withdraw from the territories unless there is a negotiating partner but more "space" must be provided for Palestinian political expression. The proximate objective, be it described as "devolution" or "autonomy," is to retain Israeli strategic control but to lessen Israeli responsibility for the Arab inhabitants. Whatever changes could be made will be justified in terms of security rather than in hopes of coexistence. Experience with both the Egyptian-Israeli peace, the communal disorders of Lebanon and the Palestinian uprising – including the protests of the Israeli Arabs – have strengthened the Israeli tendency to distrust the prospects for real reconciliation.

While the Israelis struggle to find a better answer to their dilemmas, the U.S. will be tempted to exploit both Israel's political divisions and Israel's reliance on U.S. aid to influence Israeli domestic politics on the ultimate shape of a peace agreement. As the Lavi episode showed, the rising burden of modern defense has begun to rub against the limits of both Israel's economy and U.S.

ability to provide support. In the final analysis, Israel is a small and vulnerable state, whose powerful military is dependent upon massive conscription of civilians and foreign aid to pay the bills. Israelis remain acutely aware that American help is both finite and conditioned by the search for peace.

Many in Washington continue to believe that a show of Israeli flexibility will also enliven an Arab constituency for the same purpose. According to this argument, if the U.S. would only put forward a reasonable design for settlement and demonstrate that Israel can be “delivered,” then an Arab negotiating partner will materialize. And if, for example, a Likud-led national unity government should begin again to press Israeli claims to the territories, would not an opportunity arise to combine U.S. pressure with the positions – and electoral interest – of the Labor party?

On various occasions in the recent past, especially during the course of 1986-87, the Reagan Administration has been offered this opportunity and resisted it. The reasons go beyond the issue of domestic politics in the United States to the nature of America’s political leverage. A U.S.-Israel argument in the absence of an Arab negotiating partner hardly encourages Israeli-Arab compromises that ultimately hold the key to a successful settlement. An Israeli leader who emerged as a consequence of U.S. pressure would have as his first task the establishment of his own capacity to resist. In the final analysis, Arab participation in the peace process has become fundamental to U.S. attempts to persuade Israel to change its own positions. Without it, even popular American presidents have been unable to muster the political strength to force the issue. A good working relationship with Israel thus remains a prerequisite to an effective U.S. role in the peace process.

Israeli-Jordanian interests

King Hussein’s unwillingness to act alone and the inability of Jordan and the PLO to map out a joint negotiating strategy have called the entire Jordanian “option” into question. If the Jordanian option is defined as public, bilateral negotiations strictly between Israel and Jordan leading to Israel’s withdrawal to the pre-1967 lines with minimal territorial modifications, then it is more a triumph of hope over experience. Yet, thanks largely to the otherwise failed diplomacy of the Reagan Administration, the basis for cooperation between Israel and Jordan seems more solidly laid today than it ever was before. Simultaneously, Jordanian-Palestinian interests have been put to the test – and found wanting.

Talk of “Jordan is Palestine,” popularized by Ariel Sharon, defense minister in the second Begin Government, threatened to jeopardize the long-standing strategic understanding between Israel and Jordan that underwrote Jordan’s survival. Hence, Hussein’s recent diplomacy had as one purpose the

strengthening of an Israeli stake in Jordan – that the Jordanian “option” means Hashemite survival, not demise, and that Israel’s longer-term policy must be enlarged to include a *de facto* interest in maintaining stability and balance inside Jordan itself. Indeed, one of Jordan’s major achievements over the past two years has been to renew Israel’s interest in the longevity of the Hashemite regime within the context of a Jordanian reconciliation with Syria. Indeed, improving Israel’s stake in the King may well have been a prerequisite to such a reconciliation, given Jordan’s otherwise precarious isolation.

This achievement, however, surely did not mean a royal willingness to run Sadat-like risks. For the Jordanians, anything less than a total restoration of the pre-1967 boundaries – especially Jerusalem – has found the King unwilling to make compromises of his own. Hence, a realistic Jordanian option demands two ingredients: first, public Israeli readiness for deep withdrawals, and second, the participation of the one figure deemed capable by Hussein of legitimate compromise for the Palestinian cause – Yassir Arafat. The “Jordanian option,” then, has come to mean the “Jordanian-PLO option” or, at best, the “Jordanian-Palestinian option approved by Arafat.” Even when Israel has been ready to discuss possible withdrawal, Arafat has always been missing, because he has always conditioned his participation in the negotiating process on the right of self-determination, which, in his lexicon, is synonymous with the creation of a Palestinian state. For the PLO, any implied compromise only concerns Israel’s *pre-1967* lines; about the West Bank, Gaza and East Jerusalem, it maintains its demands for statehood. And it is upon this very issue that the Jordanians have balked.

For many in the U.S., Europe and elsewhere, the Palestinian state option for the West Bank and Gaza remains an attractive proposition. Superficially, it has much to recommend it. First, the principle of self-determination would be realized. Demilitarization, open borders and neutrality would make any Palestinian state both peaceful and palatable to Israel. The state’s existence would provide a political focus for Palestinians throughout the world that would relieve the pressure on Jordan and other Arab states, removing most of the grievances that give rise to Palestinian extremism. Finally, such a state would be dependent on the financial largesse of the U.S. and “moderate” Arab states and would, by necessity, be responsive to American tutelage.

The main defect of these arguments is that a Palestinian state established between Jordan and Israel could only be safe if it lacked the true attributes of sovereignty. It could have uniforms but no soldiers, borders but no control over them and aspirations but none that could endanger its neighbors. Such a state would have to renounce any political concern for or claims over the hundreds of thousands of kindred Palestinians who reside in Jordan and Israel. Simply put, to be safe, such a state must be a sham and if it were not a sham, it would not be safe – for Israel, Jordan or the United States. And after two decades of

bloody effort, a sham *Filastin* would hardly be attractive to Arafat or any of his rivals.

That leaves the search for common interests to focus on some solution short of Palestinian sovereignty – a solution under considerable pressure following the collapse of the status quo enforced by Israeli occupation. The Hashemite regime seems to share the Labor Party's gloomy prognosis about the consequences of holding the territories. Because they do not believe that Israel will either discard democracy or the Jewish character of the state, the Jordanians fear another option: solution of the "demographic dilemma" through expulsion of the Arab population. This would have disastrous consequences for Jordan and as a result, the authorities in Amman have taken economic, social and political steps to strengthen the Palestinian population's resolve to "stay put" while maintaining links to the Hashemites as the only way to free themselves from the Israeli yoke. Inevitably, it is hoped the West Bankers and Gazans will conclude that aligning with this Hashemite version of the Jordan "option" is the only sure way to avoid annexation or exile.

The Palestinian uprising, since December 1987, has dealt this appeal a heavy blow because it raises the possibility that Israel will be forced to yield the territories through a "war of attrition" or that it will eventually find in the PLO the only political way out. Lacking a convincing diplomatic plan or the wherewithal to make war, the PLO, though still a popular symbol, is engaged in its own struggle to take control of the people in Gaza and the West Bank. In the midst of this struggle, Hussein has apparently concluded that while he cannot afford to let someone take center stage, he is not yet prepared or able to do so himself. To emerge as the primary political guide of the territories, the King needs money, a diminished status for Arafat, a certain tolerance by Assad, and, of course, the cooperation of Israel. Many of these elements existed before the Palestinian rebellion and still exist. But few can be brought to bear until the Israelis establish once more that neither the PLO nor the stone-throwers can compel them to yield on basic issues.

Jordan's room for maneuver on the peace process has thus been reduced to a waiting game. Formal negotiations remain too risky, so the King must instead find refuge in diplomatic motions that minimize his risks – such as the international conference. Like others in the region, Jordan too faces the potent combination of an Islamic enthusiasm and economic distress, both of which, if united to Palestinian disaffection, could seriously challenge the royal regime. The next few years will be a delicate and dangerous passage. The only real room for constructive action is to reestablish a Jordanian influence in the territories that puts off at least the most pressing dangers and that builds for the moment when either Arafat or Assad will present less of an obstacle. Whether the King really expects to displace Arafat or to remain on cordial terms with Syria may be questioned. For now, however, Jordan's minimal objective in the peace process – along with Israel's and maybe even Syria's – is to reinsert

Jordan's influence at Arafat's expense in the West Bank. And in view of the unsettled situation in the territories, that is unlikely to occur unless the Israelis regain control.

Soviet-American competition

As noted earlier, one of the more surprising developments in the recent past has been the apparent joint interest of Jordan and half the Israeli government in an international conference with some form of Soviet participation. As far as the U.S. is concerned, there should be little doubt that the reopening of the "Soviet option" has come as an unwelcome event.

Among Washington's greatest achievements in the Middle East since 1973 has been the exclusion of Moscow from effective participation in the peace process. This reflected less a rejection of Soviet interests in the region than a judgment that peace was not among them. And when American leaders thought otherwise, Egypt and Israel have always been quick to remind them of it.

Soviet diplomacy towards the Middle East draws upon a history singularly lacking in the usual attractions, for Moscow needs neither the region's natural resources nor its trading routes. Like their Tsarist predecessors, the Soviets have pursued the traditional policy reserved for areas contiguous to an empire, assuring "friendly" neighbors or, failing that, denying influence to its adversaries. The states of the Northern Tier – Turkey, Iran, Afghanistan, and Pakistan – have a long record of resisting Russian influence. Thus, the self-fulfilling nature of imperial expansion has been amply illustrated.

In the context of the great postwar struggle with the United States, the Soviet strategy of "denial" has benefitted immensely from the Arab-Israeli conflict. But this strategy had its inherent limits in the fact that war in the Middle East challenged the Soviet interest in avoiding a losing confrontation with the West. Therefore, Moscow's goal is found between the peace that precludes a need for a Soviet arms supply and the war that threatens the security of the Soviet Union itself.

Over the last three decades, Moscow has compiled the unenviable record of a superpower that could help get its clients into a losing war but not a winning peace. To a large extent, then, the Soviet influence has been confined to those states more or less permanently at odds with the U.S. In the last decade, Syria, Iraq, South Yemen, the PLO and Libya were the favored recipients of Moscow's arms. And for a brief moment in 1979, the Soviets seemed on the way to achieving new levels of influence – pressuring Egypt's flanks through Ethiopia and Libya; building an alliance of Iraq, Syria and the PLO to frustrate the peace process; using South Yemen to disturb the Saudis; and with the fall of the Shah,

benefitting from America's loss of a crucial local power that had been helpful to Western interests.

Within a few years, however, the Soviet position was greatly weakened. The key event was the Iran-Iraq war, which locked two virulently anti-American regimes in mortal combat, fractured the Arab front formed to oppose Camp David and diverted Arab money and attention to the crisis in the Gulf. At first, Moscow tried to straddle the combatants, clearly intent on cultivating an opening to Tehran, only to be rebuffed by the Ayatollah's hostility to Moscow and the massacre of its local supporters. The Soviet invasion of Afghanistan injured Soviet prestige and brought several Arab states (as well as Iran) to support the mujahideen resistance fighters. When South Yemen began to seek better relations with its neighbors, it was torn apart by a bloody coup that wrecked the country. And of course, there was Moscow's deep embarrassment at the poor showing of its equipment during the Lebanon War, when Israel defeated the PLO and Syria.

As has happened so often in the past, the Soviets lost no time in trying to reassemble the pieces in a bid for fresh influence. Syria's frustration of both U.S. and Israeli policy in Lebanon, backstopped by an enlarged and more advanced Soviet supplied air defence system, halted what could have become a disastrous loss of a key Arab ally. This, in turn, contributed to Hussein's insistence on an international conference, a position long advocated by Moscow. Surprisingly, Israel's Prime Minister Peres also conditionally accepted the idea of a Soviet role at the conference. As a result, the U.S. has been forced anew to consider joint action with the USSR as the prerequisite to further progress towards Arab-Israeli peace.

On the surface, Moscow has much to offer. Its influence, through its arms supply, may encourage or discourage the war option. For the Israelis, there is the additional lure of Soviet Jewish immigration. Finally, the Soviets are the beneficiaries as well as the nurturers of the Syrian veto.

Moscow itself seems to be aware that while its veto may be formidable, its credentials as a potential mediator are defective. First, the Soviets need a common Arab front, meaning that they recognize that Syria alone cannot assure them status and influence. As a result, the Soviets have been busy trying to meet the twin prerequisites of forming such a front – reconciliation between Assad and Arafat, which would end conflict between Moscow's principal regional clients, and mediation of the Iran-Iraq war, which would give the Soviets an impressive success plus two powerful allies in its quest to undo the U.S.-monopolized peace process.

Second, the Soviets need an opening to Israel. Here, Moscow's dilemma is in meeting Israel's demands for full-scale diplomatic relations and greater Jewish emigration without antagonizing the Arabs and impeding progress toward a

unified Arab posture. Hence, Moscow has begun only with subtle hints and very low-level diplomatic action. Still, the process has begun.

Third, the Soviets must fit their Middle East policy into the larger framework of U.S.-Soviet relations, making certain that it does not interfere with Moscow's interest in arms control while arguing for cooperation between Moscow and Washington on this virulent conflict as necessary to buttress mutual security.

Moved by visions of a fresh opportunity to regain "equal" status in the Middle East, the Soviets under Gorbachev have detected their own weaknesses. Whether the "scouting" they have been busy with so far will prove to be the prelude for more dramatic action cannot yet be ascertained.

Upon deeper analysis, however, all of the old doubts about Soviet purposes arise with special force. There may be a rich record of Syrian-Soviet friction and even betrayal, but both have a common interest in a conference that fortifies their veto. Ultimately, for the USSR to break with Syria over terms of an eventual settlement would deprive Moscow of its major foothold at the very moment when the other parties would expect it to "deliver." There is little evidence that Moscow is willing to run such risks when its real interest seems to be in controlled tension or an imposed settlement but not of a sort that threatens its local relationships.

As long as the peace process is defined solely as the formal extension of negotiations through Jordan or the PLO, Moscow's alliance with Syria means that it cannot be totally excluded from the process. But if that process were to take the form of Jordanian-Israeli cooperation to diminish Arafat's influence in the territories, or of improving Israeli-Egyptian relations, then Moscow could be locked out.

In either case, the Soviets need to be reminded of U.S. resolve not to be intimidated by terrorism, not to be forced into an unwanted diplomacy out of fear of a Syrian-Israeli war, and not to "buy" Soviet restraint through concessions on Soviet prerogatives in an international conference.

CHANGING THE BALANCE OF RISKS

The Middle East, and the Arab-Israeli conflict in particular, has always posed a major challenge to American leadership. In a region where ancient antagonisms and single-minded despotisms often dominate events, Washington's pragmatic and well-meaning diplomacy frequently seems ill-founded. Perhaps this explains the truth of a veteran diplomat's observations that Americans have been most creative in dealing with Middle Eastern problems only after wars, when disaster encourages a more flexible attitude.

Today, Washington finds its policy the victim of its own success in that war between the Arabs and Israel, at least on the scale of 1973, seems precluded. So long as American, Egyptian and Israeli interests coincide in support of the Egypt-Israel peace treaty, the war option is deterred. The partners to the peace have not always acted wisely in dealing with each other – or with peace's principal nemesis, Syria – in the tumultuous years since 1977. But as British Prime Minister David Lloyd George once retorted to an accusation that he was ruining the country, "it takes a great lot of ruining to ruin a great country." Only a great lot of mismanagement in Cairo, Jerusalem and Washington could destroy the edifice erected at Camp David.

In fact, there have been signs of just such mismanagement in the way the diplomatic process has been turned in the direction of the Soviet Union. Washington has lost a good measure of prestige through its failure in Lebanon, its haphazard resistance to terrorism and its bizarre diplomacy in the Gulf. Moreover, its would-be partners in the peace process have been either too weak or too divided to proceed to the next round of negotiations. As a consequence, the U.S. has been forced to consider an international conference that begins by admitting the insufficiency of American auspices or to risk a stalemate that aggravates the downward spiral of U.S. influence.

Arguments over the international conference thus begin with the premise that it is the only alternative to doing nothing. These arguments replicate long-standing disagreements over whether the U.S. should pursue a step-by-step or a comprehensive approach to peacemaking. It should be clear to advocates of the conference, however, that to reenact the successes of 1973-74 requires strong local parties, able – with U.S. help – to reach agreements that defy the wishes of other members of the conference. If that element is lacking, as it certainly seems to be in Jordan's case, then the conference is a dangerous snare. Simply put, if Jordan needs agreement by the Soviets and Syrians (and even PLO) to start negotiations, will not Jordan need their assent to finish them? And could the outcome of such talks possibly be agreeable to Israel or to the U.S.?

In any event, this kind of diplomatic play ignores more significant developments in the relationship between Israel, Jordan and the Palestinians

under Israeli military rule. Therein exists the only real modicum of coinciding interests that could change the status quo – with the Palestinians anxious to lighten the burden of Israeli rule; the Israelis, both Labor and Likud, wanting to lighten the burden of Israeli responsibility for the Palestinians; and the Jordanians wanting to fill the ensuing vacuum with Jordanian authority. The inescapable political logic of this common interest must lead the parties toward the once-discarded “autonomy” concept of the Camp David Accords, although none of them care to call it that anymore.

America’s choice, therefore, is not the “either-or” of years past: step-by-step or comprehensive, bilateral talks or international conference. Instead, we face rungs on a ladder, of which one rung – “on the ground” change in the territories – can be reached, whilst another rung – an international conference that inaugurates a process of bilateral agreement under U.S. auspices – is not yet possible. This paper argues that an “interim step” or *de facto* agreement among Jordan, Israel and local Palestinians which leads to a solid Jordanian-Palestinian partnership in the territories offers the prerequisite for an eventual “Jordanian option” in the truest sense – an agreement which accommodates Palestinian aspirations for self-rule with Israeli and Jordanian security. The trick will be to stay that course with one eye still on the rung above and not to tumble down in the process.

THE WASHINGTON INSTITUTE FOR NEAR EAST POLICY

POLICY PAPERS SERIES

Editors:

Martin Indyk

Robert Satloff

1. Dennis Ross *Acting with Caution: Middle East Policy Planning for the Second Reagan Administration*
2. Ze'ev Schiff *Israel's Eroding Edge in the Middle East Military Balance*
3. Barry Rubin *The PLO's Intractable Foreign Policy*
4. Hirsh Goodman *Israel's Strategic Reality: The Impact of the Arms Race*
5. Robert Satloff *'They Cannot Stop Our Tongues': Islamic Activism in Jordan*
6. Eliyahu Kanovsky *Another Oil Shock in the 1990s? A Dissenting View*
7. Ehud Yaari *Peace by Piece: A Decade of Egyptian Policy toward Israel*
8. Asher Susser *Double Jeopardy: PLO Strategy toward Israel and Jordan*
9. Stuart E. Eizenstat *Formalizing the Strategic Partnership: The Next Step in U.S.-Israel Relations*
10. Robert Satloff *Army and Politics in Mubarak's Egypt*
11. Harvey Sicherman *Changing the Balance of Risks: U.S. Policy toward the Arab-Israeli Conflict*

*Publications are available from:
The Washington Institute for Near East Policy
50 F Street, N.W. Suite 8800
Washington, D.C. 20001
(202) 783-0226*

