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ACTING WITH CAUTION: MIDDLE EAST POLICY PLANNING FOR THE SECOND REAGAN ADMINISTRATION

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EXECUTIVE SUMMARY

1. THE REGIONAL CONTEXT: "NO WAR, NO PEACE"

Although the disincentives to war are great among the parties to the Arab-Israeli conflict, there is little prospect of real movement toward peace.

Israel is preoccupied with the withdrawal from Lebanon and its economic crisis. However, Peres may wish to precipitate a new election over the future of the West Bank and may welcome a U.S. peace initiative.

For Jordan, the change in the Israeli government has made the consequences of inaction less grave than before. But King Hussein retains an interest in appearing to move toward peace while avoiding any actual commitment to negotiations with Israel.

Syria is preoccupied with Lebanon and an internal power struggle. Assad is unlikely to react adversely to peace maneuvering unless the U.S. launches a major initiative aimed at excluding him. Yet he cannot be included because he has no interest in negotiating a peace treaty with Israel.

Egypt is likely to deal with its deepening domestic malaise by distancing itself from the U.S. and reasserting its leadership of the Arab world. Mubarak's interest in the peace process is geared toward winning Arab favor without jeopardizing Egypt's reintegration into the Arab world. He will not take the lead in the peace process but will want credit for any progress.

Saudi Arabia's policy is driven by weakness not strength. The Saudis will press us to move on the peace process but are not interested in real movement if it requires taking sides and supporting us. The best they can do is provide money and help legitimize concessions made elsewhere but they cannot deliver concessions.

The PLO has been severely weakened and Arafat's hold is tenuous. While he will try to insert himself in the peace process to appear relevant, he remains unable to deliver anything like real peace. Rewarding him will rebuild his credibility and thereby undermine Hussein's efforts to speak for the Palestinians.

2. US POLICY: ACTING WITH CAUTION

Despite the absence of reasonable prospects for peace negotiations, the Reagan Administration will come under pressure from Arabs and Arabists to launch a new initiative. The State and Defense Departments will also argue for new arms sales to Saudi Arabia and Jordan.

The Reagan Plan and Lebanon failures damaged America's credibility in the region. Therefore, the Reagan Administration should respond with caution, focussing on what is achievable and avoiding more failures:

i) Arms Sales:

The primary concern should be to avoid an all-consuming fight with Congress that will damage the domestic consensus, humiliate the Arabs, alienate Israel, and prevent development of a coherent strategy. The Administration should:

-- Insist that the Saudis and Jordanians first take positive steps to advance the peace process
-- Justify the arms sales only in terms of real or potential threats; it is no longer credible to claim that they will encourage Arab moderation
-- Avoid any linking of economic aid to Israeli acquiescence because it will be counter-productive.

ii) Involving the Soviets:

We should not grant the Soviets increased stature in the region until they demonstrate a willingness and ability to deliver something meaningful in return. We should establish tangible "tests" of their interest in cooperation:

-- Can they deliver PLO sanction of Hussein entering negotiations?
-- Will they lean on the Syrians to moderate their behavior in southern Lebanon?
-- Will they cut their support for Libya and other trouble-makers?
-- Will they accept Israel's need for "defensible borders" instead of backing maximalist Arab demands?

iii) Peace Process:

We need to adopt our own strategy of motion while patiently awaiting real movement from the local parties. That will require a number of initial steps:

-- Appoint a non-Arabist special Middle East envoy to give the impression of seriousness while conveying the clear messsage that the ball is in the Arabs' court and that the U.S. objective is to get Jordan - not the PLO - to negotiate with Israel
-- Discreetly try to establish "red-lines" between Syria and Israel in southern Lebanon
-- Press for an improvement in Egypt-Israel relations
-- Put King Hussein on notice that we expect him to make a real move towards negotiations with Israel, independent of Arafat.

We should then lay out a near term strategy that will either make the Jordanian option feasible or produce an alternative option altogether:

-- Work with Israel on the implementation of unilateral autonomy that will both help create a credible alternative Palestinian leadership and also put pressure on Hussein to intervene and coopt it
-- Explore the possibilities of a Syrian-Israeli agreement that would raise Hussein's fear of exclusion.

CONTENTS

I. INTRODUCTION

Taking stock of our position in the Middle East is something that needs to be done at the outset of every Administration. While it is often done in theory, it is rarely done in practice. In-house assessments usually try to validate -- as opposed to question -- the policies of the Administration in power. Outside assessments usually adhere to a certain ideological predisposition and necessarily tend to be critical.

In this paper, I am less interested in ideology and criticism and more in context. By context, I mean the regional context and circumstances that will confront us and the bureaucratic context that will respond to the regional setting. One can neither plan good policy nor preempt bad without understanding the respective contexts in the region and here at home. With that in mind, I will structure this paper around the kinds of questions a serious policy-planner ought to be asking:

-- What is the shape of the region now and what factors will shape the behavior of the key states in it?
-- How is the United States perceived in the area and what are its basic strengths and weaknesses?

-- What issues or pressures are likely to confront the Administration at the outset of the second term and what will be the likely bureaucratic battleground within the Administration over these issues?

-- What key lessons ought to be drawn from all this for our behavior?

II. WHAT IS THE SHAPE OF THE REGION?

The current picture of the region is a rather mixed one. On the one hand, there is a more or less stable military balance, making Arab-Israeli war unlikely. On the other hand, there is a general political immobilism that makes much progress unlikely.

There seems to have been a gradual, almost imperceptible change in the region as a whole. Formal Arab-Israeli peace is not just around the corner, but the acceptance of non-war as a desirable condition seems to have gained greater potency. Not only does formal, if "cold peace," exist between Egypt and Israel, but a de facto peace exists between Israel and Jordan. Even Syria for the time being favors a situation of no war, no peace with Israel.

Moreover, it is clear that war is seen as serving no one's interest in the near term. Assad, in particular, understands that he risks much by going to war and gains little by doing so, at least for the moment. Others, like the Libyans, elements of the Palestinian Fedayeen, and the Iranians may favor a new war, but they have little power to bring it about.

While one might claim that there have been earlier periods when local states seemed to have little interest in going to war (e.g., 1956-1967, 1967-1973), a number of factors combine to create stronger incentives for war avoidance today than previously. First, notwithstanding Israel's political failure in Lebanon, Israel's deterrent capability remains potent in the eyes of her neighbors. Indeed, Israel's military performance in Lebanon -- especially in the air -- together with more open manifestations of US-Israeli "strategic cooperation" have added to the image of Israeli military prowess even during this period of economic crisis in Israel. (Though Israel's economic problems may fuel the hopes of those in the Arab world who seek to prevail over Israel in the long run, in the short run, an Israel in the throes of economic crisis may be seen as dangerous and unpredictable -- recall Arab explanations for the 1967 war.) (1)

Second, with Egypt out of the military equation and with the Arab world preoccupied with the Iran-Iraq war and divided by related communal divisions, the Arabs lack a credible military option. The Soviet presence in Syria, together with the provision of more advanced equipment and the development of an integrated air defense network, probably make the Syrians more confident about their overall military posture vis-a-vis Israel. Moreover the Assad leadership is not prone to military misjudgements and is likely to harbor few illusions about the consequences over the next few years of launching a "one-front" war against Israel -- and the limits

of the Soviet commitment in such circumstances.

Third, with the rise of Islamic fundamentalism and the ability of its purveyors to exploit images of weakness and failure, the last thing the Jordanians, Saudis, and other conservative regimes in the area need is a war with Israel that vividly demonstrates their impotence in the face of these "non-believers." While the "cause of Palestine" continues to stir emotions in the area, it is too abstract to be seized by fundamentalists, who despise much of the Palestinian leadership, as a vehicle to sweep the Saudis and others out of power; a failed war however would be another story.

Combined with the potential political danger of war with Israel, there is also a reduced political need on the part of many Arab regimes, with the notable exception of Syria, to use confrontation with Israel for purposes of legitimization. Indeed, not only has Egypt made peace with Israel, but the Jordanians, Moroccans, Saudis, and prominent West Bank and Gaza leaders speak of the need for peace, not confrontation and war, in the region. To be sure, this language has been largely devoid of political content, but it has contributed to -- and perhaps also reflects -- a psychology of recognition of Israel's existence. (The signs of such recognition and of a changed psychology in the region are subtle, but significant; in the last year prisoner exchange agreements occurred between Israel and Syria and Israel and the PLO; an unofficial, but quasi-political visit of Israeli members of the Knesset to a Jewish conference in Morocco took

place with no adverse consequences for Morocco; before the Israeli elections, expectations -- indeed hopes -- ran high among many Palestinians on the West Bank that the Labor party was going to win and that Shimon Peres and King Hussein had already cut a deal on peace.)

All this suggests that the earlier periods of no war, no peace in the Middle East are not an analogue for today because the conditions for perpetuating a situation of non-war are stronger today. That's the good news. The bad news is that there is little prospect of movement toward formal peace. The countries within the region may be fearful of the risks of war, but they are also fearful of the risks associated with trying to negotiate a peace. They prefer the known risks and dangers of the present situation to the unknown risks and dangers of any alternative. They are immobilized by their fears in some cases and immobilized by political constraints in others.

What should we expect to see from the key local states in the region -- Israel, Jordan, Syria, Egypt, Saudi Arabia and Lebanon?

i) Israel

The elections in Israel have produced a patchwork National Unity Government. While it has made some tough decisions possible on withdrawal from Lebanon and may allow similarly difficult decisions on the economy, there is no consensus on other issues. As a result, the next year is likely to be marked by an uneasy coexistence in the cabinet.

Beyond this, we should expect two things: first, the Israelis will seek additional grant aid (2) -- and perhaps also debt rescheduling or debt forgiveness -- and second, the current Israeli government will collapse over differences on the West Bank if the issue is joined. Peres is almost certain to try to raise this issue and call for elections on it before his 25 months as Prime Minister are up. He will not want elections until he has been able to prove that he is a tough and decisive prime minister and until the economy has taken a turn for the better and Israel is out of Lebanon.

In the meantime, Peres will look to us for help. As a result, his cabinet may be responsive to us on a number of issues. For example, some US pressure for structural change in the Israeli economy as the price of certain US help may be seen as providing a good excuse to take internal steps that might be difficult otherwise. Even on the West Bank, there could be greater responsiveness on "quality of life" issues. (Indeed, the Peres-led government has already taken some steps in this regard, e.g., permitting formation of a Palestinian bank.) Nevertheless, the West Bank issue is likely to be very contentious. Ariel Sharon will seize on this issue to play upon chauvinistic impulses to resist an America that may already seem overbearing because of its demands for structural changes in the Israeli economy.

Given the fundamental divergence in the Cabinet on the West Bank, and the certainty that Sharon will seek to use the settlement issue and US pressure as his springboards to power, we will want to be careful how we press on the peace

process issue. Nevertheless, at some point, Peres is likely to see the prospect of movement in the peace process as a means for precipitating new elections. Provided we are not pushing for unilateral Israeli concessions, and there is some prospect of movement on the Arab side, a renewed US initiative may actually be a boon for Peres.

Ultimately, whether it is depends on whether there is any movement on the Arab side; and here, there is not much reason to be hopeful in the near term.

ii) Jordan

Notwithstanding the King's restoration of ties with Egypt and his agreement with Arafat on a joint approach to peace, it is not at all clear that Hussein has changed his basic approach. Indeed, restoring ties with Egypt and concluding the agreement with Arafat fits the King's style of doing something that improves his image, without committing him to doing anything.

That he chose to take these steps probably reflects several considerations:

-- He has been concerned about our disenchantment with him given his criticism of us, and he wanted to improve his image here, our sense of his continued importance, and his chances of receiving arms from us.

-- He seeks to create the appearance of movement so that we will feel obliged to be active in the peace process, now that the second term has begun.

-- He is seeking to offset growing Syrian weight in the

region by using Egypt as a counter and thereby building his own leverage vis-a-vis the Syrians.

-- By demonstrating his indirect commitment to the peace process, he may have wanted the Israelis to be reminded of their stake in him at a time when Sharon may attempt a comeback.

None of this suggests any fundamental change in his risk calculus. He probably still sees the balance of risks tilted in favor of staying out of the peace process. If anything, some of the possible pressures he might have faced have not materialized: on the one hand, the new Israeli government -- given economic difficulties and its psychological bent -- is basically going to halt the drive toward annexation of the West Bank and generally end what looked to be efforts to push the Arabs out of the area. On the other hand, the new Israeli government is not capable, at least initially, of challenging Hussein to make peace by taking steps -- e.g., overt settlement freeze, easing of restrictions on the West Bank, return of the mayors -- that would have put Hussein on the spot to respond.

Thus, for both Hussein and the West Bankers, the consequences of inaction look less grave now than before. This does not mean that Hussein and leading West Bankers feel no pressure. They are both aware of the growing appeal of fundamentalism to the younger generations on the West Bank and the need not to appear paralyzed or unable to make any progress. Even if restoring ties with Egypt and the Amman agreement with Arafat do not commit the King in any sense,

they do reflect his perception that things should not be allowed to stand still. Moreover, Hussein knows that the situation can change. Sharon may yet be able to force settlement activity from his new post; the Syrians could turn up the heat; the continuing decline in the oil market indirectly may create economic problems in Jordan that require more help from the US, etc.

If nothing else this should tell us that even if Hussein does not feel compelled to enter the peace process now, we should not discount our potential for leverage with him.

iii) Syria

The internal political situation seems to have settled down for the time being, but this is likely to last only as long as Hafez al-Assad is healthy. Given his apparent heart condition, there is no telling how long that may be.

For now, both the Moslem Brotherhood resistance and the struggle over succession seem to be under control. Over time, both could be troublesome. Indeed, the longer-term relationship between the Alawi rulers and the Sunni majority in Syria -- especially given Syria's deepening economic problems -- is going to plague both Assad and his successors. While Assad has managed this problem (as well as the problem of potential rivals who might launch a coup against him) with his pervasive security apparatus, his use of extreme brutality and timely and selective cooptation, it is not at all clear that any of his possible successors will be able to manage these problems as well. (In fact, it would not be

surprising to see Syria revert to the pre-1970 pattern of leadership coups every few years after Assad dies.)

At the present time, Assad's successor cannot be predicted with any certainty. Following the overt power struggle during the President's illness last year, the Soviets -- who have a very high stake and do not want to see their experience with succession in Egypt repeated in Syria -- clearly thought the President's brother, Rifaat Assad, was going to succeed. They gave his April 1984 visit to Moscow great prominence, as he met with Chernenko and was generally treated like a head of state. While the Soviets may have been too quick to anoint Rifaat, others have been too quick to write him off, seeing his prolonged stay in Geneva (and an interview given by Defense Minister Tlas) as proof that he had been exiled and defeated. If nothing else, his return to Damascus as Vice-President in charge of security should put that view to rest.

Rifaat is, after all, an Assad and in the Middle East, as elsewhere, loyalty to the family supercedes loyalty to the sect. Because Rifaat is an opportunist, not an ideologue, and because he will need to improve his image and build his personal authority, opportunities for bold political departures may exist if he wins what is certain to be a bloody struggle to succeed his brother.

In the meantime, the Hafez al-Assad regime will be constrained by internal factors and also by Lebanon. Both will continue to absorb Syrian attention, energy, and resources. Both are also likely to limit Assad's coercive

potential in the rest of the region and neither is likely to be sorted out soon.

President Assad's ability to put pressure on Hussein may reveal much about the current Syrian ability to coerce others in the region. Nevertheless, Jordan's current diplomatic maneuvers are not likely to be seen as particularly threatening by Assad unless they become part of a major US initiative aimed at isolating him from the peace process. That is far more likely to trigger a serious Syrian campaign to pressure the Jordanians -- perhaps by putting real heat on the Saudis, who will in turn threaten Hussein with loss of financial support.

Would such a Syrian campaign be effective? If so, and Saudi and Jordanian behavior have yet to evidence that it would not, should we consider trying to include the Syrians in the peace process? The answer depends to the same extent on whether the Syrians are interested in negotiating a peace treaty. Unfortunately, the answer is probably not; while the present Assad regime is prepared to live with no war, no peace, it is very unlikely ever to go beyond a treaty of non-belligerency. Too much of Hafez al-Assad's claim of legitimacy for Alawi rule in Syria is tied to the trappings and symbols of Arab nationalism -- something that has required that Syria be the focal point of confrontation with Israel. There is little indication that Syria is prepared to alter the <u>fact</u> of non-acceptance of Israel, but some reason to feel that Syria would be prepared to live with the fiction of confrontation. By this I mean that Hafez al-Assad

has demonstrated that he is prepared to accept tacit or indirect arrangements if he thinks there is some danger otherwise. (Note, for example, his willingness to accept a UN presence in the Golan Heights and support the renewal of its mandate every six months since 1974; and his willingness to accept Israeli "red-lines" in Lebanon from 1976 to 1981.) In time, assuming he has it, he might be prepared for more formal arrangements on non-belligerency, not peace, if the price is right.

However, the price would have to be extremely high in Israeli terms, with Assad basically asking for total Israeli withdrawal from the Golan Heights in return not for peace, but for non-belligerency. Would he accept anything less than total withdrawal for a treaty of non-belligerency? Possibly, but only, one suspects, if health considerations make his main preoccupation that of "legacy," and not that of political survival and leverage over his neighbors. Under these circumstances, he might well be interested in a partial or symbolic agreement that did not require a formal treaty, but did signal his (and perhaps also the Alawi) ability to undo Israeli occupation of the Golan, its hold on the land, and the process of perceived Israeli expansionism.

Does this leave us any basis on which to include Assad in the peace process? Yes, not as part of a Reagan-type initiative, but rather as part of a more narrow initiative, like, for example, a separation of forces or buffer agreement in Lebanon. Even this will only be possible if the Syrians become convinced that the ambiguity or inherent instability

of the unilateral arrangements the Israelis work out in order to get out of Lebanon create real dangers of Israeli intervention and war all over again. That may not look likely now but could in time; this is probably one of the impressions the Israelis seek to convey with their "iron-fist" policy in southern Lebanon.

In any case, such an undertaking makes far more sense than suddenly inviting the Syrians into the broader peace process as we define it, particularly when there is no guarantee that they will accept such an invitation (either out of deference to the Soviets or because they are not prepared to deal directly with Israel); when they have no interest in negotiating a peace treaty with Israel; and when the terms they are prepared to accept for non-belligerency amount to being non-starters.

At the same time, there are several reasons to try for a lesser agreement that stabilizes the Israeli-Syrian front in Lebanon through some kind of buffer arrangement. First, it would further reduce the chance of war by stabilizing the only real area of confrontation. Second, if successful, it could provide a basis for additional tacit or partial arrangements between Israel and Syria on the Golan, to include some demilitarization, limited deployment zones, expansion of UN observer presence, etc.

Third, by focusing attention on the Israeli-Syrian front, King Hussein would once again fear that he would be left out of moves in the negotiating process, much as he was in 1974 when we engineered limited disengagement agreements

between Israel and Syria. Hussein does not want to be left out or appear irrelevant again and it will therefore increase our leverage over him.

iv) Egypt

Egyptian policy seems to be characterized by drift. A slow process of democratization and a limited embrace of Nasserism (in terms of Egypt's position in the non-aligned and Arab world) seem to be the principal elements Mubarak is pushing to achieve greater regime support and legitimacy. Each will buy time and offer short term payoffs -- as Jordanian diplomatic ties are sure to do. But neither will deal effectively with Egypt's more endemic problems.

In this regard, the Mubarak regime will continue pursuing stop-gap measures for the economy -- pressing for more aid on a grant basis from us (3), seeking more support from the Gulf states, and striving to continue exporting its skilled manpower to the oil states. While it would be difficult for any Egyptian government to reverse Nasser's main domestic legacy -- the guarantee of a job for every college graduate in the government -- Mubarak has demonstrated that he is a risk-avoider, not a risk-taker.

That means that none of the structural problems that plague the Egyptian economy -- a bloated bureaucracy that strangles all initiatives and buries proposals from the outside, related and widespread corruption, unaffordable agricultural, industrial, and basic food subsidies, etc.,-- will be addressed. (Indeed, a modest price increase for bread

was recently rolled back following riots.) What is more, Egypt's economy is bound to get worse. The declining price of oil means less revenue from Egyptian production, reduced tolls from the Suez Canal, the drying up of Gulf markets for the export of Egyptian labor and the related reduction of foreign remittances. In fact, were it not for the Iraqi manpower needs driven by the Iraq-Iran war, Egypt would already be experiencing even more severe problems absorbing its excess labor -- a problem that could have explosive political potential.

While these problems are serious and suggest that Egypt will increasingly become a sponge absorbing more and more outside monies with little material affect, we should not lose sight of Egypt's traditional internal stability. We should not expect an immediate political convulsion within Egypt. We should, however, expect that as Egypt settles into a deeper malaise -- with little hope and little prospect for domestic or foreign successes -- its leadership will look for traditional sources of authority and legitimacy. That will mean continued, if gradual, distancing from us and more earnest efforts to re-establish its Arab credentials and claims to Arab leadership. This bodes ill for the peace process, or at least initiatives that depend on Egypt. (Note that Mubarak is working with Jordan and calling for the US to meet with a joint Jordanian-Palestinian delegation as a prelude to direct negotiations, but is neither taking nor suggesting that Egypt should take a major role in the negotiations.)

The Mubarak government will live up to the letter of its agreement with Israel because it will not do anything to jeopardize its only tangible achievement -- the actual return of the Sinai. But the spirit of the agreement (and perhaps even the letter on normalization) will be observed in the breach. The Egyptians may be willing to send their Ambassador back to Israel, but it will take more than simply resolving the Taba dispute in their favor. Indeed, having kept the Ambassador out for so long, they will want some demonstration of their having achieved something for the Arabs and not just themselves as the price of restoring this symbol of acceptance of Israel.

This suggests that the Egyptians are not opposed to progress on the peace process as such. Only that Mubarak's interest in the peace process at this point is geared toward winning Arab favor and not toward taking steps (e.g., returning the Ambassador, renewing autonomy discussions) that could jeopardize Egypt's growing re-integration into the Arab world.

In operational terms, we can expect the Egyptians to push us to launch a new peace initiative or, as they are already doing, to accept the Hussein-Arafat agreement as a breakthrough and to bring the PLO into the process; to prod us to deliver some concessions from Israel on the terms of its withdrawal from Lebanon and on Palestinian political activity and organization on the West Bank; to get us to provide the arms the Jordanians and Saudis are sure to seek and to tilt more explicitly toward the Iraqis on the grounds

that Jordan, in particular, and the emerging axis of Egypt, Jordan, Iraq, and Saudi Arabia, more generally, need to be rewarded and supported by the US.

While avoiding any increase in bilateral ties or relations with the Israelis, the Mubarak regime will press for US action that demonstrates Egypt's role in getting the US to deliver. Notwithstanding Egypt's determination to avoid any move on the peace process that is independent from other Arabs, Mubarak's desire to appear as the Arabs' interlocutor with the US -- without appearing to be an American tool -- does give us some leverage. Moreover, though the Egyptian leadership may at some point find it useful to make the US the scapegoat for many of its failures, Mubarak is not a risk-taker, and he understands that US aid is increasingly important to his government's ability to manage in the near term. If nothing else, Egyptian needs will make it difficult for the Mubarak leadership simply to say no to us.

To this point, the Mubarak regime has perceived little risk in its gradual drift toward non-alignment and away from the spirit of the peace treaty with Israel. We have registered complaints with the Egyptians about this behavior, but have not been forceful in making it clear that such behavior could affect our ability to provide certain aid levels, especially given Congressional attitudes (something Mubarak, himself, is far more aware of after his March visit to Washington). In addition to avoiding real pressure on the Mubarak regime, we have gone out of our way -- as we should have -- to be responsive to the Egyptians on Libyan threats

to Sudan, on the Red Sea mines, etc. This combination of being responsive to Egyptian requests, while tolerating disagreeable policies, will do little to arrest the drift in Egyptian policy noted above.

Though some are sure to argue that we cannot afford to put any pressure on Mubarak, we should not be reluctant to use our leverage on selected issues that are of real importance to us. Mubarak and those around him must know that, like the Israelis, we have some real red-lines (most notably on the peace treaty); and if they expect us to be responsive to their needs, they must also be responsive to ours.

In the end, our expectations about the Egyptians should not be high. They will press us publicly to be active in the peace process in general -- and specifically on the Palestinian issue -- but this will be largely for Arab consumption. They do not want to take the lead in the process, but they do want credit for any progress that is made. Given judicious application of US leverage and the right circumstances (e.g., West Bank-Gaza Palestinians seeking Egyptian backing to join the process), Egypt could play an important role. At any rate, we should neither write the Egyptians off nor let them off the hook.

v) Saudi Arabia

Like many of the other countries in the region, the Saudis too seem immobilized. They are aware of the need to make choices internally given declining oil revenues, but the

collective decision-making style of the leadership -- and in particular Fahd's own indecisiveness -- has meant deferral of serious reductions in expenditures that might alienate some sector of the elite.

The same reluctance to make choices and be exposed to possible opposition has also characterized Saudi behavior in the region more generally. It will probably continue to characterize Saudi policies until the senior princes give way to their sons. At that point, we may see greater Saudi risk-taking -- though even this will be kept in strict bounds given the realities and limits of Saudi power.

We need to face up to the limits of Saudi power and lower our expectations about what the Saudis can and will do. For too long we have exaggerated Saudi power, counting on them to moderate the PLO, support Jordan and Egypt, and deliver the Syrians. Policies based on this premise were bound to fail even while they put the Saudis more on the spot. Thus, apart from guaranteeing failure, these policies further reduced Saudi willingness to run risks and further increased Saudi demands on us.

Our policy toward the Saudis needs to be grounded on more realistic assumptions. Perhaps, the most significant one is to understand that the Saudis are not interested in real movement in the peace process if it requires taking sides and supporting us -- as it surely would. While they cannot be (and are not) indifferent to the "cause of Palestine" and the need to right what they perceive as the wrongs done to the Palestinians, they are quite content merely to provide money

to the PLO and preach about the need for a solution. Pressing us to act -- while dissociating themselves from our peace initiatives -- provides them with what they feel most comfortable with, "motion but not movement."

We should not expect any significant departure from this posture soon. Indeed, not only will nervousness about internal choices constrain them, but in addition, two other factors will reduce their need to act:

-- The new Israeli government will reduce the pressure on the West Bank and in the process reduce one of the sources of pressure on the Saudis to act.

-- The Iraq-Iran war will continue to preoccupy the Gulf countries, thereby diverting attention away from Arab-Israeli issues.

Thus, for very different reasons, the situation in Israel and the continuing Gulf war make it easier for the Saudis not to act. The Gulf war, of course, does more than this -- as long as it continues, it keeps another 3-1/2 million barrels per day of oil out of the market; it weakens Saudi Arabia's two more powerful neighbors, keeping them preoccupied and exhausted; and it provides a rationale for continuing Saudi acquisition of modern military equipment. While fear of a serious expansion of the war or an Iraqi collapse would outweigh these various benefits of the conflict in Saudi eyes, the Saudi leadership seems to believe that neither is likely to happen soon, and they are probably right. Should either appear imminent, Saudi fears will dictate a turn to the United States -- but, as we have seen

in the past, the turn will not come a moment too soon. Being able to flex their muscles -- without provoking a serious Iranian escalation -- will continue to be the option the Saudis desire the most, particularly because they need to have something to show for all the money they have spent on defense.

Nevertheless, what drives Saudi policy toward the Iran-Iraq war, toward the peace process, toward dealing with internal choices, and toward its relationship with us, is weakness and not strength. We do neither the Saudis nor ourselves a favor when we ignore this and look to the Saudis to deliver that which they cannot. A more productive relationship will be obtained when we stop being overly solicitous and make very clear what we expect from them and what we are willing to do and not do for them. Finally, we should recognize what it is the Saudis can do -- namely, they can provide money (though not nearly as much as we have counted on before) and they can provide what might be termed their imprimatur. The former will be important at some future point should a broader Arab-Israeli deal -- i.e., one on the West Bank -- become possible and should Saudi and other international financial help become one of the elements of the deal.

As for providing their imprimatur, this is likely to be important when a country like Syria seeks a way to legitimize or explain a concession it has made. Just as Assad portrayed his willingness to support the ceasefire in Lebanon in September 1983 as a response to a Saudi, not an American,

initiative, so in cases where Assad, Saddam Hussein, or others, need a vehicle for rationalizing concessions that might otherwise be difficult to make, the Saudis can play a legitimizing or facilitating role. This is not an unimportant role, but it should be recognized for what it is -- namely, a device to facilitate concessions or possible flexibility when someone like Assad has already decided to make such a move.

In any case, this is also the role the Saudis want to play. Being in a position where Saudi approval or sanction is sought -- as opposed to being an advocate responsible for mobilizing support on an emotionally charged issue -- is precisely what the Saudis want. It corresponds to their own self-image and it also enhances the legitimacy of a regime whose main charge is to be the protector of the Holy Places and, if you will, the guardian of Arab virtue and the righteous path. What better role for the Saudis than to be the one to whom other Arabs come for approval? Such a role should be fine with us as long as we realize that this role is heavy in form and weak in substance and as long as we do not mistake the form for substance.

vi) Lebanon and the PLO

For a long time, we believed the problems of Lebanon and the PLO were inseperable. The Israeli invasion and residual occupation have shown that the linkage was more tenuous than we realized. We felt somehow that there was no solution to Lebanon without a solution to the Palestinian problem. But now we realize that while the Palestinians and the PLO

presence in Lebanon complicated the internal situation, they were not the only cause of Lebanon's problems -- any more than the Syrian or Israeli presence is the cause of Lebanon's problems today. They too are but a symbol of the Lebanese problem. Removing all of these external forces will not alter the fact that an internal entente favoring national integration is lacking and is not now on the horizon. Indeed, the emergence of radical Shiites in the South and dissident Christians north of Beirut, only adds to the sense that Lebanon may never be put together again.

Sharon, in his own way, accepted the view that the Palestinians were the source of Lebanon's difficulties and saw the expulsion of the PLO as the vehicle for creating a Christian-dominated, Western-oriented Lebanese state at formal peace with Israel. Apart from making it possible to forge a new Lebanon, Sharon saw the crushing of the PLO in Lebanon as something that would deny the PLO an independent base of operations -- and, thus, something that would destroy its political viability.

While he was surely wrong on Lebanon, he was at least partially right about the effects of expulsion on the PLO. Indeed, the Lebanon he envisioned was probably not possible -- even if Bashir had lived -- but the PLO may never be the same. Arafat's hold is tenuous. Even though he appears to have survived and maintained his leadership, his authority, room for maneuver, and leverage over Arab states, have all been severely restricted. Moreover, the fissures in the PLO will be more difficult to hide or dismiss, while the Syrian

ability to manipulate the movement is far greater than before. Indeed, if Assad sees it in his interests at some point to reembrace Arafat -- perhaps in response to a perceived Jordanian-Egyptian-Israeli axis -- it will be on Assad's terms. In the meantime, Arafat's interest is to try to salvage an image of political saliency, and to build some leverage vis-a-vis the Syrians -- hoping to rekindle Assad's interest in a reconciliation at some point. That may be one of the reasons for his agreement with Hussein.

Another, of course, is the fact that Arafat too must put himself in a position of being able to deliver something for the Palestinians. He may fear the consequences of taking steps that irrevocably split the PLO, but he also knows that saying "no" to the peace process now will put him in a position where he cannot offer much more than paralysis. At a time when the radical Shiites will claim that, unlike the PLO, they were able to drive the Israelis out of southern Lebanon, Arafat will be sensitive to his need to offer signs of progress and reasons to be hopeful about the Palestinian future. While that will raise the costs to him of saying no (especially at a time of fundamentalist appeal to students on the West Bank), his perennial style of equivocation and his reluctance to "bite the bullet" and cross the threshold of recognizing Israel will probably prevent him from taking the steps that we have maintained were necessary for him to join the peace process.

Though many are sure to claim that we should relax our conditions, "meet Arafat half-way," and recognize or at least

meet with the PLO, that would be a mistake. At a minimum, it would reward the PLO for a position that remains ambiguous. As long as the PLO can only take equivocal positions, there is very little reason to believe that Arafat will ever be able to deliver anything.

It is precisely because we need proof of Arafat's ability to deliver that the conditions we have maintained since 1975 for recognizing the PLO are profound and not fanciful, as critics seem to assume. Indeed, so long as the PLO is unable or unwilling unequivocally to recognize Israel's right to exist and UN Security Council Resolutions 242 and 338, it will remain unable to make peace. Tantalizing hints of PLO/Arafat moderation have been proffered for Western consumption since the 1974 Rabat decision, but they have never been followed up by any concrete actions. Until they are, recognizing the PLO will not only be fruitless, but also counterproductive. Indeed, it will undermine even the possibility of Hussein assuming the responsibility to negotiate on behalf of the Palestinians on the grounds that the PLO has forfeited such a role because it continues to offer the Palestinian people only paralysis and continued tragedy.

III. CURRENT PERCEPTIONS OF THE US IN THE REGION: WHAT DOES THIS REVEAL ABOUT OUR STRENGTHS AND WEAKNESSES?

The current perception of the US in the region is mixed. Important elements of our strength and the value of our friendship are co-mingled in the minds of many local elites

with images of US inconsistency, unreliability, and the dangers of close identification with us. In addition to our mixed image in the region, there has also been a very low set of expectations about us during the 1984 election cycle. In effect, our policy was viewed as being on hold until the election was over.

As the new round of US diplomacy gets underway, it inherits a legacy marked by only limited success. While we did shepherd the process of Israeli withdrawal from the Sinai and preside over the PLO withdrawal from Beirut, these events have impressed local audiences far less than the failure of the Reagan initiative and our setback in Lebanon. In each, the President was seen as investing his personal prestige. Because most states in the area have no constitutional processes, no tradition of state-to-state commitments, and a culture that emphasizes personal leadership, ties, and loyalty, personal commitments take on a special meaning.

In this regard, failing in Lebanon would not have hurt us so badly -- because, after all, everyone fails in Lebanon -- except for the fact that strong personal commitments were made to President Amin Gemayel. Notwithstanding these personal commitments, we retreated when the situation got uncomfortable. That, unfortunately, recreated many of the doubts and questions about the US that existed in the area in 1981. Many local regimes seem to question whether we have any serious staying power in times of real stress; whether Congress and our domestic politics will permit us to stay the course when things get rough; and whether they should

identify with us and our initiatives, at some risk, on the basis of commitments that seem easily made but not so easily kept when real costs are imposed on the US.

All this is not to say that the Saudis, Egyptians, Jordanians, and others, have not been mindful of our quick responsiveness in a number of instances -- e.g., sending in AWACS after the Libyan bombing of Sudan; dispatching minesweepers to the Red Sea; providing tankers and Stingers to the Saudis as attacks escalated in the Gulf, and so on. But it is to say that these actions, while being viewed as useful and a measure of our importance to them, are not seen as imposing any real costs on us and have not, therefore, erased the doubts about us.

Notwithstanding these doubts, the conservative Arab regimes understand that they need us. They turn to us when they are scared or need protection because they know -- doubts and all -- that there is no one else to turn to. Moreover, even while they seek to limit the extent of their identification with us, they also recognize the deterrent value vis-a-vis local adversaries and their Soviet backers of at least the appearance of a US commitment to them. Finally, it is our technology (both civilian and military) that they prefer. They may inveigh against the evils of the crass materialism of the West, but it is the fruits of our system that they seek.

What then are our major strengths and weaknesses in the area as we head into the second term? Put simply, our strengths consist of several things:

--We remain, in the eyes of most conservative regimes in the area, the only ones they can turn to in extreme situations.

--We are of critical importance for economic reasons. Presently, as both the rich and the poor countries face more difficult economic times, both will begin to look to us for help. The wealthy ones like Saudi Arabia will do so reluctantly and with an eye toward keeping our help invisible - they will seek indirect assistance (e.g., more unofficial American economic advisors) to manage the developmental process in a period of declining revenues. The poorer ones will seek larger economic assistance on more favorable terms, to include possible debt relief.

--Finally, we are seen as the key to affecting Israel. Here it is not just that few arrangements with Israel are possible without us; nor is it that we are the only ones who can deliver Israel because, as Sadat put it, we hold "99% of the cards." Rather, what has been overlooked for too long in America, but not in the Arab world, is that we are the only ones who can stop the Israelis in wartime. The specter of war may be lower now, but it has surely not disappeared, and the Arab world -- especially the confrontation states -- knows well that it has been the US that pressured the Israelis to stop in every war. This alone provides a certain baseline in our relations with states like Jordan, Saudi Arabia, and Egypt -- and puts limits on how far even a

state like Syria will go in antagonizing us.

As far as American weaknesses, they seem to be subsumed under questions about our credibility:

--Will we be there when we are most needed?

--Can we protect local regimes from the domestic and subversive threats they fear most?

--Will association with us or support for our policies make them more vulnerable to internal threats triggered by fundamentalist reaction and charges of betrayal on the Palestinian issue?

Clearly, regimes like the Saudi and Jordanian ones that are easily put on the defensive and feel vulnerable for a variety of reasons, including association with us, are caught on the horns of a dilemma. They know they need our help and want us to have a stake in providing it, but they do not want to appear either dependent on us or too supportive and uncritical of us. That requires them to maintain relations with us and prevent any unraveling; to engage in and even encourage some discreet forms of cooperation; and to secure US arms, even while US policies are neither supported nor embraced. While the situation is obviously complicated, we should not lose sight of the needs of the conservative regimes and the leverage this provides us to drive a harder bargain with them. We should not try to force them to do things they feel unable to do (e.g., pressure Saudi Arabia to support openly Jordanian entry into the peace process), but we can make it very clear that behavior that undermines our initiatives (e.g., threats of economic sanctions as a

response to a Jordanian entry into the peace process, something the Jordanians claim to fear) will greatly limit what we will be able to do for them, including specifically our ability and willingness to provide them arms.

IV. WHAT WILL CONFRONT US IN THE FIRST YEAR OF THE SECOND TERM?

i) The Peace Process

We are sure to be confronted with a variety of pressures and demands for action from a number of domestic, regional, and international sources at the outset of the second term. Traditional Arabists and their media supporters have already become very visible calling for action, warning of the dangers of not addressing the problem of Arab-Israeli peace, taking the Administration to task for not having a strategy, etc. They argue that we must not be misled by the current lull and apparent stability, recalling the lessons of 1973.

Like the Saudis, Jordanians, and Egyptians -- and probably also the Europeans -- who have been biding their time during the election season, domestic critics are now pushing for action in a number of areas: a new initiative to bring the PLO into the process directly or indirectly, something that will again raise the specter of US recognition of the PLO; new efforts to accommodate the Syrians, reflecting our acknowledgment of their presumed primacy in the region and the impossibility of excluding them from the peace process; a decision to bring the Soviets into the peace-making process, something reflecting both the belief

that no peace is possible while the Soviets can play a spoiler role and the desire -- among some -- to use the Middle East as a forum for improving US-Soviet relations; and a new willingness to put real pressure on the Israelis as a way of demonstrating to the Arab world that we can and will be tough on Israel and that we will use our leverage to bring about a change in Israeli behavior.

ii) Arms Sales

Their proposals will reflect and/or be reinforced by similar urgings from the Arab world. But, in addition to calling for bold new moves on the peace process of the sort outlined above, we should also anticipate major new arms requests from our Arab friends. In particular, the Saudis are very likely to press for more F-15s and F-15 bomb racks, thousands more Stingers, refueling tankers, as well as other ground and naval equipment. The Jordanians will renew their pressure for F-16s, tanks, mobile I-Hawks, Stingers, etc.(4) The King will surely use his restoration of ties with Egypt and his agreement with Arafat to point out that he has taken steps that we have wanted, that have exposed him to threats from Syria and that require a tangible sign of US support -- at a time when we are not delivering concessions from Israel. Ironically, we may find both Jordan and Saudi Arabia using the absence of early progress on the peace front, given what they will claim is Israeli intransigence and our inability to move Israel, as a lever on which to press for arms; implying, as it were, that we owe them military support because we cannot make life easier for them on the peace process by

delivering Israeli concessions.

The reality is that some in the US bureaucracy are willing to accept this argument because they do feel guilty about our relationship with Israel and our reluctance to force Israeli concessions. In the Joint Chiefs of Staff, parts of the Office of the Secretary of Defense, and most of the Near East Affairs Bureau (NEA) in the State Department, this remains the basic attitude. We can assume that at least in the Pentagon there will be strong pressure to provide what the Saudis, Jordanians, (and others) may ask for, on this basis alone.

From State -- at least at the working levels and up to the Deputy Assistant Secretary positions in NEA -- will come warnings about the consequences of not responding to Saudi and Jordanian requests. Apart from dire predictions about the long-term effects of saying no to these requests, State and DoD will also emphasize that it is especially important at the outset of the second term to get off on the right foot, restore our credibility and lay the groundwork for more meaningful cooperation with our Arab friends. All of which is true, but none of which is assured by responding to these requests in isolation.

The problem with the Defense and State postures is that they will help recreate in 1985 the conditions faced in 1981 with AWACS. The Administration should not again want to see a struggle with Congress over an arms sale consume its energy, attention, and political resources as AWACS did. Instead of being an element of our broader strategy toward the region,

AWACS became a substitute for having a strategy. Not only did that make the development of a coherent approach to the area difficult, but it also insured that the Reagan Administration would end up wasting all the assets it brought to bear in the first year of its term -- e.g., damaging the domestic consensus that existed and squandering US leverage, especially with Egypt and Israel. (Recall that Sadat needed us to ensure that Israel carried out its Sinai withdrawal; while Begin felt driven to forge a new historic partnership with us.) More than simply wasting assets, the AWACS struggle also ended up embarrassing the Saudis -- so they felt the need to distance themselves from us -- and soured relations with Israel in such a way that the Israeli stake in good relations with us declined and their interest in demonstrating defiance and unilateralism soared.

Noting this is important because we need to remain mindful of what we may end up confronting if we simply accede to the pressure within Defense and State to respond to arms requests that are sure to come. If nothing else, we will need a well-thought out strategy for dealing not only with Congress, Israel, Jordan, and Saudi Arabia, but also for handling the bureaucratic warfare within the Administration. And we will need to ensure that premature commitments are not made to the Saudis or Jordanians before a Presidential decision is taken -- as was the case in 1981.

This is particularly important not just because of the previous mistakes, but also because the Administration is inheriting a legacy from 1981 that will make any arms

transfers to the Saudis in 1985 all the more difficult. Recall that before the first AWACS can be delivered in 1986, the President must certify that the commitments he made to the Congress on such things as Saudi help on the peace process have been realized. Congress will ask some pretty tough questions about how the Saudis have been helpful or have delivered on these promises, and it is going to be very hard to demonstrate any such help. (Even earlier attempts to suggest that the Saudis were at least helpful in Lebanon look rather hollow now.)

Given that, it is going to be very important in the near term to try to get some positive steps from the Saudis before the issue of new sales even gets broached. A step that might be minimally satisfying to the Hill would be Saudi endorsement of Jordanian restoration of diplomatic ties with Egypt -- but even this will be difficult to get from the Saudis. Nevertheless, we should impress on the Saudis that there is simply no chance of our pushing any controversial program for them without such steps. The Saudis should have no false expectations in this regard -- something that is likely given the way we typically talk to them. Even assuming we get some such endorsement, our best bet in trying to sell controversial arms to the Saudis, Jordanians, and others -- in the absence of any Arab flexibility on the peace process -- is to avoid making claims or promises about how these arms will foster Arab-Israeli peace. At this point, no one believes this. We are, therefore, far better off if we stick to the real or potential threats and contingencies that

justify the provision of such arms. If we have a problem selling arms on this basis, then there is something wrong with these prospective transfers.

Because both Defense and State will press to agree quickly to the impending arms requests, and because the perception in the bureaucracy is that Congressional opposition to such sales is solely a function of Israeli manipulation, State and Defense may well try to link new economic assistance to Israel with Israeli acquiescence in new arms sales to their Arab neighbors. That would be a mistake.

Peres and Shamir know, at a time when they desperately need our help to stabilize the Israeli economy, that the last thing they need is a confrontation with the Administration. And they will look for ways to avoid this, even on delicate issues like arms sales to the Arabs and the West Bank. However, if we <u>publicly</u> link our help, or give Sharon a basis on which to claim that we are conditioning our economic help on Israeli acceptance of arms that are a "mortal threat" to Israel, their hand will be forced. This is equally true of tying economic aid to Israeli flexibility on the peace process -- something NEA may well push for because they feel that the Secretary's concerns about the needs for structural changes in the Israeli economy and his desire to improve the "quality of life" on the West Bank will incline him to go along with such linkage.

Any kind of overt linkage at this point will prove counter-productive. That is not to say, however, that certain

understandings with the Israelis on our relations with the Arabs -- including arms sales -- and on "quality of life" issues in the West Bank are impossible now. They are not. Indeed, it is the absence of any such understandings that led both Peres and Rabin at one time to express the concern that strategic cooperation is too focused on military issues and too lacking in common political-strategic baselines. Even with the obvious political difficulties of coping with Sharon, the forging of such political-strategic baselines is possible now, provided we do not push too hard or too openly.

iii) Soviet Involvement

Before turning to the game plan that ought to guide us in the second term, it is worth noting that bureaucratic pressure at least from State may also build up to try to bring the Syrians and/or the Soviets into the peace process. Some of the questions we would have to consider in taking steps to try to bring the Syrians into the peace process have already been considered. Many of the same questions would apply to the Soviets, but it is necessary to focus on the Soviets here because the issue of involving them is caught up in the broader issue of US-Soviet relations.

Pressure to involve the Soviets will come from a number of different sources. Some of our Arab friends may use it as a lever to get us to act for fear of having to involve the Soviets otherwise. Some in Europe and here at home (both in and out of the administration) will urge it on the grounds that the last 11 years have proven that we cannot exclude the Soviets because they can and will play an effective spoiler

role if they are excluded. And some here will also view bringing the Soviets into the Middle East peace process as the kind of "deed" that will induce reciprocal Soviet moves in arms control and dialogue more generally.

Neither these sources of pressure nor the assumptions that drive them should be ignored. But we should assess what the costs and benefits are of excluding the Soviets. Are the Soviets really capable of being the spoiler, or is it that they provide the means to back those who are the real spoilers, namely, Syria and the PLO? If that is true, then involving the Soviets without bringing about a change in Syria or perhaps the PLO will change nothing. Thus, the real question with regard to the Soviets is, what can they deliver?

If they deliver very little, we need to weigh the tradeoff of building their stature in the region without a regional payoff, against the prospect of improving the atmosphere of US-Soviet relations more generally. How important is the latter and what do we expect to come from it?

While such calculations are beyond the scope of this paper, the question that needs to be addressed first, in any event, is, do the Soviets deliver anything? And, if they do, would they abide by an agreement and foresake subsequent opportunities to undermine our regional position? Rather than responding to these questions with arguments, we should seek to establish "tests" of the Soviet interest in cooperation and proof of their ability to deliver. What actions would

constitute convincing demonstrations of the Soviet ability to deliver, or at least of their stake in cooperation and their commitment to a credible peace settlement? Several come to mind:

--Delivering either unequivocal PLO recognition of Israel or PLO sanction for King Hussein to enter the peace process.

--Leaning on the Syrians to restrict material support to the Hezbollah in Lebanon and gaining Syrian agreement to a workable security arrangement with Israel in southern Lebanon.

--Cutting the flow of arms and materiel to the Libyans, rejectionist Palestinian groups, and other obvious trouble-makers in the area.

--Adopting a position which recognizes Israeli security requirements by going beyond UN Resolution 242 and accepting the need for "defensible borders," meaning the acceptance of the principle of territorial compromise, rather than total withdrawal. (This is necessary to demonstrate that the Soviets are prepared to do more than simply adopt maximalist Arab negotiating demands; something that would disqualify them from acting as brokers in negotiations or guarantors of an agreement in which they would have to act against violations carried out by the side they identified with totally.) (5)

One might argue that this is too much to ask of the Soviets, especially if the US is not "delivering" something from Israel at the same time. Maybe, but if the Soviets

cannot take these kinds of steps, then why include them? The Soviets are seeking to be included to portray themselves as an arbiter that is indispensable to any outcome in the region. Why grant them such a reward unless we believe we can gain something tangible in return?

Here it should be noted that accepting such a Soviet posture would constitute a change in US policy toward the Soviets in the region. That policy, as a matter of principle, has been one of excluding the Soviets from any efforts on the peace process. What I am proposing is that the Soviets should not be excluded from the peace process, if they can demonstrate an ability to contribute to it. That demonstration -- notwithstanding almost certain Soviet complaints about American arrogance and the need for reciprocity -- should entail meaningful steps of the sort outlined above.

V. WHAT SHOULD WE DO?

What the foregoing suggests is that we are going to be confronted with a variety of pressures to act, to infuse new life into the peace process, and to score some early successes. While our Arab friends, in particular, are likely to argue that there is now an opportunity to act that must not be lost, the reality on the ground argues otherwise. Given our credibility problems, we should, therefore, be very cautious about launching high-profile initiatives that are not likely to bear fruit. On the contrary, we need to focus on that which we can deliver. We can ill-afford more failures

in the area.

With that, and the need to respond to pressure to act in mind, we should adopt our own strategy of motion, while waiting patiently for real movement from the local parties. Initially, that calls for a number of open steps:

1. Name a new special Middle East envoy. Much like our last envoy to the area, Donald Rumsfeld, this person should have:

--the complete confidence of the Secretary of State;

--no illusions about the area or how countries in it tend to respond;

--deep skepticism for the view held in much of our Middle East establishment, that there is a solution in the area just waiting to be grasped.

Once selected, the envoy should follow up on Assistant Secretary of State Murphy's recent visit to the region by conveying a clear message to the Jordanians, Saudis, and Egyptians:

--that the US is prepared to act but that its actions must not be a substitute for theirs;

--that they should not count on the US delivering Israeli concessions -- those must come from direct negotiations and concrete demonstrations of Arab flexibility;

--that they should have no illusions about involving the PLO in the negotiations -- the objective is to get King Hussein to sit down and negotiate with Israel.

2. Discreetly try to mediate a set of security understandings between Syria and Israel in southern Lebanon. The purpose of this discreet channel would be to work out or commmunicate 1976-type understandings on red-lines between the Israelis and Syrians and through the Syrians or others with the Shia Amal as well.

3. Press for an agreement on Taba. The Israelis may now be willing to resolve the Taba dispute by going to binding arbitration, something they understand will probably settle things in Egypt's favor. If that is the case, we should go to the Egyptians and cite Israeli flexibility on this, on withdrawal from Lebanon, and on "quality of life" and settlement activity in the West Bank. We should tell them that it is time Egypt sent its ambassador back to Tel Aviv and make it clear that we will regard the continued absence of the Egyptian ambassador from Israel, in these circumstances, as being at variance with Egypt's treaty obligations.

4. Hold follow-up talks with the Soviets that more directly address the terms and conditions for Soviet inclusion in the peace process. We should make clear that we do not oppose their inclusion in principle, but that we will not draw them in until they demonstrate their stake in cooperation in the area. The discussions should also deal with crisis management signalling in the Middle East.

5. Approach Hussein privately and sound him out about a simultaneous Jordanian-Israeli step. The purpose of broaching this soon would not be to get a Hussein response -- that is

probably still not likely now. Rather it would be to put the King on notice:

-- that his actions to date are not sufficient;

-- that we do not believe his February 11 agreement with Yasir Arafat will bear fruit (as Assistant Secretary of State Murphy discovered on his April visit);

-- that we expect him at some point to make a real move, independently of Arafat. (We might remind him in this connection that time is not on his side, that Arafat is losing any sense of political authority and that the growth of fundamentalism on the West Bank is likely to be an increasing danger to Hussein unless he can preempt it with some striking achievement.)

The point here is to make it clear to Hussein that we will not be satisfied for long with his cat and mouse game because it does not help to create a viable framework for direct negotiations with Israel.

VI. A STRATEGY FOR THE NEAR TERM

The important thing to remember is that we want our near term public and private steps to be consistent with where we would like the region to be in three or four years time. Thus, some of what we do now should be geared toward creating a foundation for future action. That is why it is important to put Hussein on notice now; more than just putting Hussein on notice, we should begin laying out a strategy that will either make the Jordanian option feasible or will produce an alternative option altogether. Here it should be noted that

some of the steps we could take to put effective pressure on Hussein (the key to which is making the risks of inaction appear greater in his eyes than the risks of action) could, in fact, provide alternatives to the Jordanian option.

Note, for example, that Hussein will be very sensitive to two things in particular: an alternative leadership on the West Bank that he does not control; and further movement on the peace process that excludes him. The first has not seemed possible because the only credible alternative to him has been the PLO and that has been unacceptable to the Israelis and to us. The second occured once in 1974 when we engineered partial Israeli withdrawal in the Sinai and on the Golan Heights, but not in the West Bank. Hussein badly wanted to be included then, and would now if he senses that something with the Syrians is in the wind.

In private discussions with the Israelis, we might begin to lay the groundwork for moving in either or both of these areas. With regard to an alternative leadership on the West Bank, we could agree to support the unilateral imposition of autonomy. Initially, West Bankers will be reluctant to go along with this, but the demands of daily life will make autonomy a fact at some point. If we or the Israelis were also to go to Hussein and let him know that in order to change the status quo in the West Bank and invest autonomy with greater credibility, mayoral elections would be conducted and a regional council (something West Bankers would see as an incipient political structure) would be subsequently set up in, say, 18 months, Hussein would know

that he would have to act either to prevent the emergence of an alternative leadership or to co-opt it. Either way we would be in a better position -- on the one side we would be helping to create a credible Palestinian leadership with a stake in protecting what they have and, on the other, Hussein might feel impelled to join the peace process to maintain Jordan's stake and claim on the West Bank. (Hussein may be a survivor first and foremost, but he also does not want his legacy to be that he inherited a full kingdom -- the East and West Banks of the Jordan -- and he passed on only a partial kingdom to his successor.)

To put additional pressure on Hussein and also to increase our options down the road, we and the Israelis may also want to begin talking privately of possible Syrian options -- to be pursued following an agreement in Lebanon or following Assad's death. Hussein surely does not count out Rifaat's chances of succeeding his brother, and he also knows that Rifaat might be driven to do something dramatic to build his political authority and personal appeal with Syria.

In any case, as we survey the local terrain and plan near-term steps, we should not lose sight of longer term possibilities. Bringing Hussein into the process, creating conditions that help an alternative, credible, and responsible Palestinian leadership to emerge, and even pursuing possible Syrian options stand little chance of early success. But steps taken now may make one of these options far more realistic in time. And that, after all, is or should be the task of creative statesmanship.

ENDNOTES

1. A common thread running through Arab explanations of the war was that it resulted from a US-Israeli conspiracy, designed in part to relieve Israel of some of its domestic burdens. One widely believed scenario is outlined in Abdullah Schleifer, The Fall of Jerusalem (New York: Monthly Review Press, 1972), pp. 93-128.

2. Wolf Blitzer gives a good breakdown of the additional amount of aid that the Israelis are seeking in "Will U.S. Aid Have Its Price?" Jerusalem Post, International Edition, No. 1250, October 20, 1984, p.1.

3. Leslie H. Gelb, "Egypt Asking for More Aid, Says It's a 'Strategic Asset,'" New York Times, January 16, 1985, p. 6.

4. See Leslie H. Gelb, New York Times, December 16, 1984, p. 7.

5. By adopting the Reagan Plan, this Administration is already on record as differing from maximal Israeli negotiating postures.