

Netanyahu's Victory: Implications for U.S. Peace Process Policy

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Brief Analysis

In Israel's election, President Clinton bet heavily on Shimon Peres and lost. Now, as the Administration assesses the implications of Peres' defeat, it is weighing options of holding fast to current policy or "adapting" to a new situation, as Secretary of State Christopher has hinted. Given Benjamin Netanyahu's stunning victory and the revival of Arab summitry in response, Washington should prepare to shift gears. A new approach should re-direct the thrust of U.S. policy from the pursuit of "comprehensiveness" -- i.e., broadening the circle of peace to include Syria and Lebanon -- to a new policy of "qualitative peacemaking" -- deepening peace between Israel and its current partners.

The Syrian Impasse: The first step is to recognize that -- at least for now -- the effort to broker an Israel-Syria peace treaty has failed. That failure was not for lack of effort, creativity or persistence, on either Israel's part or America's. The fault is clearly Hafiz al-Assad's -- he refused to take "yes" for an answer when Peres (and before him, Yitzhak Rabin) implicitly accepted a land-for-peace deal on the Golan and he then made Damascus an operational headquarters for Hamas suicide bombers and an entrepot for the Tehran-to-Bekaa supply of Hizbollah's katyushas. More than Likud's rhetoric, it was those bombs and missiles that whittled away Peres' twenty-point lead. If an Israel-Syria peace treaty were ever possible, it is not now. Hopeful scenarios, drawing on the Nixon-to-China model, envision Netanyahu as the pragmatist with enough credibility and strength to convince Israelis of the wisdom of a Golan-for-peace deal. But these dreams leave out one key ingredient: for Netanyahu to follow the lead of Likud founder Menachem Begin, who withdrew from the Sinai to make peace with Egypt, Assad would have to start acting like Anwar al-Sadat. That seems hard to imagine, yet no one should rightfully demand less of Assad or expect more of Netanyahu.

While it is worth exploring a limited Israel-Syria understanding, as Netanyahu has suggested, that approach is unlikely to appeal to Assad, especially after having already rejected a sweeter deal from Labor. Instead, the U.S. must prepare for a firestorm in southern Lebanon, where Assad has already begun to unleash Hizbollah to test Netanyahu's mettle and, through him, American resolve. In April, when Peres undertook Operation Grapes of Wrath, Washington gave him wide latitude, intervening only after the tragedy at Qana. If the situation along the Israel-Lebanon border deteriorates, Washington should not play into Assad's hands by depriving Netanyahu of the same leeway to respond as it gave Peres. At the same time, the Administration should point the Israelis away from

Lebanese civilians and toward the real culprits in Syrian and Iranian uniforms.

New Options: With Peres' defeat, however, Washington does not only have to worry about averting an Israel-Syria clash or the other likely glitches ahead, from the negativism of lowest-common-denominator Arab summitry to the potential for stepped-up Israeli settlement activity. Netanyahu's victory still provides ample opportunity to be proactive, taking initiatives that deepen peace by anchoring existing agreements more firmly in the political, economic and strategic self-interest of our regional partners. Recognizing Netanyahu's domestic constraints, the Arabs' political imperatives, and the Administration's own inclinations, a policy of deepening peace would highlight the following:

- **Take compliance more seriously:** Washington should take at face value Netanyahu's campaign promise to fulfill all Israel's contractual obligations as long as the Palestinian Authority does the same. "Final status" negotiations -- where Israeli and PLO positions are far apart -- stand no chance of progress if each side has little confidence in the credibility of the other's commitments to past agreements. And just to complete the implementation of the Oslo Accords, the two sides have a long agenda of outstanding issues. As witness to the Oslo Accords, we need not shirk from insisting that the Palestinian Authority limit official activities to PA areas (i.e., not in Jerusalem), respond to all Israeli requests to transfer criminal suspects to Israeli jurisdiction, and confiscate all unregistered firearms in areas under its control -- all requirements under the Oslo Accords. Similarly, we should not be shy about reminding Israelis of their government's commitment to redeploy troops in Hebron and still-to-be-determined areas of Zone C, to release security prisoners, and to create a land passage between Gaza and the West Bank -- also requirements under Oslo. For Washington, the "honest broker" role should not end with the signing of accords; that is just the beginning.
- **Bolster the Palestinian economy:** By virtually all economic measures, Palestinians are worse off today than they were a decade ago. There are many villains in this story -- from the impact of the intifada to the roles played by corrupt Palestinian leaders, short-sighted Israeli business interests, and niggardly Arab and international donors. In recent months, the situation has been greatly exacerbated by the side-effects of the closure of the West Bank and Gaza implemented in the wake of the Hamas suicide bombings, the most restrictive since 1967. Yet for America, Israel and the international community, helping the Palestinian economy is one of the best possible investments in the future of peace. Indeed, the Likud has no interest in Palestinian economic misery, especially if it stands to fuel a renewed intifada. On the contrary, Netanyahu has every interest in Palestinian economic vibrancy. Here, his personal ideology is a plus for the Palestinians. He is not only a strong advocate of free-market economics but he has no political debts to pay to the pro-Labor kibbutzim and other Israeli monopolies that have artificially protected Israel's economy from lower-priced Palestinian goods. Building on this foundation, the U.S. should encourage Netanyahu to lower or abolish all barriers on Palestinian exports, letting a thousand Palestinian flowers (and other commodities) bloom inside the customs union effectively established under the Oslo Accords. He should also be urged to resolve the issue of Palestinian payroll taxes, either by transferring the revenue directly to the Palestinian Authority, a policy he criticized during the campaign, or by some other remedy which provides relief to the Palestinians. And Washington should loosen the reins on our own OPIC guarantees for West Bank and Gaza investment, which cost the American taxpayer little yet have so far allowed only about a quarter of allotted monies to be disbursed to deserving projects.
- **Strengthen Jordan-Israel peace:** As the one full peace treaty signed under this Administration's auspices, it deserves special attention. Given increased Syrian hostility toward King Hussein and the Jordanians' own unfulfilled expectations of a "peace dividend," helping Jordan needs to be a high priority. For Likud, this is a "no brainer" -- they are eager, perhaps a bit too much so, to buttress the Jordanian role. For Washington, the key is to

help safeguard the king's position without undermining Arafat's in the process. U.S. initiatives might include accelerating major international projects, like the Aqaba airport scheme and the construction of new Jordan River bridges; incorporating Jordan within the purview of the \$100 million anti-terrorism package; and examining whether the PL-480 wheat program can be used to ease the impact of hikes in bread prices as part of Jordan's compliance with an International Monetary Fund reform program. Israel can help enormously by lowering transit fees and easing import restrictions on Jordanian goods.

- **Invigorate regional peacemaking:** The multilateral peace process -- in which Israel, thirteen Arab states and twenty other partners around the world have quietly worked together on practical issues -- is the unsung hero of Middle East diplomacy. Thanks to the "multilats" and their private sector complements-- the Casablanca and Amman Economic Summits -- the Middle East is a far more normal region than it was five years ago. That is because progress here was based almost solely on the self-interest of each party, none of which has dissipated with Netanyahu's victory. The U.S. should inject new enthusiasm into this arena. The key will be Egypt, bellwether of Arab political trends. When Labor was at the helm, Egypt often chose "peacetime competition" with Israel as a strategy to avoid a relative decline in regional influence; with a Likud government, Egypt must resist the allure of old-style Arab politics as the key to regional preeminence. Its role as Israel's premier bridge to the Arab world and America's foremost Arab partner has assumed enhanced importance overnight. Promoting a constructive working relationship between Israel and Egypt and brooking no backsliding by Cairo on its commitment to host the November economic summit are key U.S. interests.

"Qualitative peacemaking" will neither be easy nor glamorous. It is not as exciting as a signing ceremony on the South Lawn and will earn no Nobel Prizes. But if Washington works with the new Israeli government to enhance existing agreements with Egypt, Jordan and the Palestinians with the same vigor as it worked with the last Israeli government to pursue a Syria accord, then U.S. interests, the interests of our allies, and the cause of peace will be well served.

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