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The Arab-Israeli Peace Process: A Trip Report

by

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On May 14, 1989, the Israeli government announced its proposal to hold elections in the West Bank and Gaza Strip as a mechanism for initiating negotiations between Israel and the Palestinians. Although many rushed to dismiss the initiative, it has become the focal point of efforts aimed at advancing the Arab-Israeli peace process. In particular, the United States, Egypt and, most importantly, Israel and the Palestinians are now actively engaged in discussions about how best to proceed with the proposal.

In an effort to examine the prospects for Israel's initiative, The Washington Institute for Near East Policy sponsored a fact-finding mission to Israel and the territories in late June 1989. Composed of 12 leading U.S. policy experts and journalists, the group met with Israel's top political leadership, prominent Palestinian figures from the territories, and a broad cross-section of Israeli and Palestinians representing different political tendencies. The group found that the elections initiative, while much maligned by outside observers, is being driven by genuine political and social pressures within the Israeli and Palestinian polities. Despite deep fears and suspicions, both sides share a basic interest in moving away from the status quo of confrontation and violence; both see elections as a possible means of doing so. It is this narrowly defined, though significant mutual interest that has provided the current opening for political progress, and which has sustained the peace process over the past eight months despite disruptive events that have led many to declare prematurely its demise.

The Origins and Forces Driving the Peace Initiative

The Israeli peace initiative took its shape as a consequence of several forces. On the Labor Party side, Yitzhak Rabin, as defense minister with direct responsibility for the West Bank and Gaza, had become convinced that military measures alone would not end the *intifadah*. The *intifadah* had also

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eliminated Jordan, at least temporarily, as Rabin's preferred negotiating partner, after the king concluded that he could no longer speak for the Palestinians. Prime Minister Yitzhak Shamir, for his part, had come to understand that Israel could no longer accommodate the status quo. Pressure was mounting from the Israel Defense Forces, which regarded the manpower-intensive requirements of putting down the rebellion as a serious drain on the military's main mission of defending the country from external threats. This drain compounded already troubling cut-backs in training and acquisition funds because of Israel's difficult economic situation.

The political incentive for an initiative was no less serious. The U.S.-PLO dialogue, initiated in December 1988 by Secretary of State George Shultz and President Ronald Reagan, both regarded as devoted friends of Israel, greatly alarmed the Israelis. Prime Minister Shamir was anxious to restore both Israeli and Jewish unity in the face of what he saw to be a serious PLO threat. Moreover, American Jewish leaders were dismayed at Israel's defensive political stance and were urging Shamir to launch some kind of peace initiative which Israel's friends in the United States could support.

The peace initiative, which embodied both the convictions of the Labor defense minister and at least a tactical decision by the Likud prime minister, became the rock upon which the unity of the new Israeli government was built. The Rabin-Shamir axis embodied both the personal and political alliance of the "center-right." It also reflected several widely held Israeli positions: a readiness to relinquish responsibility for the Arabs in the territories, without ceding control of the areas themselves; a decision by both Likud and Labor to "live" with a peace initiative that did not reconcile their differing positions on final status; and despite disagreement over whether territory should be exchanged for peace, a strong rejection by both parties of both an independent Palestinian state and the PLO as Israel's negotiating partner.

This last view, which enjoyed broad popular support in Israel, was reinforced by the continuing *intifadah* and the PLO's failure to convince Israelis of its rebirth as a force for peace in the months since the announcement of the U.S.-PLO dialogue.

The Israeli plan had four elements: (1) greater cooperation with Egypt; (2) a start to an internationally supported solution to the refugee problem; (3) reduced hostility from the Arab states; and (4) elections for an interim arrangement to govern the occupied territories (see Appendix I). Each part of the plan was intended to reinforce the others in order to create an environment for progress. While Likud ministers and Israeli diplomats stressed the importance of the plan as a whole, the elections comprised the center piece; they were intended to elicit a local Palestinian leadership capable of negotiating an interim agreement to govern the territories, while putting off questions of final status till later.

Israeli officials expressed some confidence that the initiative would yield both short and long-term benefits. American support was the first dividend and by June the Israeli government had regained diplomatic ground and a sense of momentum. The quarrel with American Jewry over the "who is a Jew" issue had been deferred, and there was a welcome sense of support for elections both in Israel and abroad. Israel had seized some "high ground" after a difficult year of dealing with the *intifadah*.

Beyond the immediate results, the plan was also the product of some longer-range thinking. Rabin, credited as the real author of the plan, had decided to treat the Palestinians as a primary political address, taking advantage of the fact that West Bank and Gaza Palestinians had become, by virtue of their uprising, political actors in their own right. This provided Israel with an opportunity to find at last the elusive "local leadership" prepared to talk seriously about a solution. The Israeli elections idea

contained a certain paradox in that it obviously expected a local leadership "inside" the territories to be more pliable than the "outside" PLO leadership, even though the *intifadah* was a locally inspired phenomenon and evidence in support of this greater pliability was very scarce. Ultimately, however, Rabin seemed quite confident that the Gazans and West Bankers would be readier than the PLO to concede to Israel on such issues as the "right of return." They were also expected to be more receptive to intrusive Israeli security arrangements in exchange for a real measure of political control and an end to the military occupation.

This calculation depended on genuine local leaders gaining legitimacy in their communities through the mechanism of elections. The Israelis were already diligently at work designing an electoral system notably free of the defects of their own system. They therefore sought constituency based candidacies for regional representation instead of the notorious Israeli proportional representation lists that produced a host of minor parties.

The real emphasis of this effort was captured by the meaning Israelis attached to the words "free and democratic elections." They meant not only model democratic procedures but also a secret ballot free of intimidation by PLO violence and open to multiple candidacies. Every Israeli who discussed elections stressed that in the absence of such qualities, the elections would be a sham. Some members of the group pointed out that internationally observed free elections had been carried out in El Salvador despite civil war conditions. But the Israelis were not sure at what level of violence it could be said that free elections were impossible. Put another way, the Likud-Labor partners had decided not to decide as to whether the *intifadah* had to cease before elections.

A more significant issue was East Jerusalem, the center of West Bank Arab politics and the residence of the most prominent members of

the traditional Palestinian political class. Once again there was a strong divide between Likud and Labor. Foreign Minister Moshe Arens argued that any inclusion in elections of Arab East Jerusalemites would imply that East Jerusalem was negotiable. While Labor was not prepared to re-divide Jerusalem, its leaders thought the issue could be finessed through absentee balloting or some other mechanism. It became harder to finesse, however, when one had to speak of absentee candidacies, unless there were to be some "at large" representatives elected, rather than all having a territorial base. However, several influential Israeli officials argued that if the Jerusalem issue were left for last and if everything else were in place, it would not stand in the way.

The IDF and the Intifadah

It is evident that there is no single address in Israel on the peace process, and, except in the person of the defense minister, there is no coordinated political military strategy. The defense minister had direct responsibility for IDF efforts to contain the violence. And while both Shamir and Arens had conducted conversations with some Palestinians, Rabin was very much the main interlocutor with them. Nonetheless, the prime minister and the foreign minister were obviously taking a major hand in the political and diplomatic aspects of the initiative.

Driven by defense, financial and political considerations, Rabin and the IDF had established a different strategy for dealing with the *intifadah* in its second year, with far-reaching political consequences. These new tactics, first tried in Gaza, recognized that a new *modus vivendi* existed, a kind of stalemate punctuated occasionally by dramatic incidents.

The IDF, in effect, would concern itself less with flag waving or passive forms of civil resistance, so long as the roads were clear and essential movement of the army assured. It had decided to ignore a widely observed daily commer-

cial strike with Arab stores open only a few hours. Many West Bank villages, and indeed much of Gaza, were simply left alone to proclaim themselves "liberated." The Arabs could therefore work off steam without major encounters with Israeli forces. In the meantime, the Israelis applied bureaucratic procedures (the new I.D. cards) and economic measures (customs, taxes, etc.) to apply constant pressure on the working population. They were also trying to reconstruct an intelligence network. Preemptive curfews were used to prevent rioting, and when violence did occur, the IDF sought to eliminate the ring-leaders with aggressive tactics.

These methods were based on an acknowledgement that the pre-*intifadah* calm would never return—an open admission of the IDF's limitations. But the army now had a political objective, as explained by Rabin: to convince the population that in this new war of attrition, there was no alternative to the Israeli elections plan except rising costs and casualties which were less burdensome to Israel than to the Palestinians. Rabin felt that it would take six months until this point was driven home.

The stalemate on the ground, therefore, while initially a victory for the Palestinians, would now be used by Israel to attain its own political objectives. The army clearly had greater confidence now that its mission had a definition. Forces had been reduced by more than 50 percent, rules of engagement had been changed, and the conflict had settled into a war of attrition which inflicted few costs on the IDF and enabled it to focus on its preferred tasks. This contrasted sharply with the frustration and despair experienced by soldiers in the early days of the *intifadah*—when orders had been unclear, the mission of restoring calm seemed impossible, and the troops were spread hopelessly thin in exhausting efforts to stamp out Palestinian resistance, however petty.

The confidence of Rabin and the IDF, however, was also tinged with a sense of urgency. The

cost to the IDF in lost training was of great concern in an army that relied upon highly capable reserves for its ultimate punch. Within Israel anger was also growing, especially because of seemingly random knifings, assaults and arson carried out within the pre-1967 areas. The potential for an *intifadah* within Israel's Arab communities was also becoming worrisome. Israelis had begun to take instinctive precautions, driving roundabout routes to avoid lonely or Arab-populated areas. The murder of a prominent Israeli professor during a morning walk through a park in Jerusalem had ignited anger and fear that even the simplest of pleasures might now be at risk.

Moreover, the PLO had failed utterly to convert its December 1988 "breakthrough" to the United States into a less threatening image for Israelis. To the contrary, few Israelis believed that the PLO had changed its ultimate objectives, though an important minority believed that Israel had to deal with the PLO because there was no alternative.

This anger, combined with a worsening economic situation that most Israelis thought had been overcome by the hardships of 1985-1987, had put the electorate in an uncompromising mood. The unity government was under considerable pressure to act more decisively in dealing with Israel's problems. Compromise with the Palestinians out of a sense of weakness was not on the popular mind.

Israeli anger with the Palestinians, however, had not translated into popular identification with the self-styled Jewish vanguard living in Judea and Samaria. The settlers with whom we spoke—some from the Gush Emunim leadership—felt abandoned. They depicted both the Shamir initiative and the army's tactics against the rebellion as proof that most Israelis did not consider them as "mainstream," that is, critical to the survival of Zionism. They drew an angry contrast between the lack of protection accorded them and the kind of response that would be

generated by an attack on a Kibbutz inside the green line.

One of them pointed out bitterly that the rocky location of his settlement, unsuitable for farming or grazing, had displaced not a single Arab. Yet his home was considered negotiable while the Kibbutzim of the coastal plain that had been secured in the wake of the 1948 flight of one hundred thousand Arab refugees was in an area now considered non-negotiable.

The fact that travel between the settlements and work often involved passage through Arab villages guaranteed tension. In the longer run, the settlers could see an agonizing choice between living on the land of Israel or under the government of Israel—particularly painful for those who had settled out of religious conviction that Jewish cultivation of the land was itself a supreme value above politics. While the settlers' leadership understood that violent forays against the Arabs would only turn Israeli opinion further against them, extremists among them were quite capable of doing so, especially as the dilemmas created by the political process developed.

In summation, Israel's unified approach, embodied in the elections plan, had yielded important domestic and international dividends. But it had aroused considerable controversy among Israelis themselves despite the apparent unity of the government and had left for later essential issues on which the Israeli coalition could not agree. Much depended on the course of the *intifadah*, especially the impact of the new IDF strategy. And the Israeli plan, though it had found an American partner, had yet to find an Arab partner.

Palestinian Reaction to the Israeli Proposal

On the Palestinian side, the elections proposal had touched several raw nerves. Israeli desire to be free of responsibility for the population had its counterpart in Palestinian desire to be free of the occupation. However, this

narrow coincidence of interests disappeared when the end of occupation was defined by the Arabs as a sovereign Palestinian state or when autonomy-style self-government was defined by the Israelis to be the "end game" of their proposal. The Palestinians seemed to understand that they would be trading deferred (perhaps permanently deferred) political gratification in order to obtain a concrete improvement in their current situation. This was a difficult concept to accept so soon after the breakthrough of the U.S.-PLO dialogue and the PLO's declaration of a Palestinian state headed by Yasser Arafat.

Meanwhile, individual Palestinians—including those associated with Israeli-sponsored institutions, such as local neighborhood councils in East Jerusalem—were subjected to constant humiliation, especially now that the Israeli police and soldiers were imposing random searches, arrests and variable curfews and closings. This was made vividly clear in a discussion with Palestinians living in East Jerusalem who were working with Teddy Kollek on the mayor's pet project—borough-style local control which gave the Arabs a measure of autonomy. We heard of complaints about humiliating incidents involving rude Israeli police or soldiers searching and impeding the Arabs, who found their access at City Hall useless in protecting them.

More importantly, the still patriarchal Arab society in the territories had been rocked by the spectacle of sons and daughters no longer obeying fathers or mocking them. In Gaza, the growth of Hamas, the Sunni Muslim fundamentalists, was a new phenomenon threatening the traditional leaders. Elsewhere, fundamentalist influence was feared to be just below the surface—the exploits of the Hezbollah against Israel in Lebanon and the Ayatollah Khomeini's ability to harm the West were greatly admired. And thus far a high price in blood and treasure had been paid, as yet for no tangible improvement in Palestinian prospects, despite what the Palestinians saw as the PLO's concessions to the United States.

Another raw nerve was the relationship of the inside Palestinians to the outside PLO. The local people grasped readily enough that the *intifadah*, which had rescued the Palestinian cause from oblivion, and Israel's rejection of the PLO, had earned them a major role in negotiations. There was widespread acceptance that in a two-stage peace process, they would take the lead in the first phase to establish a transitional regime. But the PLO had the guns, the money, the prestige and the symbols which every Palestinian would invoke before participating in Israel's scheme. No Palestinian would admit to any temptation to take a political initiative which lacked explicit PLO approval.

Three Palestinian political trends could be discerned: (1) the "political class," the young notables whose wealth or status and connection with the PLO made them natural leaders—they were interested in a political process that could reinforce their leadership and were prodding the PLO not to lose the opportunity; (2) the "street," the field commanders and footsoldiers of the *intifadah*, whose sense of power and sacrifice made them unready to consider less than full political success—these activists looked to the PLO for political symbols, but they often ignored tactical directives; (3) the PLO itself, barely in agreement on Arafat's latest political tack, extremely mistrustful of Israel's plan; anxious to exploit the initiative but equally anxious not to allow the insiders to ascend to leadership or to be split by any controversial PLO moves. In short, the PLO faced the following dilemma: if it allowed the process to go forward, the PLO could lose influence to Palestinians in the territories; if it blocked progress, however, it could miss the best opportunity to create a Palestinian state at some later date.

Among the young notables, there was a growing sense of anxiety and urgency. They were acutely aware of their own weaknesses and fearful that a social revolution dominated by the lower orders and the religious fanatics would sweep them away. All of them recalled the inter-

Arab strife that eventually crippled the Arab Revolt of 1936-1939. Already, reprisals and score-settling—Palestinians killing Palestinians—had begun. But the Palestinian politicians were powerless to respond to Israel's initiative without a PLO green light, although they could play some part in pushing Arafat to signal one. Indeed, those Palestinians most closely identified with the PLO seemed most personally confident in expressing themselves about the requirements for a political process.

The Palestinian view of elections as "free and democratic" was quite different from Israel's view. By "free" they meant free of Israeli control or even presence near the ballot boxes. By "democratic" they meant to ratify through elections the "people's choice"—the PLO. They were in agreement that such elections should offer only one list of candidates—all openly selected by the PLO and carefully balanced among PLO factions. The elections were thereby to be a means for the local leadership to assure itself of PLO support through the open acknowledgement of the PLO's patronage.

In short, the Palestinians wanted to get an insider negotiation started but needed to be protected by PLO acquiescence and hopefully strong approval. They wanted to preserve the rudimentary consensus on the two-state solution—appealing to the West Bankers and Gazans—while not yielding on the right of self-determination for all Palestinians (which could include citizens of Jordan) or the right of return (the outside refugees). And they wanted to do it soon, before the *intifadah* imploded in a repeat of the internal Palestinian conflicts that brought disaster in the 1930s and 1940s.

The Status of the Initiative

Much of the discussion with Israeli and Palestinian leaders focused on the practical steps needed to hold elections. This uncovered the need for a selection before the elections—a choosing of local Palestinians to negotiate with

Israel the so-called modalities of the elections themselves. Ambiguity surrounded this phase. Some Israelis said in effect, "we'll know them when we see them." Others, notably the prime minister, suggested that a Palestinian list could be compiled by the United States and Egypt (incidentally, also enabling Israel to ignore the PLO's own endorsement of such a list).

The Israelis, especially Shamir, seemed to define PLO influence by location, i.e., all insiders were potentially acceptable, despite links to the PLO, while all outsiders were automatically unacceptable because of the PLO. In fact, Shamir soon met with Jamal Tarifi, an insider closely affiliated with the PLO. An Israeli debate had already begun over whether the Palestinian list could include any outsiders or, more precisely, whether the Likud could accept Rabin's suggestion of deportees (insiders now on the outside) in this role.

It was therefore clear that the PLO would play some part in this exercise, and it was also clear that personal danger would confront the potential candidates even with PLO endorsement. Nonetheless, the Palestinians were not ready to close the door on elections and the PLO was not prepared to do so either. This was based neither on confidence in the United States nor in Israel, but rather the very real pressures of rebellion, the mounting cost and the sensing of an opportunity. Israel had at last recognized the necessity of dealing with the Palestinians as partners to a political process which would lighten the occupation. But the opportunity was a narrow one. This was a peace process that could be tasted but not chewed well before swallowing, lest it prove unpalatable.

The U.S. Role

Predictably, both sides saw the U.S. role as crucial. The Palestinians viewed U.S. pressure on Israel as the ultimate leverage. They wanted Washington to be an intermediary with whom they could bargain independently of the Is-

raelis, because with Israel they felt themselves to be in a position of weakness. Lacking any readily available American interest to invoke on behalf of a PLO state, the Palestinians often sketched visions of justice and harmony. Not all of the interlocutors, however, were able to conceal that their own vision of justice required a larger Palestinian state expanded to both east and west.

The Israelis focused on their opposition to the U.S.-PLO dialogue but their positions were an interesting function of their view on how the local Palestinians would act. Likud people, some of whom believed that a silent majority of non-PLO Arabs existed, declared that the U.S.-PLO dialogue reinforced a growing reign of terror in the territories. Others, both Likud and Labor, understood that the local inhabitants sympathized with the PLO and would want to invoke PLO support, which the United States would be unwise to ignore. But these Israelis also feared that a U.S. build-up of the PLO in the absence of action on the elections plan would redirect the focus of a Palestinian-Israeli dialogue toward Tunis—in effect killing off the local initiative by depriving it of significance. The news that Ambassador Robert Pelletreau had been meeting with Abu Iyad strengthened the Israeli impression that either the United States was being taken to the cleaners, or that it actually had another purpose in mind—not elections, but eventually a Palestinian state.

On balance, then, Israeli gratitude for American support of elections coexisted uneasily with fears that U.S. tactics were actually leading in another direction. The Palestinians, for their part, could not quite grasp why the United States had accepted Arafat in December and now, six months later, was arguing for a process that put Arafat into the shadows again.

Both the Israelis and the Palestinians were lobbying for U.S. advocacy of a particular position as the key to moving the other side. In this contest the Bush administration had sided with

the Israelis, but its support was contingent upon sufficient Israeli flexibility to make the elections plan workable.

Epilogue

Most members of the group returned convinced that something was happening or could happen; that there was a narrow window of opportunity for diplomatic progress. But many also believed that the opportunity was fleeting because the entire idea of a negotiating process, with its inevitable compromises, was vulnerable to unpredictable violence in a souring atmosphere. What we found might be described best as a slow, deliberate tasting of the peace process that offered some hope if it could be protected somehow from the usual upsets and unexpected events.

These were not long in coming. The slow tasting of the peace initiative turned into a very hard bite at the July Likud Central Committee meeting. Prior to it, Prime Minister Shamir and his associates were very confident that the meeting would reinforce their position, that is, not undermine the delicate formulations of the peace initiative. Ariel Sharon, the author of the binding resolution Shamir was eventually forced to accept, had himself appeared convinced before the meeting that his cause was lost. It seems clear that neither the winners (David Levy, Sharon and Yitzhak Modai) nor the losers (Shamir and Arens) were expecting the result.

At first, the resolutions adopted at the Likud meeting seemed to threaten both the substance of the Israeli initiative and the Shamir-Rabin political partnership on which it was based. The item specifying the end of the *intifadah* before elections was aimed at Rabin. The Jerusalem proviso excluding the Arabs of East Jerusalem (rather than the area itself) was a direct blow to the Arab politicians who might constitute a leadership with whom Israel could negotiate.

In retrospect, Shamir seems to have been a victim of several complex developments. U.S.

statements or actions did not help. Revelations about meetings with Abu Iyad hurt. So did statements before and after, which implied that the United States was about to jettison its support for the initiative every time it hit a bump in the road. These episodes provided a bad atmosphere for the Likud meeting. Yet all of this had been digested before by Shamir. None of it had disturbed his confidence, and it would have been easy for the prime minister to blame the United States for ruining his game—a charge he has not made even after his defeat.

The Likud meeting revealed a large opposition to the unity government that transcended the peace initiative. Labor's general discontent (and Shimon Peres' particular despair) over responsibility for a faltering economy was mirrored in a Likud party which sees its senior role in the government to be merely a cover for Labor policies in defense (Rabin, who advocated elections before Shamir) and Treasury (Peres). Likud's constituencies in the development towns were particularly hard-hit victims of the economic downturn. And neither Levy, a stalwart of Shamir's earlier political machine, nor Modai (former finance minister), nor Sharon had the individual roles they wanted to play in the scheme of things. This "coalition of ambition" (to use Benny Begin's phrase) could therefore draw on a deepening well of discontent with the Government, which focused on the peace initiative but might have come to the fore on something else. The upshot was to create doubt in Shamir's ability to dominate his own party, therefore undermining the basis of his partnership with Rabin.

On July 23, however, the Israeli Cabinet reaffirmed its original declaration of May 14 on the peace initiative. This reconfirmed that the Likud alone could not conduct a peace initiative—Shamir needed Rabin to overcome Sharon and other critics on the government level. But for the longer term, questions obviously remained about the prime minister's leadership of his own party. Most remarkably, how-

ever, neither this episode nor the "rejectionist" language of the subsequent al Fatah congress held in August 1989 derailed the diplomacy. By September both Egypt and the United States had become much more active in trying to start an Israeli-Palestinian dialogue that would work out the so-called elections modalities, a process that eventually yielded agreements by Israel and Egypt in December on a formula suggested by Secretary of State James Baker (see Appendix II). This took the diplomacy a step closer to an actual Israeli-Palestinian negotiation on the basis of the elections plan. Israel now had both an American and an Egyptian partner.

Clearly, the forces we detected on our visit which produced both the Israeli initiative and a Palestinian reluctance to say "no" are still there. To sum them up: (1) there is but a narrow area of common interest between a majority in Israel and the Palestinians: reducing the occupation; (2) this area can be exploited by the elections proposal and the focus on the first, transitional stage; (3) the alternative of a status quo *intifadah* is increasingly unacceptable to both sides, though Israelis have steadily grown more confident since last June that they can sustain the costs of a prolonged stalemate better than the Palestinians; (4) the Israelis, through the elections plan, have signalled their acceptance—both Likud and Labor—of the Palestinians as potential peace partners; (5) the "inside" Palestinians are increasingly disposed to push the PLO to make

use of this new situation, even if it deals initially with only the narrow issues of an interim agreement; (6) and the United States, more than any other outside power, is critical to facilitating this process, so long as the parties really want progress.

The fact-finding mission, which took place June 24-30, 1989, met with Israel's top political leadership, prominent Palestinians from the West Bank and Gaza, American officials and leading Israeli and Palestinian policy experts.

In addition to the authors of this report, members of the fact-finding mission included Col. Edward Cabaniss, Department of Defense; Richard Chesnoff, U.S. News & World Report; Jackson Diehl, The Washington Post; Leslie Gelb, The New York Times; Hirsh Goodman, The Washington Institute; Michael Kramer, Time Magazine; George Moffett III, The Christian Science Monitor; and Michael Rosenbaum, CBS News.

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The views expressed in this research memorandum are those of the authors and should not be construed as representing those of the other group members, the Board of Advisors, the Board of Trustees or the staff of The Washington Institute.

APPENDIX I. A PEACE INITIATIVE BY THE GOVERNMENT OF ISRAEL, May 14, 1989

GENERAL

1. This document presents the principles of a political initiative of the government of Israel which deals with the continuation of the peace process; the termination of the state of war with the Arab states; a solution for the Arabs of Judea, Samaria and the Gaza district; peace with Jordan; and a resolution of the problem of the residents of the refugee camps in Judea, Samaria and the Gaza district.
2. The document includes:
 - A. The principles upon which the initiative is based.
 - B. Details of the processes for its implementation.
 - C. Reference to the subject of the elections under consideration. Further details relating to the elections as well as other subjects of the initiative will be dealt with separately.

BASIC PREMISES

3. This initiative is founded upon the assumption that there is a national consensus for it on the basis of the basic guidelines for the government of Israel, including the following points.

- A. Israel yearns for peace and the continuation of the political process by means of direct negotiations based on the principles of the Camp David Accords.
- B. Israel opposes the establishment of an additional Palestinian state in the Gaza district and the area between Israel and Jordan.
- C. Israel will not conduct negotiations with the PLO.
- D. There will be no change in the status of Judea, Samaria and Gaza other than in accordance with the basic guidelines of the government.

SUBJECTS TO BE DEALT WITH IN THE PEACE PROCESS

- 4. A. Israel views as important that the peace between Israel and Egypt, based on the Camp David Accords, will serve as a cornerstone for enlarging the circle of peace in the region, and calls for a common endeavor for the strengthening of the peace and its extension, through continued consultation.
- B. Israel calls for the establishment of peace relations between it and those Arab states which still maintain a state of war with it, for the purpose of promoting a comprehensive settlement for the Arab-Israel conflict, including recognition, direct negotiations, ending the boycott, diplomatic relations, cessation of hostile activity in international institutions or forums and regional and bilateral cooperation.
- C. Israel calls for an international endeavor to resolve the problem of the residents of the Arab refugee camps in Judea, Samaria and the Gaza district in order to improve their living conditions and to rehabilitate them. Israel is prepared to be a partner in this endeavor.
- D. In order to advance the political negotiation process leading to peace, Israel proposes free and democratic elections among the Palestinian Arab inhabitants of Judea, Samaria and the Gaza district in an atmosphere devoid of violence, threats and terror. In these elections a representation will be chosen to conduct negotiations for a transitional period of self-rule. This period will constitute a test for coexistence and cooperation. At a later stage, negotiations will be conducted for a permanent solution, during which all the proposed options for an agreed settlement will be examined, and peace between Israel and Jordan will be achieved.
- E. All of the above mentioned steps should be dealt with simultaneously.
- F. The details of what has been mentioned in (D) above will be given below.

THE PRINCIPLES CONSTITUTING THE INITIATIVE

Stages:

5. The initiative is based on two stages:

- A. Stage A — A transitional period for an interim agreement.
- B. Stage B — Permanent solution.

6. The interlock between the stages is a timetable on which the plan is built; the peace process delineated by the initiative is based on Resolutions 242 and 338, upon which the Camp David Accords are founded.

Timetable:

7. The transitional period will continue for five years.

8. As soon as possible, but no later than the third year after the beginning of the transitional period, negotiations for achieving a permanent solution will begin.

PARTIES PARTICIPATING IN THE NEGOTIATIONS IN BOTH STAGES:

9. The parties participating in the negotiations for the first stage (the interim agreement) shall include Israel and the elected representation of the Palestinian Arab inhabitants of Judea, Samaria and the Gaza district. Jordan and Egypt will be invited to participate in these negotiations if they so desire.

10. The parties participating in the negotiations for the second stage (permanent solution) shall include Israel and the elected representation of the Palestinian Arab inhabitants of Judea, Samaria and the Gaza district, as well as Jordan; Furthermore, Egypt may participate in these negotiations. In negotiations between Israel and Jordan, in which the elected representation of the Palestinian Arab inhabitants of Judea, Samaria and the Gaza district will participate, the peace treaty between Israel and Jordan will be concluded.

SUBSTANCE OF THE TRANSITIONAL PERIOD

11. During the transitional period the Palestinian Arab inhabitants of Judea, Samaria and the Gaza district will be accorded self-rule, by means of which they will, themselves, conduct their affairs of daily life. Israel will continue to be responsible for security, foreign affairs and all matters concerning Israeli citizens in Judea, Samaria and the Gaza district.

Topics involving the implementation of the plan for self-rule will be considered and decided within the framework of the negotiations for an interim agreement.

SUBSTANCE OF THE PERMANENT SOLUTION

12. In the negotiations for a permanent solution, every party shall be entitled to present for discussion all the subjects it may wish to raise.
13. The aim of the negotiations should be:
 - A. The achievement of a permanent solution acceptable to the negotiating partners.
 - B. The arrangements for peace and borders between Israel and Jordan.
14. First and foremost, dialogue and basic agreement by the Palestinian Arab inhabitants of Judea, Samaria and the Gaza district, as well as Egypt and Jordan if they wish to take part, as above mentioned, in the negotiations on the principles constituting the initiative.
15. A. Immediately afterwards will follow the stage of preparations and implementation of the election process in which a representation of the Palestinian Arab inhabitants of Judea, Samaria and Gaza will be elected. This representation:
 - I. Shall be a partner to the conduct of negotiations for the transitional period (interim agreement).
 - II. Shall constitute the self-governing authority in the course of the transitional period.
 - II. Shall be the central Palestinian component, subject to agreement after three years, in the negotiations for the permanent solution.
- B. In the period of the preparations and implementation there shall be a calming of the violence in Judea, Samaria and the Gaza district.
16. As to the substance of the elections, it is recommended that a proposal of regional elections be adopted, the details of which shall be determined in further discussions.
17. Every Palestinian Arab residing in Judea, Samaria and the Gaza district, who shall be elected by the inhabitants to represent them—after having submitted his candidacy in accordance with the detailed document which shall determine the subject of the elections—may be a legitimate participant in the conduct of negotiations with Israel.
18. The elections shall be free, democratic and secret.
19. Immediately after the election of Palestinian representation, negotiations shall be conducted with it on an interim agreement for a transitional period which shall continue for five years, as mentioned above. In these negotiations, the parties shall determine all the subjects relating to the substance to the self-rule and the arrangements necessary for its implementation.
20. As soon as possible, but not later than the third year after the establishment of the self-rule, negotiations for a permanent solution shall begin. During the whole period of these negotiations until the signing of the agreement for a permanent solution, the self-rule shall continue in effect as determined in the negotiations for an interim agreement.

APPENDIX II. U.S. SECRETARY OF STATE JAMES BAKER'S 5 POINT PROPOSAL

1. The United States understands that because Egypt and Israel have been working hard on the peace process, there is agreement that an Israeli delegation should conduct a dialogue with a Palestinian delegation in Cairo.
2. The United States understands that Egypt cannot serve as a substitute for the Palestinians and that Egypt will consult with Palestinians on all aspects of the dialogue. Egypt will also consult with Israel and the United States.
3. The United States understands that Israel will attend the dialogue only after a satisfactory list of Palestinians has been worked out. Israel will also consult with Egypt and the United States.
4. The United States understands that the government of Israel will come to the dialogue on the basis of its May 14 initiative. The United States further understands that Palestinians will come to the dialogue prepared to discuss elections and the process of negotiations in accordance with Israel's initiative. The United States understands, therefore, that Palestinians would be free to raise issues that relate to their opinions on how to make elections and the process of negotiations succeed.
5. In order to facilitate this process, the United States proposes that the foreign ministers of Israel, Egypt and the United States meet in Washington within two weeks.

APPENDIX III. EGYPTIAN PRESIDENT HOSNI MUBARAK'S 10 POINT PROPOSAL

1. An Israeli commitment to accept any and all results of the poll.
2. The placing of international observers for the elections.
3. The granting of total immunity to elected representatives.
4. A withdrawal of the IDF (Israel Defense Forces) from the balloting area.
5. An Israeli commitment to start talks on the final status on "date certain" (a specific predetermined date).
6. An end to all settlement activities.
7. Complete freedom of election propaganda.
8. A ban on entry of all Israelis to the territories on election day.
9. The participation of East Jerusalem residents in the elections.
10. The tenth condition is that Israel accept in advance the four principles of U.S.-Middle East policy as stated in recent months by the State Department. These include: (1) a solution based on UN Security Council Resolutions 242 and 338; (2) the principle of peace for territories; (3) security for all states in the region; and (4) political rights for the Palestinians.

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