

## **U.S. Middle East Policy and the Peace Process**

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In the second phase of the Task Force's work, a new document was prepared by two members of the Task Force, Shibley Telhami and Dov Zakheim. That document, which underwent change in significant respects, served as a basis for the Task Force's final recommendations.

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## PREFACE

-The independent Task Force on U.S. Middle East Policy and the Peace Process, sponsored by the Council on Foreign Relations, began its work when the Middle East peace process still seemed "irreversible" but was already encountering serious difficulties. That was in the aftermath of the traumatic terrorist acts committed against Israeli civilians in February and March 1996 and immediately following the May 1996 Israeli elections, which brought a new Likud-led government to power.

The Task Force's undertaking--to assess U.S. peace policy in light of these developments--assumed greater urgency with every passing day as the peace process encountered ever greater difficulties and then reached the dangerous impasse that it now faces.

The Task Force's mandate was to identify important U.S. interests in the Middle East and the Persian Gulf and to examine how U.S. policy toward the Arab-Israel negotiations can best serve to advance those interests. It was not the Task Force's mandate to engage in a broad review of U.S. policy toward the region.

The impasse in the peace process has created conflicting reactions in the foreign policy community and in the public at large. Some argue for greater American distance from the conflict, since "we cannot want peace more than the parties themselves," while others urge a far deeper and more proactive American role, given the potential damage to important American interests in the region if the conflict is not resolved.

In view of the passions that are aroused by the Israel-Arab conflict, the results achieved by the Task Force are quite extraordinary. To be sure, the Task Force did not escape those passions, and several of its members dissent vigorously from some of the Task Force's main recommendations. But even the dissenting minority (with but one exception) agrees with several of the Task Force's major findings: that the incremental

"confidence-building" measures no longer work and have now turned into a prescription for conflict; that the time has come for the parties to define a framework for the negotiation of final-status issues; that a Palestinian state, however constrained in its sovereignty, is an essential component of such a framework, along with measures that assure Israel's security (for the minority that dissented, the trade-off for statehood is Israeli sovereignty in Jerusalem); and that the United States must be deeply engaged in the peace process, even if it cannot and should not impose a settlement. They also agree that the first priority of U.S. peace efforts must be the Palestinian track, even as efforts continue to get Syria/Lebanon-Israel negotiations underway.

Members of the Task Force agree that the situation has deteriorated to a perilous point and that without strong and determined U.S. leadership to put the peace process back on track, it can easily lead to renewed conflict, with potentially devastating consequences not only for Arabs and Israelis but for important American interests in the area as well.

Henry Siegman  
Project Coordinator

#### Executive Summary

Major setbacks to the Arab-Israeli peace process in the past year have jeopardized the historic opportunity to achieve broad Arab-Israeli reconciliation that emerged with the Oslo Agreements between Israel and the Palestinians.

The current impasse threatens a total collapse of the peace process, which could have the most serious consequences for important American interests in the region. These interests include the uninterrupted flow of oil, the survival and security of the state of Israel, the security and stability of friendly Arab states, and the prevention of both terrorism and the proliferation of weapons of mass destruction.

A broad Arab-Israeli peace is therefore an important American interest, and the sooner the better. Palestinian-Israeli peace remains the most essential step for a broader regional conciliation and must remain the first priority of American diplomacy.

#### THE END OF INCREMENTALISM AND FACILITATION

Since the Oslo Accords, two major principles have characterized U.S. policy toward the peace process:

1. Acceptance of Oslo's incremental approach of progressive movement toward ever larger areas of Palestinian self-governance that is matched by Palestinian efforts to prevent the impairment of Israel's security. Progress in this incremental process was expected to build to a level of mutual trust that would enable the parties to tackle the more difficult final-status issues of borders, settlements, Jerusalem, and refugees.

2. U.S. reliance on Israel and the Palestinians to negotiate their own agreements with minimal American intervention, except to help manage crises when they occur, provide moral and political support, and rally international backing.

These two principles served the peace process well up to the Hebron agreement of January 1997. However, the collapse of confidence between Israelis and Palestinians over the last year and the ability of opponents of peace on both sides to exploit incremental measures to their advantage have brought the peace process to a dangerous impasse. The two major principles of U.S. policy no longer work: Incrementalism, far from building confidence, now threatens to undermine it further; and an American role limited to facilitation will not enable the parties to resume successful negotiations.

The time has come for a change in U.S. policy and for a bold American initiative to induce Israel and the Palestinians to agree on the broad contours of a final settlement that can satisfy the minimal aspirations of both parties. Only the promise that these aspirations are achievable can revitalize the peace process and sustain it to a successful conclusion. While the United States cannot and should not impose a settlement on the parties, only an American willingness to offer a road map to a final settlement and to influence the parties to proceed in that direction is likely to break through the current impasse.

#### DECLARATION OF PRINCIPLES

In the first phase of this proposed initiative, the United States would undertake intensive diplomatic efforts, culminating in a Washington summit, to get the parties to agree on a new Declaration of Principles. The Declaration would identify the basic principles of a final settlement. It would also set the framework for a second round of negotiations following the summit, whose purpose would be to reach agreement on final-status issues consistent with those principles and on a phased implementation of steps leading to the final settlement.

The Declaration of Principles would not relieve the parties of any of the obligations undertaken by them under the terms of the Oslo Accords. Nor is it the aim of the Declaration of Principles to resolve the many issues that will be part of a final settlement. Rather, it would contain general principles that accommodate the basic needs of each side in a trade-off of tangible benefits:

\* Palestinians would be assured that the final status of the Palestinian territories will be statehood in Gaza and most of the West Bank.

\* Israel would be assured that the Palestinian state will be demilitarized, that Israel will retain a veto power over the new state's ability to form military alliances with other states, and that appropriate security arrangements to ensure the security of Israel's citizens\_including benchmarks for Palestinian measures against terrorism\_will be implemented.

\* Territorial agreement would be based on the principles of maximal territorial contiguity for the Palestinian state in the majority of West Bank and Gaza territories and minimum relocation of Israeli populations now living in the territories, giving Israel secure and recognized boundaries. (Since 80 percent of Israeli settlers reside on 10 percent of West Bank territories, mostly along the 1967 Green Line, these are not contradictory principles.)

\* Because of the complexity and depth of emotions on the issue of Jerusalem's sovereignty, discussion of this issue should be postponed until all other issues are resolved. However, such postponement does not imply that the final outcome can be anything less than an undivided city. Any final settlement of the Jerusalem issue must recognize Jerusalem as the capital of Israel and al-Quds (the Arab name for Jerusalem), whose location and boundaries are to be negotiated by the parties, as the capital of the new Palestinian state.

\* The parties would have to reach an understanding about Palestinian functional rights in Jerusalem (e.g., municipal and religious rights, rights of residency, etc.) within the context of the continuing status quo. Unilateral actions that alter significantly the demographics of Jerusalem would be precluded. (A minority view holds that the issue of Jerusalem's sovereignty should not be postponed because doing so would be a prescription for continued conflict. Furthermore, in this view the only incentive for a Likud government to accept Palestinian statehood is Palestinian recognition of Israel's sovereignty in Jerusalem.)

The Declaration of Principles would frame the difficult issues of settlements, boundaries, and Jerusalem in the context of an agreed final status. Although negotiations over these and other outstanding issues will remain complex and contentious, an environment in which the achievement of the overriding goals of both sides is assured increases the chances of success.

## REFUGEES AND THE PALESTINIAN ECONOMY

Following adoption of the Declaration of Principles, the United States should announce a series of steps intended to bolster the confidence of the parties, including the organization of an international fund to settle the outstanding claims of refugees displaced by the Arab-Israeli conflict. It should seek to encourage private sector investors in the Palestinian economy by offering guarantees to such investors and by encouraging the immediate implementation of a safe passage between Gaza and the West Bank, the opening of the Gaza airport, and the construction of the Gaza seaport. In a climate created by a revived peace coalition between Palestinians and Israelis, the economic dividend for the Palestinians could finally arrive.

## THE SYRIAN/LEBANESE TRACK

The Syrian/Israeli track remains central for the establishment of a comprehensive peace in the region. While movement on this track is not as urgent as on the Palestinian track,

real danger exists of an unintended conflict that might begin with a crisis in Lebanon. The United States must work with Syria, Lebanon and Israel to prevent escalation on the Lebanese front and to lay the foundation for further agreements.

## COORDINATING WITH EUROPEAN AND REGIONAL ALLIES

To assure maximal diplomatic success, the United States should seek far greater coordination with its European and regional allies of its efforts in support of the peace process. To this end, the United States should engage Europe and friendly Arab states, particularly Egypt and Jordan, in an ongoing dialogue that aims at the closest possible coordination of policies in order to maximize the chances of success.

## Findings and Recommendations

**INTRODUCTION** During the past year, reversals in the Arab-Israeli peace process have resulted in renewed tensions between Israel and the Arab world in general, and between Israel and the Palestinians in particular, thus jeopardizing the accomplishments of the 1993 Oslo Accords.

The United States has vested interests in restoring the momentum toward Arab-Israeli peace. The approach that has served the United States well up to the Hebron agreements of January 1997—standing on the sidelines of the negotiations but intervening when they stalled—is no longer suited to the task. While the United States cannot and should not impose a settlement on the parties, we believe the time has come for the U.S. administration to offer its own road map to Arab-Israeli peace and to use its influence to move the parties along that road.

Despite the demise of the Soviet threat in the Middle East, the United States continues to have significant interests there that have endured for half of this century and that are likely to endure well into the next century: the uninterrupted flow of oil from the region; the security and stability of friendly Arab states, and the survival and security of the state of Israel. Because the Middle East is a major area of terrorism that specifically targets American interests and American citizens, the United States also has a special interest in preventing the spread of terrorism and of weapons of mass destruction in the region.

The pursuit of these important American interests frequently has been complicated by the Arab-Israeli conflict, as demonstrated vividly by the Arab oil embargo of 1973\_74. It has been an axiom of American foreign policy that a lasting resolution of the Arab-Israeli conflict is essential for the successful implementation of U.S. policy in the region; the less intense the hostility between Israel and its Arab neighbors, the more effective the advancement of primary American interests in the Middle East.

The Gulf War of 1991, the Palestinian-Israeli agreements of 1993, and the end of the Cold War combined to reduce the link between Western oil interests and the Arab-Israeli conflict. States in the Gulf had been more immediately concerned about their own security than they were about the resolution of the Palestinian-Israeli conflict. The

assumption that the Oslo Accords signaled the end of that conflict both freed Gulf states to contemplate potential common interests with Israel and enabled the United States to gain the support of Arab states for its policies toward Iraq and Iran and for its strategic plan of pre-positioning equipment and troops in the region. In the post-Oslo psychology that assumed the inevitability of peace, U.S. diplomacy in the region was effective, even in the face of serious difficulties.

But the psychology of an irreversible peace process that followed the Oslo Accords has been replaced in the past year by fears of its imminent collapse; even those who joined the peace process early on are now skeptical about its prospects. This psychology threatens to derail peace altogether. Given the current incremental approach, the prevailing mood of profound suspicion promises to turn every problem into a major crisis. As international support for U.S. policy in the Persian Gulf is weakening for other reasons, Arab-Israeli tensions threaten to undermine that support even further. The emerging differences between the United States and its allies at the United Nations, and recent Arab League resolutions threatening to halt normalization with Israel because of Israel's actions in Jerusalem, are vivid indications of the frailty of the Oslo process. They illustrate the continued connection between the Palestinian-Israeli conflict and other critical issues in the Middle East.

### U.S. Peace Policy

Since the Oslo Accords, two major principles have characterized U.S. policy towards the peace process:

1. Acceptance of Oslo's incremental approach of progressive movement toward ever larger areas of Palestinian self-governance that is matched by Palestinian efforts to prevent the impairment of Israel's security. Progress in this incremental process was expected to build sufficient confidence between the parties to enable them to tackle the more difficult final-status issues of borders, settlements, Jerusalem, and refugees.
2. U.S. reliance on Israel and the Palestinians to negotiate their own agreements with minimal American intervention, except to help manage crises when they occur, provide moral and political support, and rally international backing.

The collapse of confidence between Israelis and Palestinians since mid-1996 and the ability of opponents of peace on both sides to exploit incremental measures to their advantage have brought the peace process to a dangerous impasse. The two major principles of U.S. policy no longer serve to advance the peace process in this new situation. Incrementalism, far from building confidence, threatens to undermine it further. And in the present atmosphere of deep mutual mistrust, the parties are unable to resume successful peace negotiations on their own. Only a vigorous American role that goes beyond facilitation holds any hope of getting the peace process back on track.

### A New Declaration of Principles

The time has come for a change in U.S. policy and for a bold American initiative to get Israel and the Palestinians to agree on the broad contours of a final settlement that can satisfy the minimal aspirations of both parties. Only the promise that these aspirations are achievable can revitalize the peace process and sustain it to a successful conclusion.

In the first phase of this proposed initiative, the United States would undertake intensive diplomatic efforts culminating in a Washington summit to get the parties to agree on a new Declaration of Principles. The Declaration would identify the basic principles of a final settlement. It would also set the framework for a second round of negotiations following the summit whose purpose would be to reach agreement on final-status issues consistent with these principles and on a phased implementation of steps leading to the final settlement.<sup>1</sup>

This new initiative can succeed only if the United States moves beyond its limited role of "facilitation," advances its own view of the minimal goals of a final settlement, and uses its influence to achieve the necessary mutual compromises that would make such a settlement possible.

#### THE END OF INCREMENTALISM

The Oslo process has broken down because the parties no longer see the process as serving their interests. The new Likud-led government that came to power in May 1996 has said that it defines Israel's security differently from its Labor predecessors and that it takes a tougher position on Palestinian compliance with the Oslo Accords. In its view, the price Israel has to pay under Oslo's terms--significant territorial compromise (including Israeli withdrawal from a large majority of West Bank territories in zones B and C, which may eventually lead to Palestinian statehood in these areas)\_may not be worth the normalization with the Arab world that Israel is promised in return.

Palestinians, too, are no longer convinced that the peace process, as it is being pursued by the Israeli Likud government, is serving their interests. They see renewed Israeli settlement activity in the territories and continued construction in Jerusalem as an Israeli attempt to preempt final-status negotiations. Because of repeated statements by Prime Minister Netanyahu opposing Palestinian statehood, they no longer believe the Oslo process will be allowed by Israel to lead to Palestinian self-determination under any circumstances.

The confidence and trust that characterized the Palestine Liberation Organization's relationships with Israel at the outset of the peace process have given way to angry recriminations and to a laxness in Palestinian efforts against terrorism. Known terrorists were released from detention and security cooperation between Palestinian officials and their Israeli counterparts has been seriously impeded. This, in turn, has been invoked by the Israeli government to question the Palestinians' continued adherence to their obligations under the Oslo Accords and Israel's ability to make further concessions without impairing its security. This downward spiral has not only brought the peace process to a halt but threatens to lead to increased violence and to a complete undoing of



the historic progress achieved between Israel and its Arab neighbors since September 1993. And it has turned the logic of the Oslo process on its head.

It was believed--correctly--that the final-status issues cannot be successfully addressed at the outset of the process because of the passions these issues arouse on both sides, and that their resolution must therefore await the establishment of a sufficient level of mutual trust, something that could result only from the successful implementation of a succession of limited measures. Despite repeated crises, the process worked as it was supposed to from 1993 until early 1996. It suffered a series of major setbacks as a result of terrorist outrages by Hamas and the Islamic Jihad in February and March 1996, which led to drastic closures by Israel of Palestinian towns in Gaza and the West Bank. Palestinians then decided to take more serious measures against the terrorist networks, and the Oslo process was expected to resume its progress after the Israeli elections in May 1996.

However, in the changed circumstances following the unexpected election of a Likud government, Oslo's incremental process has turned on itself. As shown by the negotiations over Hebron, even the limited compromises that are necessary for incremental change have become far more difficult, if not impossible, primarily because the parties no longer believe these compromises serve to bring them closer to their final goal. Negotiations over the most limited steps have become as complicated as negotiations over final-stage issues are expected to be.

Furthermore, because the parties no longer believe that the process can achieve their minimal goals, the incremental process has become particularly vulnerable to attacks by opponents of the peace process. Every issue, no matter how limited, rallies opponents of peace on both sides as if it were a final-settlement issue, without mobilizing the support of the proponents of peace.

Paradoxically, only agreement on broad final-status goals can now restore a level of confidence that will make further incremental progress possible. Israelis and Palestinians must be persuaded once again that the process can achieve their minimal objectives: security for Israel and statehood for Palestinians. Only then will they regain the confidence to implement the incremental steps that will get them to those objectives.

## DEFINING AMERICAN INTERESTS IN THE MIDDLE EAST

### Interests in the Arab World

The United States has significant economic interests in the Persian Gulf and long-standing political and strategic commitments to friendly Arab states. The Persian--Arabian Gulf region holds two-thirds of the world's known oil reserves and over half of its natural gas reserves. The United States has viewed the uninterrupted flow of that oil as a vital interest since the days of the Nixon administration. Direct U.S. petroleum imports from the Gulf have certainly diminished since the oil shocks of the 1970s. Nevertheless, they still constitute about one-fifth of all such imports worldwide. Because the world

price of oil is determined by the market, sudden changes in the pattern of oil flows from the region would have serious economic consequences for the United States, particularly in the short term before markets and worldwide demand can adjust to those changes.

Oil-producing states need to sell oil as much as oil consumers need to buy, but there remain two sources of threat to this common interest. First, hegemonic control of most of the region's oil resources by an aggressor state would give that state the capacity to affect markets for political reasons. (It was this threat that most affected U.S. calculations following the Iraqi invasion of Kuwait, when the United States feared that Iraq could also control the Saudi oil fields.) Second, political instability in the region can alter short-term prices or flows and complicate American strategies.

Since the Gulf War, the United States has moved to address the first threat by consolidating its military presence in the region, bolstering its capacity and pre-positioning equipment on the ground. U.S. global military planning and weapons procurement strategies are predicated on the belief that the United States must have the capacity to fight a regional war in the Persian Gulf. This strategy identifies Iraq and Iran as the two states that pose a potential hegemonic threat in the region and seeks to contain both.

Although many in the Arab world were suspicious of U.S. intentions even before the breakdown of the peace process, their opposition to U.S. policy was muted in part by their belief that the peace process was working and that the United States remained indispensable to its success. Disagreements about American policies toward Iraq and Iran and about the extent of the U.S. presence in the region have become sharper since the American response to Iraq's renewed threat to Kuwait in October 1994. Pressure to do business with both Iraq and Iran has been coupled with a growing Arab uneasiness about the peace process and America's role in the conduct of that process since the May 1996 Israeli elections. These concerns fed the difficulties that the United States confronted in gathering regional support for its attack on Iraqi targets following Baghdad's penetration of Iraqi Kurdistan in August 1996. Concern in many Arab countries about the nature of the American response, most notably the targeting of southern Iraq while hostilities were taking place in the north, and fears that the United States was planning the dismemberment of Iraq, something many Arabs strongly oppose, were reinforced by a perceived lack of American resolution in getting the peace process back on track.

The U.S. military presence in the region has significantly reduced the hegemonic threats of Iraq and Iran. However, U.S. strategy in the Gulf continues to be challenged by political threats, including domestic instability in some Arab states and a weakening regional and international consensus in support of U.S. policy in the region. Effective deterrence requires regional support for the U.S. military presence and operations and international support for limiting the threats from Iraq and Iran, especially in the area of weapons of mass destruction, so as to reduce the need for the American use of force. Such support is not at a level adequate to sustain the viability of U.S. strategy in the Gulf.

Support for a Secure Israel

Just as America's interest in the flow of Gulf oil will endure for the foreseeable future, so too will America's interest in a secure and peaceful Israel. That interest derives from many factors: historical ties dating back to America's early support for the creation of the state in 1948, shared Judeo-Christian religious sensibilities, and common democratic values. Israel enjoys the strong and emotional support of a large segment of the American population. This support is more broadly based than the Jewish community, although this community's ties with the Jewish state are especially close.

Israel's long-term security requires a stable peace with its neighbors. Given continued American military and technological support, conventional Israeli security is more easily assured today. The greater current threat to Israel comes from regional instability that breeds terrorism and low-level conflict, and from unconventional capabilities that can best be controlled through negotiated incentives in an environment of peace. Clearly, the broader the peace coalition, the easier it will be to confront those who remain outside of it.

The Threat of Terrorism and Weapons of Mass Destruction America's interests in the Middle East and in other parts of the world are threatened by the proliferation of weapons of mass destruction and by the spread of terrorism. As indicated, the Middle East is a major area of nonstate and state-assisted terrorism that specifically targets American interests and American citizens, both within the region and far beyond. A deterioration and collapse of the peace process would enormously complicate America's efforts to counter these threats.

In short, the effective protection of primary American interests in the Middle East requires the broadest possible settlement that would leave Israel secure and at peace with its neighbors and provide a foundation for long-term stability and prosperity in the region. This means that the American role cannot simply be one of mediation; the United States has an interest in the actual nature of the agreement. From the American point of view, an Arab-Israeli agreement is desirable to the extent that it both serves long-term Israeli security and is also acceptable to the broadest possible circle of Israel's Arab neighbors so as to make the agreement viable. In addition, the United States has an interest in seeing an agreement at the earliest possible time. To be sure, the United States should not and cannot impose a settlement on the parties, as the longest-lasting agreements are negotiated consensually. But given the deleterious consequences of a collapse of the peace process for important U.S. interests in the region, the United States has good reason to be actively engaged in efforts to bring such agreement about.

#### U.S. PRIORITIES IN THE PEACE PROCESS

The Israeli-Palestinian track must take first priority in U.S. diplomatic efforts, although a peace agreement between Israel and its immediate neighbors, Syria and Lebanon, remains central for enlarging the peace in the rest of the Arab world. Ultimately, American interests require a peace that involves the broadest coalition of Arab states.

Even though the Palestinian issue is now a lesser priority for most Arabs, it remains the benchmark against which Arabs judge the prospects for peace. The Oslo Accords enabled Jordan to sign a peace treaty with Israel, led to negotiations between Israel and Syria, and emboldened Arab states in the Gulf and North Africa to forge closer ties with Israel. The deadlock in the peace process in the past year has halted further normalization of relations between Israel and the Arab world and has intensified opposition to normalization by the general Arab public and its intellectual elites, putting strains even on the peace agreements with Egypt and Jordan. Although Syria's own calculations about peace with Israel are primarily bilateral, the Syrian president's assessment of the prospects of agreement with Israel may well be affected by what happens in the Palestinian negotiations.

More importantly, Israelis and Palestinians are entangled in their daily lives in an environment of political and economic despair for the Palestinians and the threat of terrorism for Israelis. There is palpable anxiety, insecurity, and mistrust on both sides. Fear governs the lives of both people; neither Palestinians nor Israelis have another home address. To the extent that politicians feed these fears even more, the peace process, and the people whose fate is affected by it, are seriously harmed. Thus, the urgency of a process moving forward with a well-defined timetable goes beyond the impact of the process on other tracks. It goes to the heart of people's everyday lives. Time is of the essence.

#### THE SYRIAN-ISRAELI TRACK

The Syrian-Israeli track remains central for the establishment of a comprehensive peace in the region. Movement on this track, however, is not as urgent as on the Palestinian track, even though there is a low-level proxy war between Syria and Israel along the southern border of Lebanon. The Syrian-Israeli border is stable, and there are no imminent hardships looming for either side as a consequence of delay. The shape of a possible settlement is well known to both sides, and its absence is more a function of political will than effective bargaining. Both states have significant leverage to bring to bear on the negotiations for a final agreement. Here, mediation is the appropriate American role, although the United States needs to pay careful attention to developments in Lebanon.

The biggest concern on this track in the short term is an unintended conflict that might begin with a crisis in Lebanon. Israel and Lebanese militias are painfully entangled in south Lebanon. American diplomacy must therefore continue to deal actively with the situation in Lebanon, even as its primary focus remains the Palestinian track. The United States must work with Syria, Lebanon, and Israel to prevent escalation on the Lebanese front. And it must seek to foster the conditions that could permit the withdrawal of all foreign forces from that troubled state.<sup>2</sup>

#### THE NEED FOR A BOLD INITIATIVE: A NEW DECLARATION OF PRINCIPLES

The new U.S. initiative we propose entails a U.S.-sponsored diplomatic effort along the Israel-Palestinian track to get the parties to agree to the broad contours of a final settlement. The effort would culminate in a Washington summit where the agreement would be concluded in a new "Declaration of Principles" formally signed there.

The initiative is not intended to replace the existing Oslo Accords, nor would it relieve the parties of the obligations they have undertaken under the terms of those Accords. The Declaration of Principles must not aim at resolving all the difficult issues of final settlement. Instead, it must address the essential goals of both Palestinians and Israelis and define the contours of a final settlement about which a majority view is already emerging among Israelis and Palestinians.

For Palestinians, the objective is a fully independent Palestinian state on most of the territory that Israel took from Jordan in the June 1967 War, with al-Quds (the Arabic name for Jerusalem) its capital. For Israel, the objective is national security. Israelis cannot accept a Palestinian state that is militarized or aligned with a power hostile to Israel. In its direct relations with the Palestinians, Israel's primary concern is the safety of its citizens within secure and recognized national boundaries, both as they currently exist and ultimately will be defined. Equally important to Israel is recognition of an undivided Jerusalem as its political and spiritual capital.

Addressing these complex issues obviously requires mutual Palestinian-Israeli concessions. Given the absence of mutual confidence, domestic constraints on each side, and the reluctance of either party to make the first move, the necessary concessions are unlikely to be made without third-party participation and ideas. The American initiative should thus focus on getting the parties to agree on some general principles that accommodate the basic needs of each side in a trade-off of tangible benefits. In the opinion of most Task Force members, that trade-off would consist of Palestinian statehood in exchange for enhanced Israeli security within secure and recognized borders, and agreement on spheres of functional authority and rights in Jerusalem while negotiations on the final status of Jerusalem's sovereignty are postponed.

A minority view holds that the issue of Jerusalem's sovereignty should not be postponed because that would be a prescription for continued conflict. Furthermore, in this view the only credible incentive for Israel's Likud government to accept Palestinian statehood is Palestinian recognition of Israel's sovereignty in Jerusalem.

For the majority of the Task Force, the following are the major features of the proposed Declaration of Principles:

\* Assurance to the Palestinians that the final status of their territories will be statehood in Gaza and most of the West Bank would be coupled with assurance to Israel that the Palestinian state will be demilitarized; that Palestinians will not have the right to forge military alliances with hostile states; that the minimum necessary contingent of Israeli forces will be stationed in parts of the Jordan Valley; and that appropriate security

arrangements to ensure the personal security of Israel's citizens--including benchmarks for Palestinian measures against terrorism--will be implemented.

\* Territorial agreement would be based on the principle of maximal territorial contiguity for the Palestinian state on the majority of West Bank and Gaza territories, while holding to a minimum the relocation of Israeli populations now living there, and giving Israel secure and recognized boundaries. Since 80 percent of Israeli settlers reside on 10 percent of West Bank territories, mostly along the 1967 Green Line, this principle can be met.

\* Because of the complexity and depth of emotions on the issue of Jerusalem's sovereignty, discussion of this issue should be postponed until all other issues are resolved. However, such postponement does not imply that the final outcome can be anything less than an undivided city. Any final settlement agreement on Jerusalem must recognize both Jerusalem as the capital of Israel and al-Quds (the Arab name for Jerusalem), whose location and boundaries are to be negotiated by the parties, as the capital of the new Palestinian state (in line with proposals reportedly put forward in the so-called Abu Mazen-Yossi Beilin plan).

\* Because the status quo in Jerusalem would prevail until all other issues are resolved, neither party would take unilateral steps to alter significantly the demographics of the city. Unilateral actions such as the recent housing project in Har Homa /Jabal Abu Ghneim would be precluded. At the same time, reasonable ground rules must be negotiated for the accommodation of the proportional growth of both Israeli and Palestinian communities in Jerusalem and for functional spheres of authority and rights, including municipal and religious rights, the right of access to the city, rights of residency, property rights and the right of locating Palestinian offices of varying kinds.

\* Both Palestinians and Israelis must commit to serious efforts to end the inflammatory rhetoric that, coupled with the threat of violence whenever a crisis materializes, conjures up the other's worst historic fears. Palestinians must commit to an unrelenting war against terrorism.

\* The parties must agree to a timetable for a phased implementation of the agreements. Sufficient time must be allotted for Israel to put in place the necessary security arrangements and for Palestinians to build the necessary institutions. But as the history of the peace process has shown, too much time serves the purposes of the enemies of peace, whose ability to destroy the process is only increased as negotiations and the implementation of agreements are delayed.

Once the parties agree to the new Declaration of Principles, the United States must refrain from acting as the court of first resort when disputes between the parties arise. Palestinians and Israelis must work out arrangements between them that conform to the contours of their agreement. On the other hand, Washington cannot return to the sidelines; it must stand ready to speak out forcefully when differences over questions of interpretation and implementation threaten to disrupt the peace process.

## REFUGEES

The United States could also take the lead in organizing funds for the dispossessed of the Middle East conflict. Humanitarian considerations aside, it is clear that an enduring settlement must deal with the outstanding claims of refugees (both Palestinian and Jewish refugees from Arab countries), many of which will be financial. Beginning such a process would in itself signal seriousness about moving toward final settlement.

Together, the provisions of the Declaration of Principles and the initiation of an international effort to resolve the claims of refugees should produce a change in the psychology of the protagonists as profound as the mutual recognition of Israel and the Palestine Liberation Organization in September 1993. They would frame the difficult issues of settlements, boundaries, and Jerusalem in the context of the agreed principles described above. Although negotiations over final-status issues will remain complex and contentious, an environment in which achievement of the overriding goals of both sides is assured increases the chances of success.

## THE PALESTINIAN ECONOMY

In this new climate, it will also be possible to deal with the catastrophic condition of the Palestinian economy. Uncertainty about the final outcome of the peace process has prevented private investors from taking business risks in the region. As a result, the economic dividend that was seen to be essential for the success of the process has not materialized. Instead of improved economic conditions for the Palestinians on the ground, income has declined by nearly a third since the Oslo Accords. Blame for this is widely spread: Palestinian Authority mismanagement and corruption (including governmental monopolies), Israeli closures of labor markets, and disappointing international aid.

In a revived peace coalition between Palestinians and Israelis, the confidence of private investors in the Palestinian economy will be strengthened by the immediate implementation of a safe passage between Gaza and the West Bank, by opening the Gaza airport and constructing the seaport, and by the knowledge that the Palestinian territories will ultimately achieve statehood. The United States could further boost this confidence by offering guarantees to private investors and by encouraging the Palestinian Authority to create a suitable climate for such investment by promulgating banking regulations, investment codes, and a legal regime that protect contractual rights and obligations. The economic dividend for the Palestinians could finally arrive.

For Israel, these bold moves would reopen the prospect of increased cooperation between Israel and the Arab states, and reinforce the flow of investment into Israel that began as a result of the Oslo Accords. America's credibility in the region would be enhanced, and its influence would grow commensurably. So too would the prospects for regional stability: America's allies would be more likely to work in concert with Washington to isolate those who continue to oppose the peace process.

Upon the conclusion of a new Declaration of Principles agreement, the United States could turn its attention to the other important issues of Arab-Israeli relations: First, American diplomacy would focus on reviving Syrian-Israeli and Lebanese-Israeli negotiations. No broad Arab-Israeli peace is likely in the absence of agreements on these two fronts. The United States should consider offering guarantees for an eventual agreement if the parties request them. Second, the United States would revive efforts to establish normal relations between Israel and the broadest coalition of Arab states. Third, the United States would intensify its efforts to curb the spread of weapons of mass destruction in the region.

## THE ROLE OF ALLIES IN THE PEACE PROCESS

To assure maximal diplomatic success, the United States must seek far greater coordination with its European and regional allies of efforts in support of the peace process. A previous tendency to see European and regional allies as meddlers in the peace process should be abandoned in favor of a more collaborative role under American leadership.

Over the past two decades, Europe has both taken a harder stance toward Israel, thereby breeding considerable suspicion in Jerusalem, and shown far more flexibility toward Iran and Iraq than the United States would prefer. In the early 1990s, during the Gulf War's aftermath and the onset of the Oslo process, the United States found itself more in agreement with its European allies, which made U.S. policy in the region more effective. More recently, Europe's path has once again begun to diverge from that of Washington. Both Europe and the United States share an interest in regional stability, however. Following the new Declaration of Principles agreement, the United States should engage Europe in a new dialogue aiming to coordinate efforts in support of the peace process, to the West's ultimate benefit.

Similarly, popular frustration over the paralysis of the Arab-Israeli peace process and the seeming lack of American resolution in getting the peace process back on track is fueling domestic opposition in certain Arab countries that have been important for the success of U.S. policy in the region, especially Egypt, Saudi Arabia, and Jordan. To the extent that the American aim is to achieve the broadest possible peace between Israel and Arab states, it is very important to prevent the deterioration of relations with these states, and to protect the only two peace agreements that Israel has today with Arab states, those with Egypt and Jordan. This task entails an ongoing American dialogue with friendly Arab states and closely coordinating policies toward the peace process, with the understanding that the peace process has serious ramifications for the domestic politics of these Arab states.

## PREPARING FOR A MIDDLE EAST AT PEACE

Formal Arab-Israeli peace agreements will not end instability in the region. There are forces on both sides that are driven by irreconcilable religious and ideological motives and that will not be satisfied with a pragmatic peace. And instability in the region has



economic and political causes that are unrelated to the Arab-Israeli conflict. Arab-Israeli peace, however, provides governments in the region the opportunity to address these regional problems by removing the conflict as an excuse for failing to engage in needed economic and political reforms and reducing military spending. These governments will become increasingly pressured to establish their legitimacy on the basis of economic performance and broader political participation--not transnational ideology. But even with the best of intentions and the wisest of policies, real economic reform and political democratization will take time. In the meanwhile, opponents of peace will continue to exploit the weaknesses of governments. It is therefore important to achieve the broadest possible coalition among Middle Eastern elites in support of peace agreements, and it is essential to provide hope through example. In an environment of conflict, what an Arab leader gains in Israeli sympathy and trust he loses in legitimacy and support at home. This is not the case in an environment of peace. In such an environment, the hope can be revived of transforming the conflict from one that pits Arab against Israeli to one that pits supporters of peace against its opponents. That transformation also holds the best hope of protecting American interests in the region.

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\*Concurs with the Report but submitted an Additional View.

Dissenting Views MORTIMER B. ZUCKERMAN  
AND LESTER POLLACK

The basic position of the Report is that the Oslo process of incrementalism has come to an end and that a new approach involving what is in effect final-status talks should begin. While this is a legitimate view which we share, what we don't agree with is that the United States should take any kind of explicit positions on the critical issues that divide the parties. It is far better for the parties to seek to negotiate their own agreements, for only if they have negotiated and compromised on their own will they live with the consequences of the decisions and concessions they have made. For the United States to propose its solutions would be to drastically reduce the effectiveness of the American role in the negotiations. It might make us feel good at home, but it is bound to create suspicions on one or both sides and inhibit the role of the United States as the interlocutor and communicator between the two parties.

So much for process in a part of the world where process is critical. As to the substance, this Report advocates an approach that ostensibly meets the aspirations of both sides, a trade-off whereby incentives to both sides would be such that each side could gain so as to absorb the pain of the other side's gain. No pain, no gain.

The problem is that the incentives do not extend to both sides. The Palestinians have much to gain from the proposals put forth here. But where is the gain for the Israelis?

The great Palestinian incentive is for the United States to recognize statehood for them in Gaza and most of the West Bank. The trade-off originally was to have the United States acknowledge Israel's full sovereignty over Jerusalem with the exception of symbolic Muslim sovereignty over the holy sites and symbolic Palestinian sovereignty in an outlying area of Jerusalem such as Abu Dis. Instead, the issue of Israeli sovereignty over Jerusalem has been deferred, and Israel is being asked to make further concessions in the interim period by limiting what it can do in Jerusalem under the terms of the present Oslo Agreement regarding its rights and its role. The Israelis are being asked to negotiate functions and rights with the Palestinians and, as well, to restrict what they, the Israelis, can do in and for the city. The notion of functional spheres of authority and rights the Report describes for the Palestinians in Jerusalem would surely be seen by the Israelis as a step towards divided sovereignty, to be negotiated at the end of the process when all the pressures would be on the Israelis to make such a compromise. Such a delay would not resolve the conflict. Rather, by deferring it, it would inflame the Israelis and make it even more difficult for them to make the concessions necessary to reach a final agreement. Therefore, both as a matter of process, that is, deferring the issue of Israeli sovereignty in Jerusalem until the end, and as a matter of substance, that is, formalizing Palestinian

rights and restricting Israeli control in Jerusalem, the Israelis would see this approach not as an incentive but as another disincentive.

The Report also stipulates that the Palestinian state in the West Bank would provide "secure and recognized boundaries" for the Israelis, and that it should also provide for maximum territorial contiguity for the Palestinian state and minimal disruption of the Israeli population. It then states that since 80 percent of the Israeli settlers reside on less than 10 percent of the West Bank territories, mostly along the Green Line, the border adjustments should be minimal and mostly along the Green Line. Since these borders essentially did not provide Israel with security prior to 1967, it will hardly satisfy the Israelis' need for secure boundaries. The standard should not just be the issue of relocation of Israeli populations. Secure and recognized boundaries involve a lot more than just where people live. There are military considerations of time and space, which are relevant to where borders are located so as to provide security.

In this regard, the Report implies that the Israeli government is unprepared to make the territorial concessions necessary to ensure Palestinian cooperation. One could just as easily say that the Palestinians are unwilling to make territorial compromises on the West Bank to ensure Israeli cooperation. It is precisely a comment such as this that reveals the disputed burden being placed on the Israelis as different from that being placed on the Palestinians.

The Report refers to providing Israel with the assurance that the Palestinian state would be demilitarized, that appropriate security arrangements will be implemented to insure the security of Israeli citizens, including benchmarks for Palestinian measures against terrorism. Palestinian obligations to combat terrorism have existed since Oslo I and were repeated in Oslo II and in the Hebron agreement. Palestinians have failed to meet those commitments. It seems unlikely that this will provide an incentive for the Israelis, who undoubtedly are being asked to buy the same bridge for the fourth time. What the Israelis will seek for their security, of course, is not to have it dependent on the Palestinians' enforcement of their obligations. Rather, the Israelis will seek borders that the Israelis feel are secure, or as secure as they can be given the deep emotions in the region.

The more viable approach, then, is to allow the parties to meet and themselves agree on a Declaration of Principles without such proposals from the United States. Such an agreement can only be accomplished out of the public focus that is implicit in the approach proposed by this study. Furthermore, it is in this quiet back channel negotiation that the United States could play a much more constructive role if it has not offered its own proposals but seeks to be an intermediary dealing with both parties in an attempt to bring them together. This is exactly why the United States was effective in bringing about the most recent agreement in Hebron. To advance its own set of principles would greatly diminish the effectiveness of the United States, and to imply that the United States can deliver one side to the other on certain terms would be a huge mistake.

Finally, the United States for decades has sought to limit the involvement of others, including Russia and the Europeans, in the Middle East peace process. To involve the

Europeans at this stage, in a new dialogue, would seem to be as counterproductive in the future as it has been in the past.

ROBERT SATLOFF

The basic theme of this Report--that "the time has come . . . for a bold American initiative" and to "use [U.S.] influence to achieve the necessary mutual compromises"--is a profound miscalculation of U.S. strategic interests. The United States has no particular interest in the "actual nature" of any agreement except that it be acceptable to the parties and that it terminate their conflict. They are the best judges of how to achieve the latter objective. Pursuing this policy would risk relations with America's strategic ally, Israel, as well as the structure of a "peace process" that has taken three decades to construct for no appreciable advantage or gain to any U.S. interest elsewhere in the region.

Second, the contention that "an Arab-Israeli agreement is desirable to the extent that it . . . is also acceptable to the broadest possible circle of Israel's neighbors so as to make the agreement viable" sounds magnanimous and rational but is at best misleading and at worst dangerously counterproductive. One of the unsung achievements of American diplomacy over the past 30 years has been to succeed in limiting the conflict to Israel and its immediate neighbors and to enable Israel to pursue a negotiating process that addressed the concerns of each individually and sequentially. According to this Report, Israel's accord with the Palestinians now must please "the broadest possible circle." Although I doubt this was the author's intent, this prescription will reopen the door to lowest common denominator peacemaker that is likely to ensure that there will not be any peacemaking at all.

Third, as for the bargain outlined herein, it doesn't sound like a bargain to me. Palestinians win Israel's commitment to "statehood" ( a major historical achievement for the Palestinian national movement) and some "rights" in Jerusalem (a foothold for later advances), while Israelis get in return "security" (which they have already been promised) and a postponement of the negotiation over Jerusalem (which will ensure that this remains a festering sore) coupled with restrictions on Israel activity in the city. Where is the bargain?

Reading the text, one expects the rest of the bargain to come in the form of some mandated pan-Arab normalization with Israel, along the lines foreshadowed with the reference to a "broadest possible circle of Israel's Arab neighbors." The convening of the Arab League to amend its Charter by outlawing war between the 22 Arab states and Israel (individually and collectively), offering a termination of all claims and full diplomatic recognition and establishing an all-Middle East mutual nonaggression pact with detailed annexes on security cooperation, political coordination, and economic and trade relations might (I say might) have been the countervailing incentive to the Israelis to entice them into a deal virtually any government--Labor or Likud--is otherwise sure to refuse. But instead, "for these bold moves," the Report argues, all Israelis get in return is the "reopen[ing of] the prospect for increased cooperation between Israel and Arab states." Thin gruel indeed.

This Report skirts two fundamental issues. First, for better or worse, the Labor government that negotiated Oslo and implemented its provisions, was turned out of office a year ago. The Israeli people have spoken, and while the message of Prime Minister Netanyahu's victory is not fully clear, at least a piece of it reflects the Israeli people's dissatisfaction with the pace and manner of Oslo's implementation, especially vis-a-vis Palestinian compliance with its treaty obligations. In urging a bold American initiative that asks Israel effectively to renegotiate the core Oslo bargain--changing the formula of "security for recognition + self-government + a promise of final-status negotiations" to a new formula of "security for statehood"--this Report does not address that changed reality. Instead, the Report refers to the objective of a "revived peace coalition," which sounds awfully like a heaving sigh for the bygone days of a Labor-led government. While that may be self-satisfying, it is also irrelevant in the current circumstances.

Second, it is true that a vigorous internal Israeli debate--reflected in the Beilin-Eitan discussions--has pointed out significant areas of common ground between Labor and Likud. Regretfully, however, no such debate has occurred on the Palestinian side. In my view, the most interesting aspect of the Beilin-Abu Mazen "understanding" referenced in this Report is that it has been publicly repudiated by Abu Mazen. The reality is that no Palestinian public figure has yet ever suggested publicly any willingness to accept anything less than 100 percent of the West Bank, Gaza, and East Jerusalem in a "final-status" agreement. As a result, we are left with the fact that, on "final-status issues," the difference between Labor and Likud is less than the difference between any Israeli government and the PLO. It may not always be so, but it is so today.

Forcing the issue before the circumstances have ripened is, in my view, a formula for failure. Oslo needs to be repaired but this Report offers American activism and Israeli concessions as the principal forms of "improvements." As luck may have it, the ideas proposed in this Report may have the consequence of frightening the parties into an early compromise lest they face the heavy hand of Washington's intrusiveness, but any sort of progress along those lines will be purely serendipitous.

STEPHEN COHEN

The Task Force conducted its deliberations against the backdrop of setbacks, then agreement, and then stalemate in the Arab-Israeli peace process, launched in Madrid under American leadership. Concern with the immediate crisis, however well intentioned, resulted in a misdirected diagnosis of the question this raises for American foreign policy and a proposed initiative that will perpetuate the problem, not solve it.

The repeated minicrises in the peace negotiations, the threat of the demise of the Madrid project, and the gradual drain on American credibility, represent a clear challenge. The need is to mobilize American political will to reassert forceful American leadership in the peace process. The Task Force errs in reinforcing the mistaken notion that American activism in the peace process means imposing American substantive terms.

An imposing process is the alternative to an imposed solution. There have been two: Sadat's trip to Jerusalem was the first imposing process, creating an irresistible internal dynamic to reach agreement. The second was Madrid: a process so identified with American political will and with such consequences for the United States' relations with each of the parties that the regional political leaders felt impelled to make decisions themselves about key issues, and to make proposals to the other side, through the United States, that met basic conditions of each party.

American activism, American peace leadership, is not to declare the substance of potential agreement. The Task Force proposal, while overtly rejecting the idea, proposes just such an imposed settlement. It recommends that the United States spell out the main basis of the Declaration of Principles to which the parties should agree. Proposing a substantive solution, one which will inevitably raise a hue and cry from the partisans of the parties, as it has within the Task Force, will be resented by the parties even if they are weighing similar options. Such public preemption of the substance of the agreement will simply not be done by this administration. Nor will it be done successfully by any other administration, as was shown by the Rogers Plan and the Reagan Plan, each of which, when rejected, led to American diplomatic quiescence, not at all to American activism.

How could a powerful, compelling, dramatic imposing process emerge again? There is today no regional leader willing to make a public breakthrough proposal, although some modest attempts are possible, such as the present attempt by Egypt, which has some chance for restarting talks. A truly imposing process can come only from an American government that has come to understand, and openly express, that broad and vital American interests are at stake with failure of the peace process, interests beyond a vague preference for peace. The administration must be able to convince Congress and the leading interested Middle East foreign policy constituencies in the United States that active peace leadership is needed. Emphasis on declaring the details of solution, even broadly stated, can detract from the possibility that American political will can be fully engaged, without it being undercut by Congress or involved constituencies.

An American assertion of the substance of agreement may provide an immediate feeling of victory for one side or the other, but it will be short-lived and hollow. It will be a victory in expressive politics, not in changes on the ground. Moreover once the United States decides to sketch out its own version of a solution, it will not come out as required for conflict resolution. The forces in the American arena, untutored by a close assessment of American regional security and economic interests and the importance to the United States of Israel's integration into the region, will engender solutions that will be quickly rejected by the parties, as has happened before. The parties in the region are better at spelling out what is really crucial in their demands and what is a bargaining position. It is the American role to forge the context where such distinctions can no longer be delayed or avoided. It is the American role to point out what proposals are nonstarters for one side or the other.

The trade-offs between Palestinians and Israelis on different issues and among different issues are subtle and not easily predictable. How important will extent of territorial

withdrawal be when balanced against extent of limits on sovereignty? Or how will territory and sovereignty be weighed against presence and legitimacy within Jerusalem and role in definition of Jerusalem? And how will the future of Jewish settlements be balanced against demands for the rights of Palestinian refugees to come to live within Palestinian areas of the West Bank? Right now each party can state its opening position on these issues without making painful decisions of priorities. Only the discipline of intensive negotiations can enforce the search for potentially acceptable packages of demands and concessions. Only in a process from which there is no escape will governments have to end comfortable procrastination and bombastic assertions and make decisions. The American role is to require realistic decision making, not to demand specific content of decisions.

Nor can we be sure where Israelis and Palestinians will come out on partial versus total agreements. One giant leap to permanent agreement versus some incremental process is a shifting preference. At this moment the Palestinian Authority is most concerned that its promised gains from fulfilling the interim agreements should not be lost. Israel today is most concerned that the tangible assets it is to relinquish are traded for the major issues of final status, not for temporary respite from Palestinian pressure. However, not long ago the preferences were reversed, and Israel felt that one major accomplishment of its Oslo diplomacy was to sign on the Palestinians to the Israeli preference for interim agreements and interim stages.

I personally believe that the Israeli-Palestinian conflict resolution process will be achieved by successive approximations. Permanent status negotiations, the first time around, are unlikely to be able to resolve all outstanding issues. It took 100 years to entangle the two peoples into a multilayered conflict, with military, political, economic and cultural dimensions and a threat again of revival of its religious dimension. Not all these layers can be resolved in one negotiation, no matter how mammoth and ambitious. Each negotiation round will have to find the set of issues that each side needs to resolve now and can resolve now. Each negotiation will leave some issues vague to be worked through further down the historical road. We may call them permanent status negotiations, but the history of these intertwined communities and peoples will not permit of one surgical separation that will solve all issues. It is a historical formula for disappointment to demand a negotiation that leads to the end of history for the Palestinian-Israeli saga. Even if one believes that there can be one negotiation that ends, if not all, then most of the murderous issues, the shape of that negotiation and the interim stops and steps within it cannot be decided in advance. Oslo made history; its mistakes was in imagining it could predict history.

Let us take the Jerusalem example. Jerusalem's Jewish and Judaic centrality is beginning to be widely understood, although not yet believed to be the determining factor, outside of America and Israel. But Jerusalem has Islamic dimensions, Arab dimensions, Jordanian dimensions, and Palestinian dimensions. Jerusalem is a political entity, a multiethnic city, and a symbolic religious crucible, a critical part of Israeli society and Palestinian society, a key to the Palestinian economy but not the center of the Israeli economy. Jerusalem is Israel's capital, but still remains unrecognized by most



international states, and it is the Palestinians' hoped-for capital, a hope shared by more states than recognize Israel's capital.

Jerusalem is also the lodestone of the Netanyahu victory and the Achilles heel of Arafat's Oslo step-by-step compromise. That is why Arafat needed a "side-letter" to protect him from Oslo's side-stepping of Jerusalem; this is why for Netanyahu it is impossible to leave Jerusalem as a dangling issue while all else is negotiated. Not all these issues will be packaged neatly at once. Since the issues have not been joined, except partially by Yossi Beilin and Abu Mazen and their teams, it is not yet possible to determine where flexibilities might emerge out of present ultimate demands. Nor can the United States simplify the problem and take the heat upon itself of unilaterally declaring that all those interests are to be sacrificed in a proposed deal for a Palestinian state. These issues will not blow up in America's face only if the parties are brought to propose reasonable acceptable solutions themselves, which solve some issues, defuse others, and postpone still others.

Which brings us back to what was and should be the contribution of the "Task Force on United States Foreign Policy in the Middle East with Special Emphasis on the Arab-Israeli Peace Process" (the original charge to the Task Force). We needed to find a way of moving from the present policy of superpower-less facilitation, to superpower-ful peace leadership. This expression and exercise of American political will require a number of steps of forceful argumentation from the Task Force:

- \* An integrated full delineation of American national interests in the region as a whole, including energy and oil and strategic centrality;
- \* A strong call for American public and congressional cohesiveness behind a forceful and sustained policy determined to protect these important interests, some of them vital, based on the idea that these interests must become mutually supportive, not contradictory or potentially inhibiting of each other;
- \* A focus on the newer threats of terrorism, including the possibility of proliferation of weapons of mass destruction to terrorists or states inimical to America, its interests, and its nationals;
- \* Forceful stewardship of the Israeli-Palestinian peace negotiations until a treaty is reached between the Palestinian Authority and Israel as the first pillar of American peace leadership;
- \* A tough-minded approach to resuming Israeli-Syrian negotiations, insisting on the parties facing up to the minimum demands of each other;
- \* A "naming of names": a frank, pointed assessment of the problems facing the key U.S. bilateral relations (with Turkey, Egypt, Saudi Arabia, and Israel), including their problems with us as well as our problems with them, such as internal stagnation in

making necessary decisions for future stability, internal security, and economic development;

\* An assertion of American interests and commitments in the region, and willingness to defend them, above and beyond the invitation of its regional partners;

\* A strongly differentiated policy vis-à-vis the shared dangerous powers of the region--Iran, Iraq, and Libya--replacing dual containment or a one-size-fits-all policy in which there is categorical assignment of rogue regime;

\* The indivisibility of American credibility across the region, and the need for an integrated policy to overcome regionwide problems of population growth outstripping job growth and the related problem (often called fundamentalism) of violent rejection of modernity, Israel, and American influence.

With a comprehensive and coherent policy, we could go beyond the self-defeating mantra that the United States can want peace only as much as the parties. Instead of the latter approach, which places the locus of American initiative in regional leaders, peace leadership would be seen as a direct American interest.

The American challenge is to find the political will to peace leadership, and to create the opinion climate for the domestic support for expressing that will. The Task Force narrowed its mandate and lost sight of this main issue. It became mired in the paralyzing American domestic debate of which should be supported more, Palestinian demands or Israeli concerns. American Middle East foreign policy activism requires breaking away from that status quo argument, to a bold assertion of American peace leadership through an imposing process.

Additional Views

DOV ZAKHEIM

I am in full agreement with the fundamental concern that launched this Report: the Middle East peace process has come to a dead end. Whatever the virtues of the post-Oslo incremental approach may have been in the past, they no longer apply. The United States appears to have run out of ideas--and equally troubling--of high-level interest. The Arab states and the Palestinians are frustrated; there is also considerable disappointment, pessimism, and insecurity in Israel. Only a fresh approach can clear away the malaise that festers in the region, and only the United States has the credibility and capability to initiate such an effort and see it through to a successful conclusion. Many of the elements of that approach appear in the Report: a viable Palestinian state, the guarantee that the vast majority of West Bank settlers will remain under Israeli sovereignty, security guarantees for Israel.

Yet the Report does not go far enough in one major respect: it does not provide for a final-status settlement for Jerusalem. Few Israelis will agree to the delimitation of Israel's

sovereignty over the city, as proposed by the Report, while the issue of overall sovereignty remains open and subject to future challenge. Indeed, an arrangement such as the Report proposes may not satisfy many Arabs either, especially as the best the Report offers is a very tentative willingness to accommodate a Beilin--Abu Mazen--type agreement. In its absence, the Palestinians would still have no capital at al-Quds and would continue to press for its establishment. Insecurity and grievances would therefore not disappear. Israel would feel constrained to strengthen its own hand through "facts on the ground." In a word, the Report's implication that it will suffice to have Jerusalem under "de facto" Israeli sovereignty will not do. Palestinians successfully challenged "de facto" Israeli sovereignty over the West Bank. They will attempt to do the same regarding Jerusalem; Israel will attempt to forestall them. The cycle of rhetoric and troubles will not cease; neither, I fear, will the bloodshed.

The Report should therefore have specifically included a final settlement on all aspects of Jerusalem's sovereignty. Ironically, the current dispute over Har Homa provides a formula for such a settlement. The hillock is actually outside the 1967 city boundaries, although within Jerusalem's current expanded municipal boundary. Yet both sides consider it to be part of Jerusalem.

Following upon this logic, an "al-Quds" could be established in one of the Arab villages that have been incorporated into Jerusalem since 1967. Israel would retain sovereignty over the pre-1967 Jerusalem. Special religious and municipal and other arrangements for pre-1967 East Jerusalem would still be made along the lines of the Task Force Report. Jerusalem would thus remain Israel's undivided capital, and at last recognized as such worldwide. This would be no small incentive for Israel to accept other provisions laid out in the Task Force Report. Yet an al-Quds would also come into being, as a Palestinian capital, on land that both sides now call Jerusalem, thereby realizing a major Palestinian objective.

There are those who would question the security aspects of such contiguous cities. Yet a city could spring up anywhere on the Palestinian side of the border nearest Jerusalem, wherever that border might be, with the same security implications. At bottom the issue is peace, without which the entire process is meaningless. If peace reigns, two cities could thrive alongside each other as they do along the borders of so many other states around the world.

SHIBLEY TELHAMI

The importance each side attaches to the city of Jerusalem requires that some terms specified in the Report be clarified. In particular, reference to future agreement on "the location" of al-Quds must not be construed to mean that, to Palestinians, al-Quds refers to anything but Jerusalem, in the same way that Yerushalayim refers to Jerusalem in Hebrew. Al-Quds, which is often used with the modifier "Arab" when referring to East Jerusalem, has always meant to Arabs and Muslims not only Jerusalem in the abstract, but also the "holy one," its literal meaning in Arabic, in reference to holy places that are located within the walled old city. Similarly, Jews worldwide understand Yerushalayim to include the Temple Mount.

The three central issues for reaching Palestinian-Israeli accommodation on Jerusalem are the unity of the city, its boundaries, and its sovereign status. They are not about location. The issue of Jerusalem's physical unity, despite

the division that existed between 1948 and 1967, has always been separated conceptually from the issue of sovereignty: Jerusalem had a unique position in the U.N. partition plans as a unified city, and the international community, including the United States, has not taken a position on sovereignty for any part of Jerusalem to this day, treating the city as a whole. Issues of access to the city and the physical growth of the city make its physical unity an essential requirement for a settlement--aside from the issue of sovereignty. The issue of boundaries is separate from the issue of location. Today, the walled old city is only one-seventieth of the area encompassed by the municipal boundaries of Jerusalem, as defined by Israel. These municipal boundaries, which have been substantially expanded since 1967, have little connection to historic and religious notions of Jerusalem as Jews and Arabs have understood them. Even today, public opinion surveys of Israeli Jews show that Israelis are overwhelmingly in favor of maintaining control over Jerusalem, when asked in the abstract; when specific reference is made to what are now Arab neighborhoods within the current municipal boundaries of Jerusalem, that majority disappears. But Israelis overwhelmingly understand Jerusalem to include the Temple Mount. Similar surveys among Palestinians indicate that the overwhelming majority of Palestinians understand al-Quds to include the Mount of Olives, containing holy sights.

Location, physical unity, and municipal boundaries must be creatively separated from the issue of sovereignty if a settlement is to be reached on the issue of Jerusalem. It is in this spirit that discussion of sovereignty must be postponed. In particular, municipal boundaries need not overlap with sovereign boundaries, and sovereignty, where asserted by one side, must concede important spheres of authority and rights for the other. It is conceivable, for example, that there will be parts of al-Quds over which the Palestinian state will not be able to assert sovereign authority, even after final settlement is reached.

Palestinian access to these parts would have to be guaranteed together with property rights, religious rights, and residency rights. Because the city of Jerusalem is central both culturally and religiously to both sides, demographic balance must be maintained. This may entail that Palestinians, by virtue of carrying Palestinian citizenship, would have the right to reside in those parts of the city where Palestinians have no sovereign authority, subject to an agreed-upon demographic formula.

HENRY A. GRUNWALD

I subscribe to the thrust of the Report but have reservations about Jerusalem. The Report says: ". . . postponement [of negotiations on the sovereignty of Jerusalem] does not imply that the final outcome can be anything less than an undivided city. Any final settlement agreement on Jerusalem must recognize Jerusalem as the capital of Israel, and al-Quds, whose location and boundaries are to be negotiated by the parties, as the capital of the new Palestinian state (in line with proposals reportedly put forward by the so-called Abu Mazen--Yossi Beilin plan)."

This statement contains a contradiction because it seems to call for two Jerusalems, one the capital of Israel and the other the capital of the Palestinian state, while at the same time affirming that Jerusalem must not be divided. It is not clear whether this contemplates two separate sovereignties, joint sovereignty, or some other arrangement. Shibley Telhami has attempted to cope with this contradiction by pointing to the difference between location, boundaries, and sovereignty. This distinction, while useful, does not clear up the contradiction. In my view, the majority recommendation on Jerusalem should be understood to mean that Palestinian sovereignty in Jerusalem would be partly symbolic, confined to the Muslim holy places, and a limited, separate entity, probably outside the traditional city limits, that would function as the administrative Palestinian capital.

LOUIS PERLMUTTER

While I support the Task Force's conclusions and recommendations, to enhance the prospects of reaching agreement on a new Declaration of Principles, I counsel even stronger, more decisive American leadership. The issue of settlements is pivotal to the peace process. The United States should make a direct call for Israel to stop unilaterally deciding to build new settlements and should actively engage in trying to prevent such settlements. While that will generate opposition from the Israeli government and from some segments of the American Jewish community, I believe it would be supported by the American public, including a majority in the Jewish community.

The United States should be just as forthright and bold in addressing the Palestinian Authority's shortcomings. The Palestinians must resume security cooperation with the Israelis and do more to contain terrorism. They basically are failing to build independent, civil institutions and a democratic state. Their economy is being mismanaged. The Palestinians are not delivering on their promise to build an economy based on free enterprise, private investment, and as little government as possible. Without a viable economy, it is hard to imagine sustainable progress being made in the peace process.

BRENT SCOWCROFT

I am fully in support of the spirit of the Task Force Report and the optimism with which its major proposals are set forth. That said, there is one observation or comment I feel compelled to make on the relationship between Oslo and the proposed Declaration of Principles (DOP), without which I could not give my support.

The Report states that the DOP is not to replace Oslo. So what went wrong with Oslo that we need to resort to the DOP? The Report hints that it was the incremental nature of the Oslo process. The DOP seems to confirm that by being described as a statement of the contours of a final settlement. If the Oslo process was to be completed in one move, would it and the DOP be one and the same? If so, why would the DOP be better than a one-step Oslo? If not, how would they differ, and why would the DOP route be preferable?

What if Oslo failed, however, not out of incrementalism, but because Netanyahu rejected the philosophy behind it and determined to stop it well short of its goals, in a way in which he could blame Arafat? Then a DOP which did not reject Oslo and offer a substantively different plan would appear inevitably destined to share the same fate.

In short, the Report does not appear to me to analyze the fate of Oslo in a depth that would help move us forward. For Arafat and all his failings, Oslo is the only game in town. That is not the case with Netanyahu, and if his goal is the sabotage of Oslo, we need to be careful that we do not acquiesce in measures that would undermine U.S. interests in the region.

While I support the effort of the Report, I continue to believe that the United States has important interests at stake in Oslo and that our position should be to insist on its full, good-faith, and speedy implementation rather than to abandon it, much less reward its demise.

RASHID KHALIDI

I have four major reservations about the Report of the Independent Task Force. Most of them are based on my concern that the Report reflect the principle of reciprocity as strictly as possible. This is necessary primarily in order to make up for the great imbalance of power between Israel and the Palestinians, which has been reflected in the skewed and unequal nature of the agreements reached so far, and has been largely responsible for their nonimplementation, and thus for the failure of the "peace process" to produce concrete results on the Palestinian-Israeli level after more than six years of negotiations. In the order in which the relevant topics appear in the Report, these reservations are:

The basic principle of reciprocity must be observed as far as security is concerned. On the macro level, if the Palestinian state is to be demilitarized and its power to form military alliances is to be restricted, then there must be some analogous restriction on Israel--for example some movement toward controlling and ultimately eliminating its weapons of mass destruction as part of an international control regime for the entire Middle East. The ultimate goal should be to move toward controlling and then eliminating all weapons of mass destruction, and thereafter the demilitarization of all Middle Eastern states, not just Palestine.

As far as security on the micro level is concerned, there should be benchmarks not only for the Palestinians but also for halting Israeli measures that have brought severe insecurity to Palestine's citizens (more of whom have died at the hands of Israelis since 1993 than have Israelis at the hands of Palestinians in the same period). This should involve a complete halt to all settlement expansion (and the attendant land seizures) and extensive and rapid withdrawals from the vast areas of the West Bank and Gaza Strip still occupied by the Israeli army (over 90 percent and 40 percent, respectively). Palestinian security forces cannot reasonably be expected to act as enforcers for ongoing Israeli settlement activity and for the maintenance of Israeli military occupation, which is what they are in effect currently called upon to do.

Moreover, the continuation of settlement activity and of military occupation leads to constant friction with the Palestinian population, and is among the major sources both of Palestinian insecurity and of the resultant anger and frustration, which in turn lead to terrorism and Israeli insecurity.

There must be full and complete reciprocity as far as annexations by Israel of parts of the West Bank and Gaza Strip in the context of a comprehensive final settlement are concerned. If Israel desires to annex lands belonging to others on which it has illegally established settlements, it must be required to make compensatory cessions of its own territory to the Palestinian state (this idea is embodied in the Beilin\_Abu Mazen understandings). The principle of what is mine is mine, and what is yours is negotiable, is simply unacceptable. The entirety of the West Bank, the Gaza Strip, and East Jerusalem (and of the Golan Heights, for that matter) are occupied territory in international law, according to the United Nations and in the view of the United States. While the idea of minor adjustments in the lines of June 4, 1967, is perfectly acceptable (and appears to have been envisaged in the language of U.N. Security Council Resolution 242 of 1967), they must take place on the basis of the principle of strict reciprocity: thus if Israel wants to annex some areas of the West Bank and Gaza Strip contiguous to its frontiers, it must cede to the Palestinian state land contiguous to it, and of comparable value, fertility, etc.

Regarding Jerusalem, the principle of reciprocity should operate as well. Thus if the location and boundaries of the Palestinian capital district are to be negotiated by the parties, so should the location and boundaries of the Israeli capital district. Similarly, Palestinian (and Arab) recognition of Jerusalem as the capital of Israel should include such specifications, and should be matched by Israeli recognition of Jerusalem as the capital of Palestine, with locations and boundaries to be likewise specified. Incidentally, calling the Palestinian district al-Quds is preposterous: al-Quds or al-Quds al-Sharif to give it its full name, is Jerusalem, which for Arabic-speakers means and can only mean the Old City and its immediate environs, centering on the Haram al-Sharif, the Dome of the Rock, and the al-Aqsa Mosque; any other use of the term, for example to describe distant Arab suburbs of the city to which a Palestinian capital might be relegated, would rightly be considered ludicrous and insulting.

All of this could certainly take place within an undivided municipality, as long as its structure reflected the existence of two national communities within one city, and protected the rights of each, unlike the current municipal structure, which is based on oppression of and discrimination against one national group by another.

Given the complexity of the issues relating to Jerusalem that must be negotiated, and the time that will be required to do this (particularly in view of the fact that after six years of negotiation we still do not have a complete or workable interim agreement), I am baffled as to why the Report would propose any further postponement of discussion of this issue. Negotiations on Jerusalem should be started immediately, with as much imaginative outside assistance as possible. Needless to say, there must be an absolute freeze on

provocative actions by either side that change the status quo and both preempt and obviate negotiations over these issues.

The issue of refugees should be addressed as part of the new Declaration of Principles (DOP) (and not as a side issue, as it has been addressed in the Report). The Palestinian refugee issue is a basic issue of the conflict (for some, including many Palestinians, it is the basic issue), and its relegation to a place outside the DOP reflects the constant pressure from the Israeli side over nearly 50 years to ignore, diminish, and ideally to bury this issue. It must be forthrightly addressed if there is to be a just and lasting peace, both because for the more than half of the Palestinian people who live outside Palestine it is a key issue, which will largely determine their attitude toward a comprehensive peace, and because its resolution on a satisfactory basis is vital to a number of the host countries, notably Lebanon and Jordan.

The key to resolution of this issue lies in Israel, after nearly 50 years, finally and forthrightly accepting its responsibility for the creation of the Palestinian refugee problem. As we have seen with similarly emotionally fraught and complex issues, such as those involving Japan's World War II actions in East Asia or Switzerland and Nazi gold, the key issue is not so much compensation (important though that is) but acceptance of responsibility and some form of moral atonement. Gross injustice has been done to the Palestinians. It may be difficult for Israelis to accept that this was in large measure the doing of Israel, for it requires substantial revisions in their self-image and in their national narrative. However, it is utterly insufficient that some anonymous international fund to "settle claims" be established. Property is important, of course. But acknowledgment that a wrong has been done by those who did it, or their successors, is perhaps more important to a lasting political solution (as a British prime minister has just recognized with respect to the Irish famine for the first time after nearly 160 years).

The Palestinian refugees have an internationally sanctioned right of return or compensation, laid down in U.N. General Assembly Resolution 194 of 1948 (which the United States supported and presumably still supports). If, as Secretary of State Albright rightly pointed out during her recent trip to Bosnia, victims of the Bosnian conflict have the right to return to their homes after a few years, then surely the same should apply to the Palestinians after nearly 50 years. Where and when this return could take place; what numbers would be allowed to return and to where; whether compensation would be acceptable in lieu of return, and how much compensation; and how property issues are to be dealt with all are issues which must be negotiated. If a final, just resolution of all outstanding claims of all sides to this conflict is the objective, it would be both counterproductive and disgraceful if the United States were to collude with Israel in sweeping this issue under the rug and treating it with any less than the seriousness which it fully deserves.

For the same reason, and in spite of all the dissimilarities in the two situations, the claims of Jews forced to leave Arab countries after 1948 should certainly also be dealt with as part of such a comprehensive settlement. That question, of course, is a matter for the Arab states and Israel to resolve bilaterally or multilaterally, rather than for Palestinian-



Israel negotiations, in the context of which the question of Palestinian refugees must be primarily addressed.

I have other reservations about language, phrasing, and points of detail in the Report, some of them significant. But because I believe that American diplomacy has been largely misguided, frequently biased, and generally inadequate to the demands of the situation in the Middle East over the past four years or so, and because the incremental approach has manifestly failed, I believe that this Report—which has the merits of calling for an end to incrementalism and for outright acceptance of a Palestinian state—may have a positive effect. With the reservations listed above, I therefore endorse it.

Note: The Report of the independent Task Force reflects the general policy thrust and judgments reached by the group, although not all members necessarily subscribe fully to every finding and recommendation in the Report. Dissenting and additional views are presented.

1 Several members of the Task Force felt strongly that Jordan should be included in the proposed summit. Jordan will have to be an integral part of any stable political and economic structure involving the Israelis and the Palestinians, and King Hussein has shown a special determination to help resolve problems.

2 Several members of the Task Force expressed a greater sense of urgency about the Syrian situation. In their view, if negotiations along the Israeli-Palestinian track move forward without Syria, Syria can be expected to step up its cooperation with Iran and intensify its proxy war in Lebanon. Syria may also make direct or indirect threats with major new arms purchases and by increasing its deployment of weapons of mass destruction.