Transition paper: Bush to Clinton
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ISSUES PAPER: MIDDLE EAST PEACE TALKS

OVERVIEW

Pursuing a peaceful settlement of the Arab-Israeli conflict has been an abiding concern of the United States, fuelled by vital interests in the security of Israel, the stability of moderate Arab states, and the prevention of conflict in a strategic area of the world. Since the 1967 Six Day War, successive administrations have sought to promote negotiated settlements based on UN resolution 242. Until now, however, no new administration has inherited an ongoing negotiation that has held out the promise of peace agreements on four fronts within the next four years.

This is the opportunity that the Clinton Administration will be presented with. On January 20, President Clinton will not only become the President of the United States. He will also become the new "viceroy" of the Middle East, the leader of the region's predominant power. He will assume office at a unique moment in the history of the Middle East, with the end of the Cold War, the results of the Gulf war, the resilience of negotiations since the Madrid peace conference, and the advent of a Labor-led government in Israel having combined to produce the most favorable circumstances in memory for the achievement of a comprehensive settlement of the Arab-Israeli conflict.

There will clearly be competing priorities for the President's attention. Most of them, especially on the foreign policy front, will resent the Clinton administration with difficult dilemmas. The Middle East peace talks, by contrast, present the incoming administration with an opportunity -- an opportunity to end the Arab-Israeli conflict, to secure peace and Arab recognition for the Jewish state and to settle Arab and Palestinian grievances. It is an opportunity which would enable the United States not only to help secure its vital strategic interests but also to promote a vision of a more moderate, stable, prosperous and democratic Middle East.

This is not, however, an opportunity that will be easily seized and exploited. Radical forces still inhabit the region and they understand clearly the threat that a successful peace process will pose for their militant, extremist agenda. The cumulative effects of the Cold War, the Iraq-Iran war and the Gulf War have left these forces weak and wounded. But they are energetically rebuilding their power and are already finding ways to challenge those who would make peace. Islamic fundamentalists in southern Lebanon, the West Bank and Gaza have embarked on a bloody campaign of violence against Israel. Their purpose is to weaken the Palestinian negotiators and provoke an Israeli response that would jeopardize peace talks. Their counterparts in Jordan and Egypt are challenging the regimes there in increasingly violent ways. Egyptian officials and Palestinian negotiators see Iran's hand behind these events. Meanwhile, Iran has embarked on an ambitious

$10 billion rearmament program and is seeking a nuclear capability. And Saddam Hussein still seeks to avoid the UN resolutions that would deny Iraq its unconventional weapons.

In short, the Clinton administration will inherit a Middle East that is finely balanced between two competing futures -- one in which peace prevails and the other in which nuclear weapons and Islamic extremists dictate events. Working with regional allies -- Israel, Egypt, Saudi Arabia and Turkey -- the Clinton Administration has the ability to tip the balance decisively in favor of a more peaceful Middle East. This paper focusses on options for a peacemaking strategy. But peacemaking can only succeed if it is part of a wider regional strategy which simultaneously seeks to promote Arab-Israeli peace while thwarting those states and forces which oppose peace.

Part One of this paper analyzes the current state of negotiations. Part Two discusses options for the Clinton Administration as it confronts the twofold challenge of picking up the negotiations and defining a strategy that can achieve the clear objective of a comprehensive settlement within the next four years. A separate paper analyzes the commitments made by the Bush administration to each of the parties which underpin their engagement in the peace process.

In preparing this analysis, we reviewed the Letters of Assurance sent by Secretary of State Baker to each of the parties. We also interviewed individually and at length all the members of Secretary of State Baker's peace process team, leaders or representatives of all the Arab and Israeli delegations, and representatives of American groups with a particular interest in the peace process. (See Appendix for the complete list of people consulted.)

PART ONE: THE CURRENT STATE OF NEGOTIATIONS

1. THE ENVIRONMENT FOR PEACE TALKS

The eighth round of peace negotiations concluded in Washington on December 17, 1992 with an Arab boycott of the last day of talks prompted by Israel's decision to deport 418 Islamic activists from the West Bank and Gaza. Israel's move was in turn provoked by a series of violent attacks on Israeli soldiers and civilians perpetrated by Islamic fundamentalist organizations opposed to the peace process. The pall cast over the negotiations by the deteriorating situation on the ground is but one of a series of negative developments that have begun to overshadow the negotiations. They include:

* An effort by Palestinians to exploit the change of administrations to re-write the terms of reference for the peace proces, either by expanding their delegation to include PLO members, east Jerusalemites and diaspora Palestinians; by changing the substance of negotiations to include final status issues; or by gaining a resumption of the U.S.-PLO dialogue.

* The erosion of the Rabin government's peacemaking mandate as growing violence against Israelis inside Israel proper (i.e., not just in Jewish settlements) has raised questions about the ultimate intentions of its Arab negotiating partners.

* Growing Syrian nervousness about the peace process, now that an intransigent Shamir and a sympathetic Bush have been replaced by a flexible Rabin, who is challenging him to end the conflict, and a principled Clinton, who may challenge Assad not only to make peace, but also to end his support for terrorism, his occupation of Lebanon, his alliance with Iran and his denial of human rights in Syria.

* An increasing threat to the negotiations from Iranian-backed Islamic fundamentalist groups in southern Lebanon and the occupied territories. Just as the eighth round of negotiations was disrupted by Hamas, the Palestinian fundamentalist group, so too was the seventh round disrupted by Hezbollah, the Lebanese fundamentalist group.

* A balance of power in the Gulf that is still in contest as Saddam Hussein continues to evade UN sanctions, Iran undertakes an ambitious effort to dominate the Gulf, and a new, more dangerous arms race accelerates. This produces a very real potential for adverse events in the Gulf once again to overshadow Arab-Israeli peacemaking.

Nevertheless, the factors keeping the parties at the negotiating table are still likely to outweigh these negative developments. These positive dynamics include:

* **U.S. influence remains strong.** Despite some erosion of U.S. prestige

brought on by the survival of Saddam and despite fears that America was turning inward, all regional parties continue to view the U.S. as the sole superpower and the dominant regional power. Events in Europe and Somalia have reminded Middle East leaders of the power of the U.S. and the chaos that might await them should the U.S. lose interest in their problem. Moreover, President Clinton assumes the presidency having defeated the man who won the Gulf War; that image of "the winner" carries considerable prestige among Middle Eastern leaders, who are uncertain of President Clinton's intentions but eager to seek his favor.

* **No viable alternative to peacemaking has yet emerged.** Although the long-term trends in the balance of power are cause for concern, none of the parties engaged in the negotiations have a viable alternative in the form of a military option. While the "heroic" deeds of Hamas may capture the imagination of the Palestinian street, the Palestinian negotiators told us that the majority of Palestinians still endorse the strategy of negotiations, preferring it to the "armed struggle" which has only ever served to increase their misery. It is noticeable, in this regard, that despite their extreme personal vulnerability, no Palestinian negotiator has been physically attacked. Similarly, while the Syrians retain their strategic relationship with Iran (securing help in producing ballistic missiles) and seek to reequip their armed forces, they know that they have no military option against Israel for the foreseeable future. And in Israel, the Likud and settler groups opposed to territorial compromise are, for the time being, weak and ineffective.

* **The growing threat of Islamic extremists is generating a common interest in peacemaking.** The Iranian-backed movements in Lebanon, the West Bank and Gaza, together with their counterparts in Egypt, Jordan and the Sudan, threaten not only Israel but also those Arab parties who are support the peace negotiations. Similarly, Iran has begun to threaten its Arab neighbors in the Gulf, and Sudan is serving as a home base for Islamic extremism in North Africa. While the growing challenge of Islamic radicals makes it more difficult for the parties to make concessions at the negotiating table, it has also produced a common interest among Israel, the Palestinian delegation and moderate Arab states in combatting extremism and preventing extremists from undermining the peace process.

* **Mortality is concentrating the minds of Middle Eastern leaders.** This is especially true of King Hussein of Jordan, who has contracted cancer and may not have long to live. This is impelling him to shore up his Hashemite regime by breaking with Saddam, rebuilding his relationship with the U.S., and making peace with Israel. Rabin, now in his 70s, has been given a second chance by Israeli voters (he served as prime minister in the early 1970s) and is clearly in a hurry to seize the strategic opportunity before the Likud resurrects itself. He has secured a mandate from the Israeli people to make peace and he seems intent on fulfilling it. Assad and Arafat seem to be in less of a hurry but they too have suffered life-threatening

illnesses and have to be thinking about their legacies.

In short, while power-shifts in the Middle East seem to occur at lightning speed, the environmental factors that brought the parties to the negotiating table are still sufficiently strong to keep them there. But the longer it takes to achieve concrete agreements, the greater the danger that the deteriorating situation will infect the negotiations and render progress impossible.

2. THE STATUS OF NEGOTIATIONS:

Negotiations are taking place simultaneously on five fronts. Bilateral talks occur on two tracks: final status talks between Israel and Arab states (Israel-Syria, Israel-Lebanon, and Israel-Jordan) and negotiations for "interim self-government arrangements" between Israel and the Palestinians. (Technically, the Jordanians and Palestinians constitute a single, joint delegation). Multilateral talks are also under way, involving some 30 nations. These include steering group meetings as well as separate talks on arms control and regional security, economic development, refugees, environment and water.

On the bilateral tracks, eight rounds of negotiations have taken place since the convening of the Madrid Peace Conference on October 31, 1991. These negotiations have gone through three phases. In the first phase, the parties spent a good deal of time talking at each other and sorting out procedural differences. After Israel's June 1992 parliamentary election, negotiations grew more dynamic as the new Rabin government took the initiative. At that point, the parties began to talk to each other, gaining a greater understanding of the other side's concerns. By the end of the eighth round, some of the parties had entered the third, "problem-solving" phase where each began to contemplate how they might meet the requirements of the other side. No formal agreements have been reached, although Israel and Jordan have reached agreement on a framework for a peace treaty which awaits progress on the other tracks before it can be ratified.

3. THE ISRAELI-SYRIAN NEGOTIATIONS:

[MARTIN -- I DID NOT TOUCH THIS SECTION]

Although negotiations on this track were the most difficult to get started, they are closest to a real breakthrough. Syria accepted the concept of direct, bilateral negotiations with Israel with great reluctance. To this day, no photograph has been taken of the Israeli and Syrian negotiators sitting together; it took some nine months for them to shake hands and share a coffee break; Syrian journalists have never come to Washington to report to the Syrian people on what is occurring. The first rounds were marked by vituperative and counterproductive point-scoring. But with the advent of the Rabin government, the negotiations began to move. First Israel declared that UN Resolution 242 "in all its aspects" applied to the Golan Heights. This indication that Israel was prepared to negotiate withdrawal prompted Syria to table a draft joint declaration of principles -- an indication that Syria was prepared to recognize Israel. Then the

parties were able to agree on language for the paragraph in the joint declaration that would deal with the principle of "mutual security requirements." Subsequently, Israel indicated that "a withdrawal" would be one element in the peace agreement.

Both sides agree, however, that they are now stuck on the principles of peace and withdrawal. Each side knows the other's basic requirements but both are waiting to see who will go first. The Syrian negotiators told us that they are under instructions from Assad not to move forward on defining the nature of the peace Syria has in mind unless they have a prior Israeli commitment to full withdrawal. By the same token, while the Israeli negotiators are prepared to hint that they have quite a lot more to offer, they too are under instructions from Rabin not to discuss the extent of withdrawal until the Syrians have defined their commitment to peace.

While the talks thus appear to be deadlocked, both sides have engaged in a cat-and-mouse game to try to establish what the other side has in its pocket. They have engaged in informal, off the record discussions in which the Israelis, for the first time in these negotiations, welcomed an American presence. And they have attempted to discuss the issues in hypothetical terms ("if I offered you full peace would you be willing to commit to full withdrawal?"). However, despite hints of Syrian flexibility in the eighth round, these tactics only enabled the Israelis to discover that the Syrians do not envisage diplomatic relations until after the peace treaty has been implemented. And, if that is all the Syrians have in their pockets, the Israelis will not commit to full withdrawal.

One method for probing the intentions of the other side is through a secret discussion away from the table between trusted aides in which both sides are able to explore the possibilities without making commitments. A similar secret meeting in Morocco between Moshe Dayan and Sadat's counsellor xxxx Touhami paved the way for Sadat's visit to Jerusalem. On American urging, Israel and Syria are now preparing to engage in just such a secret, back channel discussion through their ambassadors in Washington[1]. The Egyptians are also trying to organize a secret, military channel at the chief of staff level. [CONFIDENTIAL]

Public signalling has also been an important part of the negotiations. Rabin has repeatedly made clear in public statements that he believes peace is possible with Syria in 1993, that Israelis must be ready for a significant withdrawal from the Golan and that the bilateral talks can serve as a bridge to a comprehensive settlement.

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[1] Israel's new ambassador to Washington, Itamar Rabinovich, is also the head of the Israeli delegation for the negotiations with Syria and has a direct channel to Rabin. Syria's ambassador in Washington, Walid Mouallem, is the ranking member of the Syrian delegation but is believed by American and Israeli officials to have a direct channel to Assad and to be more interested in reaching an agreement than Ambassador Allaf, the head of the Syrian delegation.

However, he has also made clear that he will not define the extent of Israel's withdrawal until Assad makes a Sadat-like gesture that he can use to convince a skeptical Israeli public that Syria is ready for real peace with Israel. And he insists that Assad indicate that the peace treaty will "stand on its own feet" (i.e. that it will not be conditioned by what happens on other tracks). Assad, for his part, has begun to speak in Arabic to his own people about his desire for "the peace of the brave," and he has suggested that the bilateral negotiations can proceed at their own pace. His foreign minister has spoken at the UN about "total peace for total withdrawal." But Assad has not yet said the magic words that Rabin needs to hear.

4. THE ISRAELI-PALESTINIAN NEGOTIATIONS

Since the Madrid peace conference, Israel and the Palestinians have been engaged in negotiations for an interim agreement for Palestinian self-government. However, after eight rounds of talks, it is clear that these negotiations are stalled. While negotiators are working toward an agreed agenda, even that achievement -- which itself is unlikely -- would not begin to deal with the fundamental issues facing the two sides. On those basic issues, there is still no prospect of progress in sight.

There are two reasons for this impasse: 1) the wide divergence between the Palestinian and Israeli "concepts" of self-government, and 2) the problem of Palestinian leadership and legitimacy.

i) The Conceptual Divide

The divergence between Israeli and Palestinian concepts of "interim self-government arrangements" (ISGA) stems from the fact that both Israel and the Palestinians view every aspect of interim arrangements as precedential to their final-status talks. This is despite their common commitments to negotiate an interim accord without prejudice to final status.

- For Palestinians, ISGA is a rest-stop on the highway to independent statehood. For them, self-government should have as many of the attributes of statehood as possible; even more importantly, it should have no attributes that could serve as a precedent to impede the eventual attainment of statehood. The Palestinian concept is, in effect, "statehood-minus" -- sovereignty circumscribed by the denial of some powers that are currently out-of-bounds for Israel (e.g., security and foreign relations).

To that end, the Palestinians have tabled a proposal for what is called PISGA, a Palestinian Interim Self-Government Authority. According to this plan, the PISGA would exercise many of the executive and legislative powers of a sovereign state, whose authority would extend to the entire breadth of the territories occupied in 1967. To salve Israeli concerns, the Palestinians would concede to Israel a role in the external security of the territories and joint administrative control over Israeli settlers, while reserving formal authority over the settlements themselves. In virtually all other spheres, the PISGA

would have sole authority.

• For Israel, ISGA is a period during which Palestinian intentions and capabilities would be put to the test. Israeli negotiators reject PISGA as a non-starter for precisely the same reason that Palestinians propose it -- i.e., it is statehood without the flag, anthem, and army. Israel's attitude is that the interim phase must make a greater contribution to mutual coexistence than simply to serve as the period of time through which Palestinians have to pass until they can declare independence. Israel's own concept is based on the notion that Palestinians need to prove their ability to manage and administer governmental authority. In this developmental, incremental, "bottom-up" approach, certain clearly-defined areas of authority would be transferred to Palestinian control; the record of how Palestinians exercise that authority would then affect Israel's approach to final-status negotiations, which it is prepared to leave open during the interim period.

To that end, Israel has offered a complex and detailed proposal which divides spheres of authority into three parts:
1) 12 spheres (e.g., agriculture, health, education, tourism, finance) to be transferred in toto to an elected Palestinian Administrative Council (PAC);
2) spheres of shared control between the PAC and Israel (e.g., joint control over state land and water resources);
3) spheres to be reserved exclusively to Israel (e.g., security and foreign policy).

In addition, there is a specific territorial dimension to the Israeli plan, in which the PAC is offered total control over the territory within municipal boundaries of Arab towns and villages and shared control over territories outside municipal boundaries that are designated as state lands. The remainder, which includes Israeli settlements and military installations, would remain under Israeli control during the interim phase. Although the statistics are a point of contention, the Israeli offer would transfer between 70-92 percent of the total land area of the West Bank and Gaza to some form of Palestinian control.

Palestinian negotiators reject the PAC formula because they fear that Israel might attempt to freeze the interim phase for an extended period of time and that bargaining away any powers whatsoever will serve as a precedent for final status negotiations. Specifically, they reject any formula that does not have two components:

1) "territoriality" -- at least titular control over 100 percent of the occupied territories, lest the Palestinians' acquiescence in a lesser deal be interpreted as legitimizing Israeli settlements.

2) "jurisdiction" -- authority to legislate and execute statutes.

U.S. view: Although the U.S. is not directly a party to the interim phase negotiations, it has generally sided with the Israeli viewpoint of approaching ISGA from a "bottom-up," developmental perspective. That

is because this notion of ISGA is an outgrowth of a "root concept" that has undergirded the entire U.S. effort in the peace process. That "root concept" is that the "process" must favor Israel because the "substance" of negotiations favors the Arabs. Therefore, the Arabs must "invest" in the process in order to prove its irreversibility to Israel. ISGA is generally viewed by the U.S. as a period of investment in the peace process, in anticipation for final status negotiations.

In that light, U.S. officials have routinely criticized Palestinian negotiators -- both publicly and, more pointedly, in private -- for failing to engage in serious negotiations about the transfer of authority. Moreover, they have urged the Palestinians to drop their own model and focus negotiations on the Israeli approach.

The U.S. endorsement of the Israeli approach (though not the specifics of the Israeli plan) is itself a product of a strategic dialogue on the peace process that the U.S. has begun to develop with the Rabin government. This dialogue was inaugurated at Kennebunkport and maintained through correspondence and telephone conversations between Secretary of State Eagleburger and Prime Minister Rabin. In terms of the Palestinian issue, the thrust of the dialogue has been a tacit bargain: the U.S. would commit to support publicly the general Israeli approach while at the same time would suggest to Rabin privately ways in which he might think about a more flexible and generous offer to the Palestinians.

This approach is based on the judgment that the best way to move the negotiations forward is to get Rabin to improve his offer. The tone and substance of the Israeli offer now on the table does not meet the expectations that Rabin himself defined during his election campaign and it is therefore assumed that he is willing to go further. So far, however, Rabin has participated in this dialogue in a "listening mode" but has not yet indicated a willingness to make any substantive changes in his approach.

ii) Leadership and Legitimacy Problems

Beyond the structural differences between the Israeli and Palestinian concepts, there lies a second and potentially more difficult hurdle: the problem of Palestinian leadership and legitimacy.

In order to stack the "process" in Israel's favor (because of the Arabs' advantage in "substance") and to overcome Yitzhak Shamir's skittishness about participating in the Madrid peace conference, the U.S. agreed to pressure Palestinians to accept a series of severe procedural concessions for Palestinian participation. These concessions included: no PLO participation; no participation of Palestinians from East Jerusalem; no participation of Palestinians resident outside the territories; and participation only under the umbrella of a joint delegation with Jordan.

Accepting these concessions was a bitter pill for different segments of the Palestinians. First, it forced the Tunis-based, Arafat-led PLO to accept its own exclusion from the process, facing Arafat with a real prospect of his own marginalization. Second, it deprived

the Palestinians inside the territories of the participation and legitimacy of several of their most prominent spokesmen, including Faisal Husseini, Hanan Ashrawi and Sari Nusseibah. The result was that Arafat and Husseini worked together to fill the delegation with relatively inconsequential local personalities who lack their own power-bases. This produced what is perhaps the worst of all possible worlds -- a group of weak-kneed Fatah loyalists, neither independent enough from Arafat nor strong enough among their own local constituents to depart from maximalist positions and engage in real bargaining.

For his part, Arafat's exclusions from the process has led him to adopt a two-track policy. First, he has continually attempted to associate the PLO with the negotiations to show that he is in de facto control of the Palestinian delegation. This policy has been exemplified in the presence of Arafat advisor Nabil Shaath in Washington during recent rounds of talks and in the frequent pilgrimages to Tunis by delegation members to meet with Arafat. Second, Arafat has held up progress inside the talks by insisting on broaching final status issues (e.g., territorial withdrawal and Jerusalem) or the resumption of the U.S.-PLO dialogue; he has adopted this tactic in part to show that he cannot be ignored and in part because he fears the consequences of progress.

The argument about the Palestinian delegation's lack of legitimacy should not be overstated. Despite the growth of a forceful alliance of Islamic fundamentalists (Hamas) and leftist rejectionists opposed to the peace process, there is no popular backlash in the territories against the delegation. The growth of the radical camp may have forced the delegation to adopt more extremist positions, but the idea of negotiating directly with Israel remains popular. Delegation members who are quick to reaffirm their allegiance to Arafat told us they can maintain adequate popular support for their own continued participation in negotiations with Israel -- without Arafat's inclusion -- for at least the next six months.

However, as currently constituted, the delegation is too deficient in popular legitimacy to put a credible proposal on the table or to respond substantively to Israel's offer. This prevents progress and, in what one U.S. official termed a "catch-22," the longer the process proceeds without progress, the less likely this delegation will ever be able to deliver a deal in the bargaining room.

5. ISRAELI-JORDANIAN NEGOTIATIONS

The Israeli-Jordanian negotiations have shown the most progress, reflecting a long history of mutual coexistence, shared strategic concerns, and clearly defined bilateral problems that are amenable to compromise and mutual concession. At the same time, Jordan is an inherently weak player in the inter-Arab system, unable and unwilling to "go it alone" in Sadat-like style. Thus, the extent of progress on this track (as with the Lebanese track) is constrained by its linkage to progress on the Syrian and Palestinian tracks.

Jordan and Israel have nearly finalized a detailed agenda for

future negotiations that actually constitutes a framework for a bilateral peace treaty. Specifically, that framework includes the following:

* agreement to settle outstanding territorial issues by the demarcation of the international border with reference to the British Mandatory boundary. (This is likely to result in Jordan gaining nearly all the disputed territory north and south of the Dead Sea.)

* agreement that a solution to the bilateral aspects of the Palestinian refugee issue will be based on international law, without reference to UNGA resolutions 184 that refers to a Palestinian "right of return."

* agreement to work toward counter-terrorism cooperation, non-belligerency and other aspects of mutual security

* agreement that negotiations will culminate in a peace treaty.

In addition, the two sides have also proceeded to engage in substantive talks on a wide range of bilateral issues, including water and energy projects.

Despite this progress, however, there is virtually no chance of Jordan departing from the Arab demand for a "comprehensive settlement" by agreeing to a formal peace treaty in advance of a similar achievement on other fronts. As their head of delegation said to us, the various tracks can run at different paces, but the "finale" must "mature" at the same time. (The Jordanians are unclear on whether their own peace treaty with Israel is tied to an Israeli-Palestinian ISGA agreement or an Israeli-Palestinian final-status agreement; given experience, the latter is more likely.)

A separate component of Jordan's participation in the peace process is its role as senior partner in the "joint Jordanian-Palestinian delegation." While the Rabin government is less anxious than its Likud predecessor to insist on the symbolism of the joint delegation at every turn, it still highlights the Jordanian connection inside the negotiating room. Each presentation Israel makes on a particular sphere (e.g., health, education) that it envisions transferring authority to Palestinians includes agenda reference to the Jordanian component. That is because Israel views Jordanian participation in ISGA as an added buffer against the possible emergence of a Palestinian entity inimical to common Israeli-Jordanian interests. The tighter Jordan is linked to ISGA from the very beginning, this argument goes, the more palatable ISGA will be to Israel.

That Palestinians are irritated by Israel's efforts to saddle them with a Jordanian role is not surprising. What is more significant is that Jordan opposes this Israeli tactic as well. This is not because Israel and Jordan have differing strategic views regarding the peace process; on the contrary, both countries oppose the emergence of an independent Palestinian state. Rather, Jordan opposes Israel's attempt to drag it into the ISGA, because it heightens Jordan's vulnerability

to charges both domestically and in the Arab world that the kingdom is colluding with Israel to undermine the Palestinians.

Jordan's own preferred tactic is to distance itself from the Palestinians in the belief that -- left to their own devices -- the Palestinians will be unable to win their "maximalist" demands from Israel. Once that reality sets in, Jordanians argue, the Palestinians will be forced to seek Jordan's help. Jordan's position is that the long-run result will be better if Palestinians approach Jordan as a supplicant later in the process, rather than being forced to accept an unwanted Jordanian role early on. Israel is slowly accepting this approach, downgrading its references to Jordan with each revision of its ISGA proposals.

6. ISRAELI-LEBANESE NEGOTIATIONS

This set of talks is the least promising of the four negotiations. The Lebanese and the Israelis do not harbor any particular animus toward each other nor are the claims each makes on the other especially onerous. On the contrary, Lebanon and Israel have a long history of working out their problems and there are no territorial claims that complicate these negotiations. Rather, what makes these negotiations virtually impossible to dislodge is their clear and direct linkage to progress on the Syrian-Israeli track. Given the dominant role Syria plays in Lebanese politics, highlighted by the presence of 40,000 Syrian soldiers inside Lebanon, all parties recognize that Lebanon is not a free agent. The decision to move on this front -- if one is ever taken -- will be made in Damascus, not Beirut. (Similarly, Lebanon refuses to participate in the multilateral side of the negotiations, joining in lock step with Syria's own refusal to participate.)

Theoretically, discreet Israeli-Lebanese differences could be ironed out without much ado. Lebanon's main objective in negotiations is the withdrawal of Israeli forces from the "security zone" Israel established in 1985 as a buffer to protect its northern border from terrorist attack. Its negotiators have stated that once Israel expresses its willingness to withdraw unilaterally and fully from Lebanese territory, all other issues will become negotiable. For its part, Israel has stated from the outset of talks that it makes no claim on Lebanese territory but that it will not contemplate withdrawing from the security zone until its security requirements can be met in other ways. Specifically, Israel seeks: the extension of control into south Lebanon by a strong, Lebanese central government; the disarming of all remaining militias (especially Hizbollah); and the withdrawal of all other foreign troops from Lebanese soil (i.e., Syrian troops). In addition, Israel has stated that it wants Lebanon to join all other Arab neighbors in signing peace treaties formally ending the state of war.

Inside the bargaining room, negotiations have focused on an Israeli proposal to discuss security issues in a military-to-military working group. While there have been several iterations of this general approach, it has routinely been rejected by the Lebanese (most recently in the last round) and no progress can realistically be expected.

Though all parties want to maintain the appearance of negotiations -- and, indeed, did so despite an escalation of Hizbollah-inspired violence in the midst of the seventh round of talks last month -- it is highly unlikely that any headway can be achieved in the Israel-Lebanon talks without a Syrian green light.

7. MULTILATERAL TALKS

As a complement to the bilateral negotiations, two sets of multilateral talks on regional issues have been held since January 1992. These talks have included meetings of five working groups: refugees, economic development, water resources and management; environment; and arms control/regional security. Following each series working group meeting, a Steering Group convenes to assess progress, set objectives and plan future meetings. The third set of meetings is scheduled in a number of European capitals for late winter/early spring. Some substantive and technical discussions have been held in several groups, but Arab participants are generally wary of proceeding too quickly lest Israel exploit the multilaterals to "normalize" relations with Arabs states prior to achieving a "comprehensive settlement" in the bilateral talks.

The idea of the multilateral talks is four-fold. First, they provide a regional context for Arab-Israeli negotiations beyond the immediate zone of Arab-Israeli confrontation; more than thirty countries participate, including a dozen Arab states. This is not only important psychologically for Israel but it provides valuable new avenues of communication between Arabs and Israelis. Second, the multilaterals provide a forum for European countries, Japan, specialized UN agencies, international donors (World Bank, IMF) and other interested parties to contribute politically and financially to the peace process. Third, multilateral talks address issues that are regional in nature and therefore beyond the confines of bilateral talks (e.g., a discussion of pollution prevention in the Gulf of Aqaba brings together Israel, Egypt, Jordan and Saudi Arabia.) Fourth, by planning now for economic development projects and regional security measures to be implemented once bilateral talks progress, the multilaterals provide a "vision" of a post-conflict Middle East.

Two political problems have tended to stymie progress generally: the issue of Palestinian representation and the Syrian/Lebanese boycott. The representation issue was especially thorny for Israel's former Likud government, which believed that permitting the participation of any Palestinians beyond those acceptable for the bilateral talks (i.e., Palestinians from the West Bank and Gaza) was a violation of the terms of reference for the peace process; for their part, the Palestinians demanded that "outsider" Palestinians, included officials of the Palestine National Council, lead all their delegations. Under Prime Minister Rabin, a compromise has been worked out whereby Palestinians outside the territories can participate in negotiations, provided they are not formally members or officials of the PLO. This Egyptian and U.S.-negotiated compromise forestalled an Israeli boycott of the refugee working group, the most politically explosive of the five. As for the Syrians, they view multilateral

negotiations as premature and have refused to participate in any meetings; Lebanon has followed the same policy. While not scuttling the negotiations as a whole, the absence of the Syrians does preclude any substantive progress on issues such as arms control and regional water management.

8. CONCLUSIONS

Some general lessons have emerged from the negotiations that need to be borne in mind when developing strategy:

*** The structure of the negotiations is viable and resilient.** Despite symbolic disputes, procedural wrangling, public posturing and intervening violence, the negotiations have continued without interruption since Madrid. They have in fact become routinized and, in the process, the taboo of Arabs and Israelis dealing directly with each other has been eliminated. Moreover, because the parties have stayed at the table, they have each built up a stake in a successful outcome, although this is less true of the Palestinians than the other parties.

*** The two-track nature of the negotiations has proved its worth.** The fact that all Israel's Arab neighbors are engaged in simultaneous negotiations on separate tracks has continually advantaged the negotiating process. This is because when progress is made on one track, it immediately generates pressure for progress on the other tracks as the laggard is faced with the choice of catching up or being left behind. At the same time, preserving the comprehensive nature of the negotiations gives each Arab party cover for proceeding at its own pace. That principle has now been endorsed by an Arab Foreign Ministers' communique and by Assad himself[2].

*** Progress on the Lebanese and Jordanian tracks is dependent on progress on the Syrian and Palestinian tracks.** This negotiating reality is a reflection of the weakness of Lebanon and Jordan. Lebanon's negotiating posture is effectively dictated by Damascus -- it will not move forward unless Assad has decided to do so. Similarly, Jordan will not consummate its almost complete understanding with Israel for fear of Syrian and Palestinian reaction, even though Assad's tolerance for uneven progress has enabled King Hussein to move a little ahead of the pack.

*** Keeping the onus for progress on the parties works.** From the outset, Secretary of State Baker maintained three working principles.

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[2]In his Time interview, repeatedly broadcast by Damascus TV, Assad observed: "When we say comprehensive peace, this does not mean that we should be shoulder to shoulder and walk together like soldiers in an army parade. That is why we have bilateral committees. Each front has its own peculiarities which dictate the formation of such committees. One may progress, another may lag behind." (Damascus TV, 23 November 1992 in FBIS 24 November 1992 p. 39.)

The U.S. would not negotiate for the parties; wound not put itself in a position of wanting peace more than the parties themselves; and would actively engage in the negotiations only if the parties were prepared to make it worthwhile. This approach was heartily welcomed by Israel and grudgingly accepted by the Arabs but it had the desired effect of forcing all sides to treat the negotiations seriously.

All this does not mean, however, that picking up the negotiations will be easy. The parties built relationships of trust with the Bush administration, basing their engagement in the negotiations in large part upon what they could expect the U.S. to do. They are wary of the intentions and priorities of the Clinton administration. Moreover, their anxiety over the transition to a new administration has left the field open to radical groups that oppose the peace process, giving rise to a deteriorating situation in the territories that makes restarting the negotiations more difficult.

Nevertheless, the burden of this analysis is clear. The negotiating process is alive, if not so well. It has brought the Syrian and Jordanian tracks to the point of "problem solving," which renders them ripe for breakthroughs. On the Palestinian track, however, progress will be much more difficult, requiring a sustained effort to overcome the gaps in concept and the weakness of the Palestinian delegation.

PART TWO: OPTIONS FOR THE CLINTON ADMINISTRATION

President Clinton will inherit a complex series of negotiations that together provide the best opportunity in living memory to achieve a solution to the Arab-Israeli conflict. With care and a good deal of high-level attention, in its first term the Clinton Administration could have to its credit both an interim agreement for Palestinian self-government and bilateral peace treaties between Israel and three of its Arab neighbors (Syria, Lebanon and Jordan). If Arabs and Israelis are left to their own devices, however, the peace process may collapse, with with dangerous consequences, over time, for U.S. interests.

The challenge for the Clinton administration is twofold: to pick up the process quickly at a time when the President and Secretary of State will be preoccupied with many other priorities and the situation in the Middle East is deteriorating; and to develop a coherent strategy for achieving progress that lays the basis for a comprehensive settlement in the next four years.

A. PICKING UP THE NEGOTIATIONS

The Clinton Administration will inherit an ongoing negotiation in which the ground rules have already been established and accepted by all the parties. However, the talks are now approaching the critical and time-consuming phase in which either deals are made or the talks broken off. To pick up the negotiations will therefore require early decisions about the priority to be given to the negotiations and who will be given primary responsibility for them.

1. PRIORITY:

Before any decision can be made about how to organize the administration to deal with the Middle East negotiations, a decision must first be made about the desired level of engagement. If the negotiations are not a high priority for the Clinton administration they can be handled by the bureaucracy. If, however, the President intends to achieve peace agreements in his first term, he will need to make the negotiations a high priority and higher levels of engagement will be necessary.

OPTION 1: THE "BACKBURNER"

This option would downgrade the negotiations from the current priority accorded to them by the Bush administration. The negotiations would be placed on the "backburner" and the parties left to fend for themselves. The rationale for this approach would be the assumption that American interests are not particularly threatened in the Middle East at the moment. Israel is secure for the next five years; the oil market is expected to be in glut for the same period; Syria is isolated; and the PLO is discredited. Iraq and Iran do pose looming threats, but they can be dealt with directly, not by pursuing a peace process in which they play no part. This option shows that the Clinton administration has avoided Bush's pitfall of focussing so intently on

the micro-issue of Palestinian self-rule while at the same time ignoring, perhaps even assisting in, Saddam Hussein's unconventional arms procurement program. Pursuing this option would permit the new administration to expend its political capital on other domestic and foreign policy issues, as long as a relatively halcyon Arab-Israeli environment prevailed. Indeed, the parties might benefit from a period of benign neglect by the U.S., which would force them settle claims with each other rather than relying on U.S. to intervene. This is, after all, the logic of the direct negotiations the U.S. has engineered.

The arguments against this option are numerous:

* This approach would contradict President Clinton's repeated commitment to continuity in the American role as "catalyst" in the Arab-Israeli negotiations.

* The Rabin government is keen to make quick progress; unwillingness by the U.S. to pursue the peace process will weaken Rabin's increasingly fragile coalition.

* Arab governments and the Palestinians, having committed to direct negotiations with Israel, are under pressure to show results.

* The American Jewish community will support an activist American role based on working with Israel.

Indeed, all the parties entered the process on the explicit assurance that the United States would be heavily engaged as sponsor, broker and even "driving force." A significant downgrading of the U.S. role would force them all to recalculate, probably causing the negotiating process to collapse.

Above all, America's vital interest in a more stable and peaceful Middle East would be badly served by failing to take advantage of this unique moment. The opponents of peace would move quickly to fill the vacuum left by American neglect; the proponents of peace would become demoralized and vulnerable. The Clinton administration would be blamed for squandering a legacy of peacemaking left by its predecessor. And, as previous administrations discovered, the volatility of the Middle East and the vital nature of American interests there will sooner or later force the Clinton administration to pay attention to Middle East peacemaking, only then the opportunity will be much less propitious and it will demand a lot more high-level attention than is now necessary to achieve success.

OPTION 2: THE "HONEST BROKER"

The Clinton administration inherits an American role in the peace process that has been carefully defined by the Bush administration. As co-sponsor (with the Soviet Union) of the negotiating process, the U.S. has hosted the talks in Washington, nurtured them and encouraged the parties to move forward. While the U.S. role was essential in launching

the procress before Madrid, since then it has stayed mostly inthe sidelines. Its principal purpose has been to keep the onus on the parties to negotiate with each other rather than with the U.S. Accordingly, the U.S. has been assiduous in preserving the direct, bilateral nature of negotiations.

In adopting this approach, the Bush administration sought to tilt the process in Israel's favor having realized that the substance of the negotiations (i.e., Israeli withdrawal in exchange for peace) favored the Arabs. Through direct negotiations, the Arabs would have the chance to demonstrate their acceptance of Israel and prove their commitment to peace, and Israel would have a chance of testing them directly. This also serves to discourage the Arab belief that the U.S. will deliver Israel. Instead, the Arabs have to invest in the negotiations and persuade Israel to relinquish territory by their direct and testable commitments to peace and security.

Over time, the dimensions of the "honest broker" role has gradually expanded. Thus, while the U.S. was initially focussed on helping iron out procedural difficulties, it later became more active in suggesting ways for the parties to talk to each other and has lately offered its own ideas for the parties to overcome roadblocks in the negotiations. This was exemplified in letters written by Acting Secretary of State Eagleburger to each of the parties at the endof the seventh round and by the inauguration of a quiet strategic dialogue (by telephone) with Prime Minister Rabin about ideas for moving the process forward. By the end of the eighth round (December 1992), the U.S. role had evolved to engagement in informal, three-way discussions with the heads of the Israeli and Syrian delegations. However, it is important to note that on the Israeli-Palestinian track, the Israelis are for the moment staunchly opposed to a negotiation in which the U.S. is inside the room and highly resistant to the idea of U.S. "bridging" proposals. In contrast, the Arabs, and the Palestinians in particular, are keen to engage the U.S. in the negotiations, because they believe that only the U.S. can pressure Israel.

In short, the "honest broker" option would require the Clinton Administration to carry on business as usual on the understanding that this role will involve incremental American engagement in the negotiations, at the consent of the parties, as they try to bridge the gaps in their negotiating positions. The day to day management of negotiatins would be left to the bureaucracy while the Secretary of State and, infrequently, the President, would maintain the nascent strategic dialogue with Israel.

The arguments against this option are either that it is too much or too little engagement. The "too much" school would cite the points outlined under option #1: leave it to the parties, don't give the Arabs the impression we will deliver Israel; the new administration has more important priorities. The "too little" school argues for option #3.

OPTION 3: THE "DRIVING FORCE"

Under this option, the Clinton Administration would adopt a

bolder approach than the Bush administration. The more assertive role of the "driving force" would require the U.S. to take the lead in the negotiations, by offering American plans to resolve the differences and perhaps by hosting a Camp David style summit in which the President negotiates the agreements with Israeli and Arab leaders.

This option would be justified by a judgement that the parties are ready to make peace but need U.S. engagement to help them overcome their final hurdles. If breakthroughs are not achieved in short order, there is otherwise liable to be a breakdown in talks, with dangerous consequences. The assumption is that they will be prepared to make concessions to the U.S. that they are now unwilling to make to each other. Direct negotiations, while necessary, may not be sufficient to achieve the breakthroughs necessary: the Palestinians and Israelis are unable to develop a common concept of self-government; the Israelis and Syrians are unable to address each other's requirements for peace and withdrawal. Conversely, a U.S. initiative might break the logjam: Rabin is in a hurry; Assad will respond to high-level engagement; the Palestinians need the excuse of being forced to respond to a U.S. plan to take a decision.

The Arabs, dovish Israelis and their American supporters prefer this option because they believe that U.S. policy on substantive issues (e.g., withdrawal, settlements, Jerusalem) is closer to their positions than to Rabin's. Such an American involvement would put pressure Israel to make concessions. For the same reasons, the Israeli government tends to oppose such a high-level American engagement. It prefers to preserve the direct, bilateral nature of the negotiations and to keep the onus on the Arabs to make peace with Israel rather than with the U.S. Accordingly, to get the parties to the table, Baker promised the Arabs that the U.S. would be "a driving force," while he promised Israel that the U.S. would be "an honest broker." (See the separate paper on the Letters of Assurance.) In fact, the U.S. has so far been somewhere in between these two options.

The principal arguments against this option are:

* it shifts the onus for peacemaking from the parties to the U.S.; the parties would revert to their preferred posture of sitting back and picking apart the American plan;

* it would require sustained, high-level engagement when other matters are more pressing;

* unless it was closely coordinated with the Israeli government, it would inevitably involve increased tensions with Israel and the American Jewish community, because the U.S. would be asking Israel to make concessions that it was not prepared on its own to offer the Arabs;

* and, most importantly, it runs the considerable risk of failure.

RECOMMENDATION

The choice is not between engagement and disengagement -- the "backburner" option is not a realistic alternative for the Clinton Administration. The choice is rather between levels of engagement. And this is not a choice that has to be made in the first 100 days. The initial challenge is to pick up the process where the Bush administration left off and maintain the momentum. That in itself will require both a signal of Presidential interest and the involvement of the Secretary of State (although Baker has not been directly involved since August, his previous involvement set the standard for the Clinton administration). But in the first 100 days it will be enough to establish personal relationships of trust with each of the parties, reconnoitre the peacemaking terrain and impart some renewed momentum to the bilateral negotiations. Once those initial objectives are achieved, it will be possible to make an assessment of whether the U.S. role should change. Note that the logic of the negotiations has been inching the Bush administration to a more active engagement, in any case. If Baker had not been preoccupied, it is likely that he would have become more engaged at this stage too.

In the first instance then, the Clinton administration should resume the role of "honest broker" and get the talks back on track as quickly as possible. This would require bringing the parties back to Washington for another round of negotiations in early February. Then the level of engagement could be reassessed in April or May, 1993.

At that point, however, the "driving force" option should only be pursued if the following judgements are made:

* the direct negotiations have reached a point where U.S. engagement is the sole missing ingredient to overcome obstacles to deal-making;

* the parties have made good faith efforts to address each other's concerns and have demonstrated their commitment to peacemaking;

* the President and Secretary of State are prepared for sustained, high-level engagement;

* the American initiative has been coordinated in advance with Prime Minister Rabin and President Mubarak;

* and the President is prepared to accept the costs and risks of such engagement.

2. RESPONSIBILITY:

The President will have to decide early on who will have primary responsibility for the Middle East peace process. If a decision is taken to adopt the "backburner" option, then the peace process can be handled at the level of the Assistant Secretary of State for Near East Affairs and/or the Special Assistant to the President for the Middle East. However if either of the other higher levels of engagement are

decided upon, the involvement of the most senior officials will be necessary.

OPTION 1: PRESIDENTIAL ENGAGEMENT

This option was adopted by President Carter who chose to make a comprehensive settlement of the Arab-Israeli conflict one of his highest priorities. He threw himself into active personal diplomacy at an early stage and made an unparalleled commitment of his time for the first two years of his administration, highlighted by the Camp David Summit, in which the President devoted 12 days solely to negotiating the framework for an Israel-Egypt peace treaty.

Although the current peace negotiations will require Presidential involvement at times, it is probably ill-advised and unnecessary at this stage. President Clinton has a mandate to fix America's problems first; he would be hard-pressed to justify a Middle Eastern diversion. Presidential involvement should wait until the outlines of the agreement have been negotiated and the President's engagement is required to seal the deal. The Bush administration has correctly placed the primary onus on the parties themselves to negotiate directly with each other. Premature presidential involvement risks encouraging them to sit back and test the new administration's resolve rather than assuming primary responsibility themselves for negotiating the deal. And investing the President's prestige in the outcome of negotiations at an early stage risk exposing him to an early failure with potentially damaging political consequences.

If this option is not adopted, it will nevertheless be essential for the President to continue to express his interest in the negotiations. He has already repeatedly expressed his commitment to continuity. Once in office, he will need to communicate his interest directly to Middle East leaders. He will need to review and, if requested, reaffirm the commitments made by the Bush administration (see the separate paper on the Letters of Assurance). And he will need to meet with key leaders: Rabin will be coming to Washington in March; Mubarak will probably want to come in April; King Hussein will be coming for another medical checkup; and King Fahd may be coming to the U.S. for knee surgery. But Presidential interest is not the same as Presidential involvement in the negotiations. That can wait.

OPTION 2: SECRETARY OF STATE INVOLVEMENT:

The Secretary of State could assume James Baker's role as the principal Middle East negotiator. It is a role that was also played by George Shultz, Cyrus Vance and Henry Kissinger. This would certainly be welcomed by the parties as a sign of high-level engagement. However, such engagement would be a high-maintenance, time-consuming commitment, possibly involving shuttle diplomacy and a good deal of hand-holding. Moreover, if progress is made on one track, there is likely to be progress on the other tracks as well and once the standard of the Secretary's involvement is established, each track will require his special attention.

If foreign policy is to become more the handmaiden of domestic economic recovery, and with other pressing issues demanding his attention, the Secretary of State may not have the time to throw himself immediately into Middle East shuttle diplomacy. Yet that is what will be required early on in the new administration if the moment of opportunity is to be seized. Indeed, even if the President and Secretary of State decide to give the primary responsibility to somebody else, it will still be important for the Secretary of State to demonstrate his involvement early on. Consideration should be given to an early visit by the Secretary to Middle East capitals, perhaps on the way to or from Europe. And this visit should be designed to do more than just get acquainted and convey the President's messages. The negotiations have advanced far enough to make it possible to engage the parties in substantive discussions. This would send a signal to all that the Clinton administration is serious about making progress. It would take advantage of the new administration's prestige and the likely desire of each of the parties to demonstrate their own bona fides. And it could impart new momentum into negotiations which are now stalled.

OPTION 3: APPOINTING A SPECIAL MIDDLE EAST NEGOTIATOR:

The idea of a special envoy for the peace negotiations is not new. First Robert Strauss and then Sol Linowitz were appointed by President Carter to conduct the Palestinian autonomy negotiations. The State Department "peace process team" proposed the idea to Secretary of State Baker last year but he preferred to retain tight, personal control over the diplomacy.

The great advantage of a Special Negotiator lies in ensuring that one person has full-time responsibility for the peace process while freeing up the President and the Secretary of State to attend to other issues. But there are considerable disadvantages: the parties have become used to Baker's involvement and Bush's interest. They are more likely to view the early appointment of a Special Negotiator as a downgrading of American interest in the negotiations than as a clear signal of Presidential commitment to pursuing Middle East peace.

Like it or not, the parties have become used to dealing with the President and the Secretary of State. They will be required to make life or death decisions if the peace process is to be brought to a successful conclusion. They will only do so if they can rely on the personal commitment of the highest levels of the U.S. government. Real progress has only been made when the President makes a major commitment to the negotiations and a Special Negotiator will send the signal that he doesn't care enough to be engaged.

The President could get around this problem by appointing an elder statesman (e.g. Carter or Kissinger). But that would risk diluting the direct nature of the current negotiations. Such a personality would, by his very stature, become the focus of the parties' attention, which might undermine the structure of the negotiations. Moreover, the elder statesman would have a huge stake in the success of the negotiations.

It would be difficult for him to avoid creating the impression that the U.S. needs peace agreements more than the parties themselves thus relieving them of the burden of negotiating with each other and putting the onus for agreement on the U.S.

A Special Negotiator would also create bureaucratic problems. Would he report to the President or the Secretary of State? How would the rest of the bureaucracy treat him? It is more likely that the Special Negotiator would become a bureaucratic fifth wheel.

Nevertheless, if this option is pursued it is essential that the negotiating parties come to see him or her as the embodiment of the President's personal commitment to the peace process. It is therefore important that the appointee be seen as the functional equivalent of Secretary of State Baker in his role as chief Middle East negotiator (not the equivalent of a Baker aide). If Arab and Israeli leaders are to take the envoy seriously he will have to have the gravitas of a Presidential envoy. Indeed, unless the President appointed the Special Negotiator it would be better not to adopt this option. Similarly, the Special Negotiator would need to be seen to be reporting directly to the President as well as to the Secretary of State and would need to have overall responsibility for all the negotiations (bilaterals and multilaterals).

The Special Negotiator would need to have the following qualifications:

* Knowledge and experience with Arab-Israeli negotiations -- there is no time for on-the-job training.

* Enjoying the trust of Israel. Because Rabin is taking the initiative it is essential that the Negotiator be able to coordinate closely with him and help strengthen his hand domestically at a time when Israel is asked to make tangible concessions and his coalition is shaky. The Israeli people need to view the Special Negotiator as a person they can trust, representing a President they can trust.

* Capable of projecting fairness and objectivity in dealing with Arab concerns and relating effectively to Arab leaders like President Assad. The Arabs view Bill Clinton as pro-Israel and will be skeptical of any Clinton emissary. However, their assessment will be influenced by whether the Special Negotiator has the President's ear and is sensitive to their concerns. And in the end, what will count most for them is whether the appointee has the ability to influence Israel.

* Willing to keep the onus on the parties themselves to negotiate directly with each other, acting as a catalyst to the negotiations not as a substitute for them.

OPTION 4: THE VICE PRESIDENT AS SPECIAL NEGOTIATOR

One variant of the Special Negotiator idea would be to give the responsibility for the peace process to the Vice President. While it

would be unprecedented in Middle East negotiating history, it is by no means unusual to give the Vice President direct responsibility for some vital policy area (e.g. the environment). He could take direct responsibility for the negotiations staffed by an Office of Middle East Negotiations that would be housed in the NSC and would draw upon the State Department and other relevant branches of the government.

Given the close personal relations between the Vice President and the President his appointment would be welcomed by the parties as a clear indication of Presidential engagement. Vice President Gore meets all the necessary criteria mentioned above for the Special Negotiator. And his assumption of this responsibility would overcome the disadvantages associated with that position.

OPTION 5: A MIDDLE EAST COORDINATOR (MEC):

The problem of reconciling the competing demands for high-level attention of the Middle East negotiations and other priority issues could be resolved by the President appointing a Middle East Coordinator (MEC) who would have day-to-day responsibility for all the peace negotiations and be in charge of an Office of Middle East Negotiations in the State Department.

The MEC would report through the Secretary of State to the President, to signal Presidential interest. He or she would assume the responsibilities that have been shared by Dennis Ross (Director of Policy Planning) and Edward Djerejian (Assistant Secretary of State for NEA) while Baker has been preoccupied at the White House -- hosting the negotiations, engaging in side discussions with all the parties, suggesting ideas in between the negotiating rounds, etc. However, the absence of Baker has clearly reduced their ability to coax the parties forward because they lack his authority.

The MEC would need to have a more senior status, perhaps at the Deputy Secretary level or as Counsellor to the Secretary of State. This would invest the position with greater authority and indicate to the parties that the MEC is a symbol of high-level involvement rather than a downgrading of commitment. The Coordinator would need to be a complement to rather than a substitute for the involvement of the Secretary of State. However, the appointment of a "seventh floor" deputy to the Secretary to take overall responsibility for the Middle East negotiations and to report to the President, through the Secretary, might have the needed effect of signalling high-level involvement, freeing up the President and Secretary of State to deal with other priorities while keeping the door open for their involvement when necessary. It would also avoid the pitfalls, mentioned above, of a Special Negotiator.

The idea of an MEC will probably be vigorously opposed by the Near East bureau on the grounds that it would be robbed of its most important work and rendered ineffective in the eyes of its Middle Eastern wards. (Congress has already stripped the bureau of its responsibilities for South Asia.) However, this is an argument about "turf," not policy. The Assistant Secretary for NEA has responsibility

for a volatile region that stretches from the Maghreb to the Gulf. He cannot and should not be devoting himself full-time to the peace negotiations. Yet that is what the person given responsibility for the peace process will need to do. And the position of Assistant Secretary is not high-level enough to avoid the perception of downgrading.

However, the Assistant Secretary should not be excluded from the peace process team, as he was for the first three years of the Bush administration. Instead the MEC would need to establish an informal team of peace process advisers that would involve both the Assistant Secretary for NEA and the Special Assistant to the President for Middle East affairs. In this way, the MEC would be able to coordinate the bureaucracy as well as the negotiations. Moreover, officers of the Near East Bureau would be needed to staff the Office of Middle East Negotiations.

RECOMMENDATION:

The Middle East negotiations will need high-level attention if they are to succeed. Should the President, the Vice President or the Secretary of State be unwilling or unable to devote the necessary time and attention to this high-maintenance operation, the State Department Middle East Coordinator should be preferred over the Special Negotiator. The history of the Special Negotiator in the Middle East is not a good one and the disadvantages outlined above seem to outweigh the advantage of shifting the issue from the agendas of the President and the Secretary of State. However, appointing a Middle East Coordinator only makes sense if it is designed as a complement to Presidential interest and Secretary of State involvement. If it is designed as a substitute it would be better to leave responsibility to the Assistant Secretary of State.

In practice, if this option is pursued, the timetable would look something like this:

1. **January -- Presidential Statement:** The President indicates his interest in the negotiations by making a statement very soon after his inauguration which commits his administration to continuity and calls on the parties to return to Washington for the next round of negotiations in February. He reinforces this signal by phonecalls to the principals (Rabin, Mubarak, King Hussein, King Fahd, and Assad).

2. **February -- Round 9 of Negotiations:** The negotiations are reconvened in Washington for the ninth round in February. Each round normally lasts two weeks. The Secretary of State should meet with the heads of delegations during this round.

* **Note:** if the negotiations are not reconvened in February, it will not be possible to reconvene them until mid-April. Ramadan begins on February 24 and does not conclude until the end of March. Passover begins on April 6 and ends on April 13. That would mean a dangerous

hiatus of four months in the negotiations.

3. February/March -- Secretary of State Visits Middle East: To underscore high-level engagement the Secretary of State should visit the Middle East in early March, accompanied by the aide who will become the Middle East Coordinator (they will need to visit Jerusalem, Cairo, Amman, Damascus and Riyadh). He engages in substantive discussions with the principals as a way both to signal his involvement and impart momentum to the negotiations. In Jerusalem and Cairo, he also establishes the agenda for the President's meetings with Rabin and Mubarak in Washington.

4. March -- Middle East leaders visit Washington: Rabin and Mubarak pay private visits to Washington to meet with the President in March. Rabin will be in Washington on March 16 to address the AIPAC policy conference. Mubarak has indicated he would like to come at the end of March, after Ramadan. This will provide the President with an opportunity for in-depth discussions with our two key regional allies and partners in the peace process.

* **Note:** Consideration will also need to be given to hosting King Hussein and King Fahd. Although King Hussein will certainly want to meet the President, if both kings come to Washington, Assad will feel the odd man out. This may necessitate a controversial Clinton-Assad meeting (in Europe) early in the administration.

5. April -- Announcement of Middle East Coordinator: After the President's interest and the Secretary's involvement have been clearly established, the President announces the appointment of the Middle East Coordinator, in time for Round 10 of the negotiations.

* **Note:** If this option is pursued it is important that the MEC participate in the meetings that the President and Secretary of State have with the parties in February and March, even though the appointment is not announced until April.

If this calendar is pursued, it would also allow the President and Secretary of State to keep their options open. If they discover that they have the time and interest or that the negotiations are ripe for early breakthroughs, they may decide to remain engaged. If they discover that the negotiations will be more prolonged and difficult, they can go ahead with the appointment of the coordinator.

B:OPTIONS FOR A CLINTON NEGOTIATING STRATEGY

With the negotiations back on track and the process of establishing trust underway, the Clinton administration will need to develop a coherent strategy for achieving the peace agreements that are now within reach. Because the U.S. is the "catalyst" for these negotiations, it can have a considerable impact on the direction they take. However, it should always be borne in mind that the negotiations are complex and multi-faceted and the Middle East is, by definition,

unpredictable. That requires an American strategy which is flexible and adaptable to the unforseen opportunities that may arise. In the end, as we have argued repeatedly, it is up to the parties themselves to make peace. The U.S. can influence them but we cannot do it for them and by cajoling in one area we may discover opportunities that open up in another.

OPTION ONE: THE SIMULTANEOUS APPROACH

The Bush administration has stuck with a strategy of pushing ahead on all tracks simultaneously, even if one track showed greater promise than the others. Thus, at the end of each round, the U.S. has written to all the parties suggesting ideas for making progress on each of their tracks and during the negotiating rounds it has treated each track with the same priority and attention. This has served the useful purpose of reducing the friction between the tracks that is naturally fuelled by Arab suspicion of each other. Although they take pains to coordinate among themselves, the bilateral nature of the negotiations, the age-old rivalries, and the current tensions between some of them can make them nervous and inflexible if the U.S. appears to be ignoring one of them while focussing on his brothers.

The Israelis have also accepted the simultaneous approach, trying on each track to inject new ideas and reach agreements on common agendas. When he assumed office, Rabin believed that the real opportunity lay on the Palestinian track and he was very skeptical of Assad's willingness to make peace. On American and Egyptian urging, however, he was persuaded at least to leave the door open to a deal with Syria. Now, after three rounds of negotiations, Rabin has come full circle believing that peace with Syria is possible in short order but an interim agreement with the Palestinians will require heavy lifting. This experience tends to underscore the utility of a simultaneous approach. Recently, however, Rabin has expressed growing frustration with the multi-track negotiation. He argues that it forces the Arab parties to proceed at the pace of the slowest while overburdening the Israeli polity which cannot cope with the trauma of concessions on more than one front at a time. (Rabin himself is a general who prefers to deal with one issue at a time.)

Nevertheless, this option is the easiest to adopt because it continues business as usual. If a decision is made to pursue the simultaneous approach, some of the ideas outlined below for the other two options could be pursued concurrently.

OPTION TWO: PRIORITY TO THE PALESTINIANS

An alternative approach is to try to push ahead on the Palestinian track first while keeping the door open to agreements on the other tracks. The advantage of this strategy is that it would enable the administration to focus on the track which requires the most maintenance. And if agreement could be achieved here, Jordan and Syria would find it much easier to move ahead since they would no longer be vulnerable to the accusation that, by making peace with Israel, they had sold out the Palestinian cause. Progress on the Palestinian track

might also pressure Syria to move forward to get the attention of the United States and out of fear that Israel would have no incentive to leave the Golan once the Palestinian problem had been resolved.

However, a detailed analysis of what it would take to break the current deadlock in the Israeli-Palestinian negotiations reveals that such a strategy will require difficult decisions with only limited assurance of success. And this strategy runs the considerable risk of Syrian sabotage. Assad has retained control over radical leftist Palestinian groups (the PFLP and the DFLP), based in Damascus, who have the ability to make life intolerable for the Palestinian negotiators. When the Reagan administration tried to ignore and isolate Syria in favor of the "Jordan option," Jordanian diplomats were assassinated and Arafat's PLO was subjected to heavy attack in Lebanon. The Palestinian delegation is much more vulnerable than Jordan and the PLO and Assad also retains the ability to stir up trouble on the Lebanese border, through Hezbollah, to ensure that attention is paid to him.

Nevertheless, if a decision is made to pursue this option, two fundamental impediments will have to be overcome: the "concept" gap and the problem of the Palestinian delegation's lack of legitimacy and authority. To make progress on this track would require either fixing the "concept" problem, fixing the "delegation" problem, or circumventing both problems.

i) Bridging the "Concept" Gap:

a) Improving Israel's Offer: Although with the advent of the Rabin government, Israel has modified its self-government offer in important respects, Rabin himself has suggested that he is willing to be more generous and take more risks. Through close coordination with Rabin, Israel might be persuaded to make a more clear-cut offer to the Palestinians involving: cession of authority to the Palestinians in virtually all spheres except security, foreign affairs and control over settlements; joint authority over state lands and water; and a more specific timetable for general elections and implementation. Such an offer might include greater concessions on territoriality (e.g., Palestinian control over all private land) and jurisdiction (e.g., the Palestinian Administrative Council would have the right to legislate and execute statutes under the proviso that legislation could not change the interim agreement or preempt the final status negotiations). The offer could also be accompanied by unilateral Israeli measures on the ground to generate a more conducive atmosphere for negotiations (i.e., prisoner releases, relaxation of rules on family reunion, changes in tax policy and stimulants to economic growth).

2) U.S. intervention into the process: Palestinians argue that the U.S. is flouting its letter of assurances by failing to act as "a driving force" in the negotiations. Direct U.S. engagement in the process would fulfill that commitment and induce Israel to make a better offer. Heightened U.S. involvement could take a variety of forms: direct participation in the negotiating room (which, according to the terms of reference, requires the consent of all parties);

convening trilateral meetings outside the negotiating room to serve as neutral mediator; submission of informal U.S. bridging proposals; submission of "an American plan". Israel opposes any substantive upgrading in the level of U.S. involvement, because it would damage the bilateral nature of talks and thereby encourage Palestinians to seek their concessions from the U.S., not to negotiate with Israel. At this state of the process, the current level of engagement is proper and useful.

3) Change the terms of reference. Palestinians argue that if they were assured of Israel's commitment to an eventual withdrawal from the territories, they could be more flexible in their approach to ISGA. They want Israel to accept UNSC 242 -- with its U.S.-supported principle of "territory for peace" -- as the basis for the ISGA talks and/or want Israel to accept Jerusalem as a negotiable issue in the interim phase. For Israel, however, both suggestions -- injecting 242 and/or Jerusalem -- into the interim phase negotiations are rejected out of hand; the former suggests that territorial withdrawal is an interim-phase issue, whereas the latter suggests Jerusalem is negotiable.

Fixing the "delegation" problem (3 options):

1) Legitimize the existing delegation through Israeli concessions improving the atmosphere of negotiations. Palestinians argue that Rabin has done little more than Shamir in improving the context for negotiations and thereby raising the stature of the delegation. The two issues they most often cite are settlements and human rights. A complete and immediate cessation of settlement activity (in contrast to the distinction now made by Rabin between "security settlements" and "political settlements") and/or substantial change in Israeli policy inside the territories (e.g., end of administrative detention; mass prisoner release; write-off of all outstanding tax bills) would go far, they say, to show the local population that the Israelis are negotiating in earnest. This would, in turn, empower the delegation to be more forthcoming inside the talks. Israel does not rule out taking steps to improve the atmosphere for negotiations, but they argue that some measures have already been implemented with little to show by way of progress inside the talks. As for the specific Palestinian demands, Rabin is constrained by domestic political concerns from going further than he already has toward a ban on settlement activity.

2) Resume the U.S.-PLO dialogue or otherwise facilitate the PLO's participation into the process. Proponents of this option argue that it would undercut the opposition moderates now face from rejectionist radicals; would appease public skepticism about American intentions in the process; and may embolden the PLO enough to permit it to authorize certain confidence-building measures as well as to take decisions necessary to move the negotiations forward. Critics of this option say any attempt to include the PLO in the negotiations or to resume a U.S.-PLO dialogue would violate the U.S. letter of assurance to Israel. U.S. officials were unanimous in arguing against this option -- not only has the PLO

still failed to meet the technical requirements for resumption (i.e., support for terrorism) but it would be a disastrous idea politically, both for Rabin and for the negotiations themselves. Rewarding the Tunis-based PLO would undermine the authority of the incipient local leadership and would, in fact, restrict any incentive for compromise inside the negotiations. Also, Rabin's sensitive political situation would not withstand the inclusion of the PLO into the talks. (NB -- Opposition to a resumption of the U.S.-PLO dialogue was forcefully affirmed by Usama al-Baz, President Mubarak's chief political advisor.)

3) Legitimize the delegation by expanding it to include East Jerusalemites. Proponents argue that heightening the role of putative leaders like Faisal Husseini would broaden the base of popular support for the delegation and its freedom to maneuver. It is a lesser alternative to the PLO option. Critics argue that bringing Jerusalemites into the negotiations would effectively alter the terms of reference for the talks and would cross an Israeli red-line on Jerusalem because it would suggest the inclusion of Jerusalem as a negotiable issue. In addition, critics argue that "building up" the credentials of Faisal Husseini would itself be a mistake. Husseini, they contend, has no base of support outside Jerusalem; what legitimacy he has, he receives for being an executor of Arafat's orders, not a representative of local opinion to the PLO leadership. If anyone ought to be "built up," they say, it should be genuine local powerbrokers in main Palestinian urban centers like Hebron and Nablus, even if they -- like Faisal -- have PLO connections.

Circumvent the existing impediments (2 options): These options are based on the idea that the "conceptual" and "legitimacy" impediments are insurmountable, regardless of how much time or effort is put into the options listed above. Instead, for progress to be achieved on this track, it is necessary to circumvent these impediments problems by creating a pretext or an excuse to force immediate decisions on self-government.

1) Set a "date certain" for elections to be held with or without prior agreement on ISGA. In this context, a fixed-date for a Palestinian election inside the territories would pressure the negotiators to reach agreement on modalities of the election and on the authority of the elected body. That new elected body would receive control of a number of spheres of authority immediately and then complete the negotiations over the remainder of ISGA. Critics cite the brinkmanship involved in holding elections for a body whose powers may, by election day, still be undefined. Also, elections are sure to invite the opposition of the Tunis-PLO, which fears the legitimation of an alternative local leadership.

2) Proceed full-steam ahead on the Syrian-Israeli track, recognizing that any progress in that track will raise the pressure on the Palestinians to achieve progress on their own track. The prospect of

an Israeli-Syrian breakthrough, so the argument goes, will make the current Israeli offer (or one with slight improvements) appear much more attractive than it currently does. (Palestinians are indeed fearful that progress on the Syrian track will force them to make concessions so as not to be left behind in negotiations.)