

## Cato Institute Policy Analysis No. 125: Creating a U.S Policy of Constructive Disengagement in the Middle East

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### Executive Summary

For several months an "iron triangle" consisting of prominent American journalists, the "peace process" partisans in the Bush administration, and their allies--including Middle East specialists in various interest groups and think tanks--have been outlining a scenario that most pundits and insiders now accept as a given. According to that scenario, the intifada--the Palestinian uprising in the West Bank and the Gaza Strip--is the first stage of a process that will lead to the establishment of a Palestinian state headed by the "kinder and gentler" Palestine Liberation Organization.

The implicit message is that the administration should elevate the search for a solution to the Israeli-Palestinian conflict to the top of its foreign policy agenda. Toward that end, it should press Israel to withdraw from the West Bank and Gaza, negotiate with the PLO, and reach an agreement that might provide for the creation of a Palestinian state.[1]

The only members of the U.S. foreign policy establishment who seem to have resisted that argument are the neo-conservatives. Some of them regard the advocacy of an independent Palestinian state as part of a liberal conspiracy; others attribute it to naive do-goodism or pure anti-Semitism. Such a proposal, the neoconservatives claim, would be a Munich-like betrayal whose effect would be to weaken and eventually destroy the state of Israel.[2]

The neoconservative prescription is more of the same policy that the United States has pursued since the 1967 Arab-Israeli war. Although neoconservatives may seem to advocate a hands-off policy toward Arab-Israeli issues, they do not contemplate a reduction in U.S. economic and military aid to Israel, which now totals more than \$3 billion a year. Indeed, because they consider Jerusalem a strategic asset in Washington's campaign against Moscow-sponsored international terrorism, they would strengthen the U.S.-Israeli relationship.

The United States, argue the neoconservatives, should regard Israel as its only real military and diplomatic ally in the Middle East and should therefore elevate its relationship with that country to the level of its alliances with Western Europe and Japan. Such critics view the intifada as nothing more than a devious attempt by the PLO, supposedly a Soviet surrogate, to manipulate the American media and weaken the public's support for Israel.

There may appear to be an unbridgeable conflict between the peace process partisans, who insist that the United States should play a diplomatic role in ending the intifada, and their Commentary-based adversaries, who advocate U.S. support for an Israeli suppression of the uprising. In reality, however, they are rival intellectual twins whose shared assumptions have influenced U.S. policy toward the Middle East for four decades.[3]

## **Interventionist Assumptions**

First and foremost, the common denominator involves support for extensive U.S. involvement in the region. The interventionists assume that because of its strategic location and its massive oil reserves, on which Western Europe, Japan, and, to some extent, the United States depend, the Middle East is a major center of Soviet-American military and diplomatic competition. That assumption is the basis for the argument that Washington should strive to contain Soviet expansionism in the Middle East through a mixture of direct military involvement and support for Western clients.

Because those clients include both Israel and the moderate Arab states, the argument goes, Washington should try to bridge the differences between them so that they can develop a strategic consensus to contain Soviet expansionism with U.S. help. Because the Soviets have been able to widen their influence by exploiting the Arab-Israeli conflict and Islamic anti-Western attitudes, it is argued, reducing the level of the conflict would deprive Moscow of a valuable asset.

Another assumption is that America has a moral commitment to the survival of the Jewish state. That commitment is said to be a legacy of the Holocaust as well as a product of Christians' empathy toward the People of the Book. The intertwining of those strategic and moral rationales has led U.S. policymakers to conclude that increasing America's economic and military aid to Israel would be in the long-term interest of both Washington and Jerusalem.

Such intellectual building blocks have been components of U.S. policy toward the Middle East since 1945.[4] Washington's present policy began to take shape between the 1967 and 1973 wars and became more concrete after Henry Kissinger's Middle Eastern diplomatic initiative, which gave rise to the Egyptian-Israeli peace treaty of 1979. Middle Eastern interventionism and its rationales remained one of the few foreign policy areas that, even at the height of the post-Vietnam War debate, enjoyed a public consensus and bipartisan congressional support.

The fragile political elites of both Israel and the Arab world exploit that consensus, using U.S. aid to perpetuate their dominance, increase their regional influence, and bolster the unstable economies of their states. External threats (Arab, Israeli, Iranian, and Soviet) serve to mobilize domestic support and justify American assistance.

Thus, both the peace process partisans and the neoconservatives advocate the continuation, if not the acceleration, of America's involvement in the Arab-Israeli conflict. Their only difference is over the nature of that involvement, and even that difference is not as great as it may seem, at least in terms of the long-range consequences for the United States.

## **Interventionist Fallacies**

The experience of the 1979 Egyptian-Israeli peace settlement suggests that even if U.S.-sponsored negotiations eventually produced a small Palestinian state on the West Bank, American taxpayers would be asked to channel billions of dollars into military and economic aid. Not only would Israel probably wish to be compensated through another round of such aid, but the leaders of the new Palestinian state would probably request what their Egyptian brothers received after signing the 1979 peace treaty: an American economic aid package similar to Israel's. And standing behind Yasir Arafat in the line for American welfare checks would probably be the leaders of Syria, Iraq, Lebanon, and so on. Having agreed to support an Israeli-Palestinian peace treaty, they would expect Washington to show its gratitude.

Moreover, any peace agreement between Israel and an independent Palestinian state would be precarious at best; terrorist groups in Palestine (and Israel) might attempt to sabotage it, and such hard-line states as Syria might threaten Israel, Palestine, and even Jordan. Given those possibilities, it is not inconceivable that Washington would be asked to safeguard the agreement by sending U.S. military "observers" to monitor its implementation. Indeed, a prominent Israeli scholar suggested that the United States could prove its commitment to peace in the Middle East only by promising to provide such a guarantee.[5] The consequences of a U.S. military mission to the volatile West Bank and Gaza Strip would probably be similar to America's fiasco in Lebanon.

In addition, the peace process partisans assume that the United States would succeed, alone or with support from the

Soviet Union, in bringing the Israelis and the Palestinians to the negotiating table and in helping to formulate a peace agreement that would accommodate their almost totally divergent interests. Such critics also assume that the establishment of an independent Palestinian state, or a Palestinian-Jordanian confederation, would serve U.S. interests.

Those assumptions could eventually prove to be as far-fetched as an assumption made by some observers in 1979: that the Iranian revolution would bring an enlightened, liberal leadership to power. The United States might end up dealing with a weakened, hostile Israel and a new Arab state no different from others in the region--socially unstable, undemocratic, and virtually bankrupt. Such a state would be an additional arena for intra-Arab and regional conflicts and for superpower competition.[6]

The neoconservative prescription for U.S. policy-- supporting the preservation of the status quo in the West Bank and Gaza and strengthening the military and economic ties between Washington and Jerusalem--holds no more promise for the advancement of America's strategic interests. The eight years of the Reagan presidency, a showcase for the neoconservative approach, culminated with Israel's emergence as America's partner in attempting to contain Soviet expansionism and deter international terrorism. The results of that partnership did not confirm the optimistic expectations. Indeed, they not only underscored the constraints on the relationship between the United States and Israel but were detrimental to the interests of both countries.

For example, after giving Israel a green light to invade Lebanon in 1982, the United States found itself drawn into Lebanon's Byzantine politics and ultimately entangled in the bloodiest quagmire it had experienced since the Vietnam War.[7] Another Middle Eastern adventure into which Israel was partially responsible for dragging the United States is the Iran-contra affair.[8] That episode's disastrous effect on America's relations with the moderate Arab states was an important factor in Washington's decision to protect Kuwait against threats from Iran, which led to a deeper U.S. involvement in the volatile politics of the Persian Gulf.

Ironically, the strategic alliance between Israel and the United States has weakened Israel's position in the Middle East as well as America's. At the end of the Reagan presidency Israel found itself totally dependent on the United States politically, militarily, and economically. Likewise, Washington's dominance gives Israel little room to maneuver in the diplomatic arena. It has an unstable domestic economy and is increasingly unable to compete in the international market. Finally, Israel has been rent by deep internal political divisions as a result of its invasion of Lebanon and its response to the intifada and faces an unprecedented challenge to its diplomatic sovereignty as Washington begins an open dialogue with the PLO.

"Israel's major problem after 42 years of independence is that the intifada is hurting America's regional interests," which Jerusalem was expected to secure, maintained a prominent Israeli columnist in the daily Ha'aretz.[9] The intifada, he argued, is threatening Jordan's pro-American regime and weakening the pro-American elements in Cairo and Riyadh. In short, the rise of Islamic fundamentalism in the West Bank and Gaza is serving as a catalyst for radical changes throughout the Middle East. If the intifada escalates, the United States might eventually find itself in the center of a new Middle Eastern war in which the Soviets are also involved. Such a war could entail the use of chemical and even nuclear weapons.

Dramatic changes in the international arena, including the political and economic reforms in the Soviet Union, the rise of Japan and other East Asian nations as economic powers, and the planned political and economic integration of Western Europe, have led to a major reevaluation of America's foreign policy agenda. But that reevaluation has not encompassed America's policy toward the Middle East-- especially its relationship with Israel. Washington should undertake such a reassessment and should focus on four crucial questions.

### **The Limits of America's Influence**

The first question that should be considered is whether the United States, or any outside actor, for that matter, has the means and the will to produce a solution to the Israeli-Palestinian conflict. U.S. policymakers must determine whether the potential benefits of America's efforts to oversee the peace process are worth the political, economic, and military costs.

An analysis of those issues should begin with the realization that the Middle East is probably the most internationalist,

or what political scientists call "penetrated," system in the world. Numerous national, regional, and extraregional political actors combine and divide in shifting patterns of alliances. The diplomacy of the region is characterized by a mishmash of local and global issues.

As L. Carl Brown observed, "The politics of a thoroughly penetrated system is not adequately explained--even at the local level--without reference to the influence of the intrusive outside system." [10] Yet an outside actor cannot always control the politics of such a system and frequently becomes involved in issues that have nothing to do with its original interest in the region. A major power's ability to impose policies on local actors or exclude other major powers is limited. Even a superpower sometimes becomes the hostage of local powers.

The political elites of both the Arab world and Israel use outside powers, including the United States, to advance their domestic and regional interests. Most of the Middle Eastern states lack stable, legitimate political regimes, economic structures capable of sustaining their bottomless budgets, or both. It is largely external, especially American, support that allows the political elites of those states to perpetuate their control.

### **The Camp David Model**

It is important to understand how Washington's sponsorship of the negotiations that culminated in the Egyptian-Israeli peace accord enabled Cairo and Jerusalem to mobilize domestic and regional support for the accord. Their political elites could justify concessions that would not otherwise have been acceptable to their rivals and supporters ("The United States forced us to evacuate the Sinai; we had no choice"). They could also cite the alleged political commitments ("The United States will force Israel to give up the West Bank") and lucrative economic and military aid packages that Washington had offered in exchange for the concessions. Clearly the role of the United States was not merely that of a mediator.

Washington thus becomes part of the Middle East's political and diplomatic kaleidoscope, and every tilt of the kaleidoscope creates a new configuration. An American political move can bring about a realignment of the other players that initially seems to be a gain for the United States but later turns out to be a major loss.

For example, Washington's intervention in Lebanese politics after the 1982 Israeli invasion brought about not only the 1983 bombing of Marine barracks but a major confrontation with Lebanon's Shiite community. That development, in turn, brought Syria and Iran into the picture and was followed by other anti-American terrorist acts. The spiral of violence prompted the Reagan administration's misguided arms-for-hostages formulation.

Supporting Middle Eastern political elites makes the United States a symbol of evil in the eyes of opposition forces. Likewise, creating political or economic expectations that cannot be fulfilled causes Washington to be derided by those who sought its aid. For every friend the United States wins, it is liable to gain 10 enemies.

Alliances with outside powers tend to be less costly and more beneficial for the regional actors. U.S. or Soviet sponsorship provides them with prestige, power, and money that would otherwise not be available. If a regional actor reaches the conclusion that the returns from a U.S. or Soviet alliance are diminishing, it can always reverse its orientation (as did Egypt, Iraq, and Ethiopia) or even use its benefactor as a scapegoat.

Tempting Washington to take on an active role is often the most important goal of a regional actor's diplomatic and military incursions. Egypt's surprise attack on Israel in 1973, for example, was aimed at involving a reluctant United States. Similarly, the intifada was intended to elicit a response from the American people and Washington, made wary by the consequences of such escapades as intervening in Iran and Lebanon and adopting the 1982 "Reagan plan" for Middle Eastern peace.[11] The intifada, precisely as its planners had intended, tilted the kaleidoscope, and Washington found itself in its present configuration: conducting a dialogue with the PLO.

### **The Camp David Accords: A Faulty Precedent**

America's involvement in negotiating the Egyptian- Israeli peace treaty should not serve as a model for the resolution of the Israeli-Palestinian conflict. The conditions that prevailed in 1979 may have justified U.S. involvement, but they are no longer in effect.

Both Israel and Egypt had clear political and economic motives for reaching an agreement, which were expressed in the formula "land for peace." Although giving up the Sinai was a major financial and military sacrifice, it served to remove the largest and militarily strongest Arab country from Israel's list of enemies. Likewise, making peace with Israel not only returned the Sinai to Egyptian control but ended Egypt's involvement in a devastating military conflict that was not directly related to its interests and enabled it to reconstruct its economy. Even under those unusually favorable conditions for the negotiation of a peace treaty, both Anwar Sadat and Menachem Begin insisted on involving the United States in order to strengthen their domestic support, justify their actions, and receive compensation for their concessions.

In retrospect, Washington's dramatic intervention does not seem to have advanced U.S. interests. In 1979, however, the effects of the 1973 Egyptian-Israeli war were still in force. The threats of an Arab oil embargo, a Soviet- American confrontation over Moscow's incursions in the Middle East, and, of course, another Arab-Israeli war all seemed to justify a U.S. mediation effort.

Given the decline of oil prices and the easing of the Soviet-American rivalry, the stakes are entirely different today. Moreover, whether the United States could stage a rerun of its Egyptian-Israeli production is most uncertain. The Israeli-Palestinian conflict is not national or territorial--the kind of conflict to which a rational solution can be produced through competent diplomacy. It is a communal conflict--a type of civil war--that has deep ethnic, religious, and cultural dimensions. It has been going on for a century and involves issues that are at the center of the adversaries' consciousness. Both the Israelis and the Palestinians view the conflict as a zero-sum game in which the loser will be deprived of not only power and prestige but its survival as an independent entity.

The gap between even the most moderate Israeli and Palestinian factions seems unbridgeable. Where would the borders between Israel and a Palestinian state lie? What political status would be assigned to the Palestinian refugees who left Israel after 1948, the more than 600,000 Arab citizens of Israel (including those who live in the Galilee and constitute a majority of its population), and the 70,000 Jews who have settled in the West Bank? Would Palestine be demilitarized? Would Israeli troops be stationed there? Would Palestine be politically independent or confederated with Israel or Jordan? And what would happen to Jerusalem, which is now united and under Israeli control?[12]

That list encompasses just a few of the major obstacles to a peace settlement. It does not include such "technical" issues as the nature of the model for Israeli-Palestinian negotiations. And lest anyone forget, problems are also posed by Israel's annexation of Syrian territories in the Golan Heights, the Israeli military presence in the "security zone" in southern Lebanon, and the radical Arab states and terrorist organizations that oppose an Israeli-Palestinian peace agreement.

American interventionists optimistically respond that those issues can be resolved later and that the important thing is to create momentum for the peace process. They also suggest that the environment created by improvements in the U.S.-Soviet relationship is conducive to an Israeli-Palestinian settlement. Contrary to neoconservative propaganda, however, the Israeli-Palestinian conflict does not constitute an East-West ideological dichotomy like the conflicts between the two Germanys and the two Koreas. It is more like the ethnic and religious wars taking place elsewhere in the Middle East and throughout the Third World (in Lebanon, Sri Lanka, Nigeria, and the Sudan, for example) as well as in the West (in Northern Ireland and Spain, for example).

History suggests that even (and sometimes especially) when outside powers have the best of intentions, there are no easy solutions to such struggles. Moreover, outside intervention can facilitate a solution only if the various parties to a conflict are willing to resolve it. There is scant evidence that the Israelis and the Palestinians are ready for such a radical step.

### **Constraints on the Middle Eastern Elites**

One would expect the political elites of Israel and the Arab world to move toward a peace settlement out of sheer self-interest. The Ashkenazi leaders of Israel's Labor party (and some segments of the Likud), the elites of the moderate Arab states, and even the Fatah wing of the PLO, which is allied with them, are aware that unless a solution to the Arab-Israeli conflict is found, a more radical brand of politics is likely to dominate the Middle East.

Recent political developments in the Islamic world and Israeli election results seem to confirm that expectation. Shimon Peres, Hosni Mubarak, King Hussein, and even Yasir Arafat would apparently welcome an American- or Soviet- sponsored Israeli-Palestinian peace agreement, which would neutralize the radical groups in their countries. Such an agreement would enable them to maintain their power bases and perpetuate the political and economic status quo with the aid of American largess.

The problem is that the political elites cannot deliver such an agreement. They not only lack the legitimacy that would enable them to mobilize support for such an agreement but are captives of the ideological bases of their nation- states. They cannot move beyond Zionism or Pan-Arabism and develop political arrangements that would serve the long-term interests of their people.[13]

Moreover, the secular nationalists in both Israel and the Arab world are confronting challenges from more traditional and religious elements. Israel's Ashkenazi elite is being challenged by the Sephardic Jews, who are nearly a majority but lack proportionate political representation-- especially in the foreign policy and national security bureaucracies--as well as access to financial resources. The political factions emerging from the lower middle classes of Arab societies are also demanding proportionate political representation and access to financial resources; the Shiites in Lebanon and the new generation of Palestinian leaders in the West Bank and Gaza are prominent examples.

Although an Israeli-Palestinian peace agreement would stall certain political changes in Israel and the Arab world, it would not prevent them. Given their numbers and their growing strength, the marginal elements will ultimately come to power, through either peaceful or violent means. When they do, they will transform the political culture and direction of their societies.

The political elites of Israel and the Arab world are asking the United States to engage in a mission impossible. They refuse to make the compromises that a peace agreement would entail--accepting Israeli nationhood and recognizing Palestinian nationhood--because they realize that by abandoning their nationalistic and ideological claims, they would erode what is left of their domestic and regional support. They hope that the United States will play the role of surrogate, compensating for their political weakness by intervening on their behalf.

But it is not clear why Washington should preserve the waning power of those elites by attempting to resolve the Israeli-Palestinian conflict. Not only are the prospects for success dim, but the resolution of that conflict would not be a panacea for the problems of the Middle East. Chief among those problems are outdated ideologies, political and economic underdevelopment, and illegitimate elites. Unless such issues had been resolved, an Israeli-Palestinian peace agreement would not end the cycle of terrorism and blood- shed. Worst of all, the United States could find itself linked to the fortunes of the losing factions, as it did in Lebanon.

The United States should instead adopt a policy of constructive disengagement, bearing in mind that in the Middle East the line between diplomacy and intervention is blurred. A U.S.-brokered agreement would probably result in the emergence of Palestinian and Israeli states that were violently antagonistic toward the arrangements imposed on them, ruled by weak and fragile governments, and constantly in search of economic and military aid from (and being used by) regional and global powers. That situation would be a continual source of political instability and war.

Conversely, an Israeli-Palestinian confederation established voluntarily by the parties involved could be a force for political stability and peace. Indeed, such a confederation could become the Singapore of the Middle East--a financial, communications, and technological center, a major trading state.[14] But that outcome is both distant and uncertain. The Israelis and the Palestinians, like their Lebanese neighbors, will probably come to their senses only after a long and tragic internecine war. Their compromises will have to come from within, not be imposed from without, if they are to be durable.

### **Israel: A Strategic Asset or Liability?**

The second question that Washington must address is whether viewing Israel as a strategic asset serves America's and Israel's long-term interests, especially given that the U.S.-Soviet rivalry in the Middle East is diminishing. Washington policy analysts tend to take for granted that Israel is a strategic asset to the United States and that the alliance between

the two countries is not very different from, say, America's relationships with the NATO countries and Japan. However, the notion that Israel plays a strategic role in serving America's interests in the Middle East is a relatively new one, and its basis is questionable. Also questionable is whether Israel's positioning itself as America's military surrogate in the Middle East has benefited either country.

### **The Origins of America's Commitment to Israel**

Neoconservatives typically describe America's alliance with Israel as part of a grand anti-Soviet strategy. But America's support for the establishment of Israel, which produced the supposed "special connection" between the two countries, stemmed from entirely different factors. One such factor was the American Jewish community's lobbying; another was the moral appeal of both a Jewish homeland and a democratic state in the Middle East. Most of the grand strategists who managed the early stages of the cold war decried America's recognition of and support for the new Jewish state.[15]

"It is likely, indeed, that if the crisis [the 1948 war of independence] had come a year later, after the Cold War had really got into its stride, the anti-Communist pressures on the Truman administration would have been too strong," notes one analyst, who adds that "American backing for Israel in 1947-8 was the last idealistic luxury Americans permitted themselves before the Realpolitik of global confrontation descended." [16] Ironically, the Soviet Union backed the creation of Israel in the late 1940s, with the goal of pushing British imperialism out of the Middle East.

Before 1967 the idea of Israel's playing a NATO-type strategic role in the region would have seemed ridiculous to U.S. policymakers. Many of them regarded Israel as a drag on America's efforts to establish military bases in Arab countries and secure access to the oil fields. In those days America's economic aid to Israel was justified on the basis of moral, not strategic, considerations.[17]

During the same period Israeli policymakers were divided over whether Israel should join the Western camp or adopt a more neutral approach to world affairs and attempt to resolve its conflicts with Arab states. That debate was won by Prime Minister David Ben Gurion and his allies in Mapai, the ruling party, who persuaded their opponents that it was necessary to adopt a hawkish approach to national security--essentially an Israeli version of containment-- because the Arab states were not ready to make peace with Israel. Moreover, Ben Gurion and his allies argued, adopting a pro-Western foreign policy stance might enable Israel to win Western support, especially in the form of U.S. economic and military aid.[18]

However, the potential bridegroom was not willing to jump into that marriage so quickly. It is often forgotten that Israel did not receive direct military aid from the United States until 1962, when President Kennedy agreed to sell Hawk anti-aircraft missiles to Jerusalem. During the Eisenhower years Israel played a very marginal role in America's strategic calculations. For example, President Eisenhower did not hesitate to force Israel (as well as Britain and France) to withdraw from Egyptian territory during the 1956 Suez crisis.[19]

### **The Expansion of U.S.-Israeli Ties**

The 1967 Arab-Israeli war was the turning point in the relationship between Israel and the United States. To the Johnson administration, embroiled in Vietnam's quagmire, the Israeli victory suggested that America's moral commitment to Israel could serve U.S. strategic interests. Israel could play the role of a regional "balancer," reducing Gamal Abdel Nasser's ability to expand Egypt's radical policies. Hence, for the first time the United States agreed to sell Israel offensive weapons, including tanks and Skyhawk fighter-bombers.[20]

Although the alliance was not formalized until the Reagan administration, Israel gradually emerged as a major element in U.S. diplomacy and strategy. The tremendous level of U.S. military and economic aid to Israel reflected the strategic role assigned to Israel: containing Egypt and other Soviet clients in the Middle East. Israel's role was constrained, however, by America's need to maintain friendly relations with the moderate Arab states. In an effort to resolve that dilemma, Washington (especially the Arabists in the State Department) entertained and devised various plans for peace between Israel and the Arab world (including the 1969 "Rogers plan").

With the emergence of Henry Kissinger as the dominant player in American foreign policy, Israel's role as a pawn in

the U.S.-Soviet rivalry became more significant. In September 1970 Kissinger used Israel as a deterrent to Syria, a Soviet client, which was supposedly trying to topple the pro-American regime in Jordan. And although the 1973 Yom Kippur war was traumatic for both Israel and the United States, Kissinger skillfully capitalized on the outcome of that struggle to persuade Egypt to switch alliances.[21]

In later years there was some debate, especially during the Carter administration, over whether to adopt a more even-handed approach toward Israel and the Arab states and whether to work with the Soviets to impose a regional settlement. The 1979 Egyptian-Israeli peace treaty and the cementing of the U.S.-Israeli strategic alliance during the Reagan administration turned that debate into an academic exercise.

### **The Consequences of America's Commitment to Israel**

Members of the Israeli establishment and sympathetic Americans have argued that bringing America's "real," strategic interests into almost complete harmony with its moral incentive to support Israel had benefits for both countries: It provided the United States with a strong ally that helped to check or roll back the influence of Moscow and its allies and promote a pro-American order in the Middle East. And it enabled Israel to counterbalance the Arab world's quantitative military advantage and acquire the security margin needed to take risks in the pursuit of peace. Questioning such assumptions raises new possibilities for the U.S.-Israeli relationship.[22]

Unfortunately, since 1967 that relationship has been characterized by what can be termed the "strategic asset paradox"-U.S. military and diplomatic support for Israel has made it not a strategic asset to the United States but a strategic liability. Moreover, U.S. aid to Israel has weakened it instead of strengthening it. Thus, U.S. aid has undermined the interests of both countries.

As U.S. aid to Israel has increased so has Israel's reluctance to pursue a more moderate foreign policy that might result in an Arab-Israeli peace agreement. Instead of providing Israel with a margin of security, U.S. aid has given it a margin of inflexibility. For example, certain factions of the ruling party (first Labor and later the Likud) were able to argue that Israel would not have to pay a price for clinging to the occupied territories because America's support for its "unsinkable aircraft carrier" in the Mediterranean was guaranteed.

However, perpetuating the status quo in the territories, by such means as establishing settlements in the West Bank and suppressing the Palestinian population, caused Israel to become increasingly isolated from the international community. Its relations with the communist bloc and many Third World countries were severed, and its relations with the West European nations were strained. Israel's policy toward the territories also necessitated that more and more of its resources be channeled into the military sector, which weakened its economy and increased its dependence on the United States. Those developments were coupled with domestic political and social tensions as well as dissension over the future of Israel and its policy toward the territories.

The strategic asset paradox became evident in 1973. Instead of displaying that Israel was a strategic asset to the United States, as it claimed to be when marketing itself to the American people and their leaders, the Yom Kippur war revealed Israel's diplomatic and military weaknesses, which ranged from its inability to launch a preemptive military strike against Egypt for fear of antagonizing Washington to its flawed defense posture and its nearly total isolation from the international community. The 1973 war also discredited the assumption that Israel's American connection would deter the leaders of Arab states from trying to disrupt the status quo. The American connection may even have encouraged Sadat to do so in the hope of bringing Washington over to his side (which he ultimately did).

The manifestations of the strategic asset paradox during the Reagan presidency were more dramatic. By giving Israel the green light to invade Lebanon, Washington encouraged Jerusalem to pursue the imperial goal of attempting to impose a new political order on the Levant. That incursion proved to be a disastrous setback for both Israeli and American interests. It forced Israel to undertake a humiliating military withdrawal, imposed more burdens on the Israeli economy, and, by creating an Israeli version of the "Vietnam syndrome," increased the strain on Israel's social fabric. It drew Washington into a futile diplomatic and military involvement in Lebanon and eroded America's prestige in the Middle East.

But the intifada has been the most striking manifestation of the strategic asset paradox. Deep domestic divisions over

whether Israel should continue to occupy the territories have produced a policy paralysis. Unable to absorb the territories and unwilling to leave them, Israel has been increasingly cast in the role of a repressive regime and mentioned in the same breath as South Africa. Moreover, Jerusalem's response to the intifada has been eroding American support for Israel, especially within the two traditional bastions of pro-Israeli sentiment, Congress and the Jewish community.[23]

Israel's policy toward the territories has even begun to weaken the institution that has been a symbol of Israel's strength and ingenuity to Israelis and foreigners alike: the military. Renowned military historian Martin Van Krefeld stated in a recent interview that the intifada (along with the invasion of Lebanon) has had "disastrous" effects on the Israeli Defense Forces, including the erosion of their motivation to fight.[24]

The ultimate irony is that Washington's adherence to the strategic asset paradox has weakened Israel both politically and militarily. It is clearly time for Washington to abandon the approach that since 1967 has made Israel a liability, rather than an asset, in its strategic equation.

### **Reversing the Effects of the Strategic Asset Paradox**

The United States could serve both Israel's interests and its own by gradually replacing the strategic asset approach with a more realistic policy: constructive disengagement. Such a policy would essentially involve returning to the pre-1967 limited partnership between the two countries, which was based more on their common democratic values and less on grandiose strategic schemes. As a trading state, at peace with its neighbors and on friendly terms with both superpowers, Israel would be in a better position to advance the goals of harmony and stability in the Middle East than it is as an American military garrison.

Deemphasizing U.S.-Israeli ties should not mean adopting the pro-Arab lobby's recommendation that the United States press Israel to withdraw from the occupied territories and negotiate with the PLO. Such pressure would encourage Israel to circle the wagons and resist making any concessions. The United States would not only be drawn into a bitter dispute with Israel but would be viewed as a paper tiger by Arab leaders, who assume that its ability to "deliver Israel" is unlimited.

On the other hand, a policy of business as usual-- providing Israel with \$3 billion a year in economic and military aid--would also be detrimental to the United States. Such munificence is interpreted by most Israelis-- including the Likud leadership--as an expression of support for Israel's current policies.

There is a long continuum between exerting naked pressure on Israel and continuing to implement the Reagan administration's policies. A more sophisticated approach might include sending the Israelis and their leaders a clear message that there are constraints on American support.

The vehicles for such a message could range from official statements expressing America's goals for the Middle East to such practical steps as immediately cutting aid to Israel by the amount that Jerusalem spends on establishing new settlements in the occupied territories. Aside from lacking economic logic, those settlements are often populated by religious and nationalistic militants whose long-term goal is to integrate the territories with Israel permanently and turn their Arab inhabitants into second-class Israeli citizens. There is no reason for the American taxpayer to be forced to support policies that increase the political power of Israel's Khomeini-like elements.

Even more significant, the declaration of a Middle Eastern policy that did not assign a strategic role to Israel and confined Washington's support to a democratic Jewish state that did not rule over a large alien population would affect the Israeli political debate. It would strengthen the position of Israeli factions that advocate a withdrawal from the territories and an equitable and durable peace agreement.

### **U.S. Support for the Israeli Welfare System**

The third question that U.S. policymakers should consider is whether financing Israel's bureaucratic welfare system serves America's interests, especially now that even communist regimes are beginning to adopt market-oriented reforms.

In a 1982 study the late MIT political scientist Ithiel de Sola Pool noted that there are four possible combinations of political regimes and economic systems--a market system with a democratic regime, a market system with an authoritarian regime, a centralized economy with an authoritarian regime, and a centralized economy with a democratic regime-- and argued that although the first, second, and third combinations are very common, a nation with the fourth one does not exist.[25]

He apparently overlooked the case of Israel, in which a vibrant democratic system is indeed combined with a centralized economy that resembles Poland's and Hungary's. As Joseph Ben-David, an Israeli economist, suggested, Israel's political and economic mixture can be characterized as "enlightened Bolshevism." [26]

### **The Extent of Israel's Socialism**

Observers who perceive Israel as a Western nation might be surprised to learn the following:

-- As many Israelis work in the public sector as in the industrial sector. Israel's huge governmental apparatus enables political parties to control the economy and award benefits--jobs, budget increases, and other perquisites--to their leaders and supporters. There are currently 25 cabinet ministries (which means, of course, 25 bureaucracies), each of which is a fiefdom of a political party.

In 1986 the public sector absorbed 459,000 workers-- about 40 percent of the workforce--of whom 194,000 were employed by the national government.[27] The rest were employed by local governments, public colleges, government- subsidized health services, and so on. And although Israeli politicians have called for belt tightening, there has been a steady increase in the number of government employees.[28] Nearly two-thirds of the Israeli workforce may have been absorbed by an enlarged public sector that includes enterprises indirectly subsidized by the government.[29]

-- Israeli citizens are at the mercy of the Israeli bureaucracy. For example, more than 11 licenses are needed in order to open a business in Tel Aviv, Israel's chief commercial center. The city government admits that it takes more than a year to obtain those licenses.[30]

-- Israel has what is probably the most oppressive tax system in the Western world. In 1986 tax revenues constituted 56 percent of its GNP, according to the Bank of Israel; the estimate of other reliable sources was nearly 69 percent.[31] The tax burden of the lower middle class is enormous. Those whose earnings are in the lowest 10 percent of Israeli incomes account for 32 percent of Israel's income-tax revenues.[32] Moreover, the income tax generates only about 25 percent of Israel's tax revenues. According to Israeli industrialist Stephen Wertheimer, "the government, through its various tax collection schemes, squeezes close to 80 percent to 90 percent of the Israeli private income." [33]

-- Ninety-three percent of Israel's land is in the hands of governmental authorities.[34] Through its building construction ministry and its land policy, along with the high taxes it has imposed, the government has made it almost impossible for a young middle-class family to own or rent an average-sized home.

-- Transportation is controlled by government agencies or monopolistic cooperatives, and the government discourages the private ownership of vehicles through burdensome taxes.[35] As a result, Israel has fewer motor vehicles per capita than either Spain or Greece.[36]

-- Communications systems are controlled by the government. There are no privately owned telephone companies or broadcasting companies, and the government keeps politically controversial material off the air.

-- The government controls elementary and high-school education. As a result of deals, two Orthodox Jewish political parties operate separate educational systems that are subsidized by the taxpayers of Israel and the United States (whose Constitution, ironically, prohibits government subsidies for religious schools).

### **The Consequences of Israel's Bloated Welfare System**

The welfare system has been disastrous for the Israeli economy. As a 1988 study noted, "Israel suffers from a socialist drag: growth rates are lower than they would be if the economy were organized along capitalist lines." [37] Israel's inflation rate is running between 50 percent and 100 percent, its rate of economic growth is less than 2 percent, and its real per capita income is falling. The socialist system has bred a huge bureaucracy, enormous domestic spending, and low productivity (in 1983 the productivity of the average Israeli worker was \$18,800, compared with \$32,500 for the average American worker). [38] Israel's labor costs are the highest in the West.

Thus, despite its human resources, Israel cannot compete in international markets or raise the standard of living of the average citizen. As the study pointed out, Israel's standard of living has failed to increase for more than a decade, whereas the standards of living of several Asian nations that started their post-World War II development at lower levels of income and output have increased. [39]

### **U.S. Subsidies to Israel**

Although several of the factors that have enabled Israel to maintain such a counterproductive and anachronistic economic system are internal, one of the major factors is external--aid from the United States. [40] That aid has also harmed the long-term security interests of both Jerusalem and Washington.

Since 1976 Israel has received more U.S. aid than any other country, annually and cumulatively. [41] From 1949 through 1965 America's aid to Israel, over 95 percent of which was economic development assistance and food aid, averaged about \$63 million a year. A modest military loan program began in 1959. From 1971 to the present U.S. aid to Israel, 66 percent of which has been military assistance, has averaged over \$2 billion a year. In fiscal year 1989 U.S. aid to Israel came to \$3 billion.

U.S. aid allows Israel's leaders to avoid the political and economic costs of clinging to the occupied territories and refrain from making decisions that might lead to an Israeli-Palestinian peace agreement. It also allows them to avoid the costs of perpetuating a welfare system. Moreover, U.S. aid, more than any other factor, helps to secure the power of the existing political elite.

### **Ending an Ill-Advised Subsidy Program**

In addition to diplomatic and national-security messages, Washington should send Israel a clear economic message: that the United States has neither the desire nor the resources to bankroll a Middle Eastern version of Poland. Gradually reducing aid to Israel would help it to phase out its socialist economy and realize its potential as a major commercial power governed by the principles of free enterprise. Israel might well become a vigorous trading partner of the United States instead of a drain on its resources.

The establishment of the United States-Israel Free Trade Area in September 1985 was a step in the right direction. However, Joseph Pelzman suggested that the value of the FTA is primarily political; it demonstrates America's "special relationship" with Israel but does not force Israel to liberalize its economy. [42] According to Pelzman, Israel will realize major economic benefits from the FTA only "if and when the Israeli private sector is allowed to flourish." [43]

Those who would like to see Israel turn from a beggar to a business success story should encourage Washington to curtail its subsidies to Jerusalem. That might be the most effective signal that the United States wants to see Israel join the club of advanced industrialized nations.

### **Toward a Lower U.S. Profile in the Middle East**

The fourth question that Washington should consider is whether it ought to keep making such strenuous diplomatic and military efforts to control events in the Middle Eastern theater. Given the winding down of the cold war, the Soviet Union's withdrawal from certain areas of conflict in the Third World, and the dramatic drop in world oil prices, which has reduced America's dependence on Middle Eastern oil, it may be that the United States can afford to be less antagonistic toward Soviet and West European efforts to participate in, or even lead, the Israeli-Palestinian peace process.

## **The Cold War and U.S. Intervention**

Few analysts would deny that concern over Soviet expansionism in the Middle East was one of the main reasons for Washington's involvement in the region after 1945. The United States had replaced both Britain and France as the chief Western power defending the free world's Middle Eastern interests and assets; U.S. policymakers hoped that an orderly decolonization would ultimately induce Middle Eastern states to remain in the Western camp.[44]

The most explicit enunciation of that strategy was the 1957 Eisenhower Doctrine, which emerged after the Suez crisis. Having suggested that the power vacuum in the Middle East was likely to be filled by the Soviets unless their infiltration was prevented, the Eisenhower Doctrine offered economic and military support to Middle Eastern states threatened by "international communism." That approach has remained largely intact under both Democratic and Republican administrations.

Historians still debate whether U.S. policymakers could have avoided making such a major commitment. However, it is misleading to examine that commitment in isolation from the development of America's containment policy and its world-wide network of security guarantees.

During the cold war America's performance in the Middle East was no better or worse than its performance in Latin America or Africa; there were diplomatic and military failures (in its relations with Egypt under Nasser, for example) and successes (in its relations with Egypt under Sadat, for example). Washington was able to keep Middle Eastern oil flowing into the industrialized West and limit the Soviet Union's sphere of influence.

However, it is possible that even without America's massive commitments to its clients in the Middle East, the oil-producing states would have continued to sell their product to the West. (What else could they have done with it?) Moreover, even assuming that the Soviets were striving to dominate the Middle East (a questionable assumption), regional and domestic constraints would probably have prevented them from achieving that goal.

## **The Limits of Intervention**

Both the United States and the Soviet Union have discovered that it is impossible for an outside actor to impose its agenda on the Middle East. Indeed, they have found that the safest policy for an outside actor is to refrain from trying to exclude its rivals. The exclusion of Cairo from the negotiation of John Foster Dulles's pro-Western "Baghdad treaty" resulted in an Egyptian-Czech arms agreement and the development of a major Soviet presence in the Middle East. The Eisenhower Doctrine subsequently failed to impose a Pax Americana on the region.

Likewise, the Soviets realized immediate gains from their 1955 arms agreement with Egypt because it reflected major Egyptian and regional interests. But they did not succeed in using Egypt as the vanguard of a more assertive policy later because their interests did not jibe with those of Egypt's leaders.

Perhaps the best illustration of the constraints on an outside power is the U.S.-brokered Egyptian-Israeli peace treaty of 1979. U.S. policymakers initially regarded Washington's role as a diplomatic victory, but it proved to be costly in both financial and diplomatic terms. Washington began to claim exclusive sponsorship of the negotiations without having enough control over Egypt and Israel to make the claim stick, thus ensuring that although the initiative would remain largely with the regional parties, the responsibility for any failure would be borne largely by the United States.

As the Palestinians, the Israelis, and their American supporters propose that Washington again assume such an activist role, U.S. policymakers should recall that Washington's attempts to dominate the politics of the Middle East, exclude Moscow and its clients, and manipulate regional actors have tended to backfire. However, better results have ensued when Washington has adopted a less grandiose approach and taken the interests of the Soviets and the regional actors into account, an example being Kissinger's "shuttle diplomacy" immediately after the 1973 Arab-Israeli war. Such lessons should be heeded before Washington is drawn into yet another round of intervention.

## **Western Europe's Irresponsibility**

There is also a certain irony in America's vigorous efforts to defend and advance the free world's interests in the

Middle East. Whereas the United States has incurred huge risks and costs, its Western European allies, which have greater proximity to the Middle East and are more dependent on the region's oil, have been unwilling to do so. By adopting the "free rider" approach, they have encouraged America to undertake extensive military and diplomatic commitments. They have then made a very limited contribution to the effort (as in Lebanon and the Persian Gulf) or distanced themselves from it so as not to jeopardize their alliances with regional actors (as during the 1973 Arab-Israeli war, the 1977-79 Egyptian-Israeli peace negotiations, and the 1986 U.S. attack on Libya).

Some might argue that bearing a disproportionate share of the risks and costs of defending and advancing Western interests in the Middle East is another price the United States must pay for retaining its status as a hegemonic power and ensuring the cohesiveness of the Western alliance. Nevertheless, as those risks and costs become more apparent (as they did in the case of the Persian Gulf), members of Congress are increasingly demanding that the allies begin to shoulder more of the burden.

### **Clients and the Dangers They Pose**

U.S. and Soviet policymakers are beginning to realize that contrary to the conventional wisdom, client states are not obedient puppets. Indeed, clients have often compelled the superpowers to alter their policies. In Cuba's initial African intervention and Israel's 1982 invasion of Beirut, for example, clients clearly exceeded the limits that their powerful patrons had imposed on them and eventually drew those superpowers into far more costly involvements. Washington and Moscow should be especially careful to keep the "tail wagging the dog" scenario out of the volatile Arab-Israeli theater, where they have clients whose interests do not necessarily correspond to theirs.

### **The Dangers of a Superpower Condominium**

A proposal that attempts to resolve the dilemma is the creation of a Soviet-American "condominium" that would try to impose a settlement. An international conference would be the mechanism through which such a settlement was achieved.

It is an unrealistic proposal. With so many actors involved (the permanent members of the UN Security Council, the Arab states, the PLO, and Israel), the two superpowers would be less likely to control the negotiations than to fall victim to the expectations of the Arabs and the Israelis. Because the proceedings would be highly visible, the pressure on Washington and Moscow would be exacerbated by criticism from the media and the public.

A Yalta-type division of the Middle East between the superpowers--a variation of the condominium approach--is an even more unrealistic proposal. Intense opposition from all the regional actors would doom such a cynical scheme. Nor would still another variation of the condominium approach be viable--the proposal that the United States continue to manage the peace process but assign the Soviets a pseudo- role: official cosponsorship of an international conference. After the ceremonies and the cocktail parties were over, the United States would be the only active mediator.

None of those approaches would avoid the fundamental pitfall of America's activism in the Middle East: it creates expectations that cannot be fulfilled. When such expectations are thwarted, regional actors sabotage the negotiations and blame Washington for the diplomatic stalemate--or, even worse, the outbreak of military hostilities--that ensues. The turmoil invariably leads to further futile American proposals, and a vicious cycle begins.

### **Tolerating a New Soviet Role**

In view of the improvement in U.S.-Soviet relations, it may be time for the United States to take a bold step: allowing the Soviets--and the West Europeans, for a change--to formulate Middle Eastern peace plans. Contrary to the conventional wisdom, such a move would probably benefit the United States and its clients more than either continuing to manage the negotiations unilaterally or doing so in conjunction with the Soviet Union.

Moscow is clearly interested in playing a more active role--and a constructive rather than destabilizing role--in its own back yard. Its steps in that direction include pressing the Syrians to moderate their position on Israel and, of course, persuading the PLO, its ally, to begin a dialogue with first Washington and then Jerusalem.[45]

But the most dramatic example of the Soviet Union's new approach is the 10-day, five-nation tour of the Middle East that Eduard Shevardnadze began on February 17, 1989.[46] Shevardnadze was the first Soviet foreign minister to visit the region in 15 years, the first to visit Iran in 70 years, and the first to visit Jordan ever. Indeed, for a few days Moscow appeared to have replaced Washington in the role of "honest broker." Israeli foreign minister Moshe Arens rushed to Cairo for a meeting with his Soviet counterpart, which was followed by a meeting between Shevardnadze and Arafat.

Besides involving itself in the Arab-Israeli peace process, Moscow has made efforts to improve Soviet-Israeli relations (which have included establishing consular ties between the two countries and permitting Poland and Hungary to establish diplomatic relations with Israel). One purpose of those moves is apparently to lower tensions in the Middle East so that the superpowers will not be drawn into a conflict that might threaten Moscow's detente with Washington. As Shevardnadze noted in a communique that he signed during his visit to Damascus, if a peaceful, political, and all-embracing solution to the Arab-Israeli conflict is not found, "the development of events in the region may spiral, becoming twisted by the logic of military confrontations. The region is threatened by an arms race which, sooner or later, may grow into a nuclear catastrophe." [47]

In addition, financial woes may soon force Moscow to reduce its economic and military support to Syria and other countries. Moreover, an outbreak of hostilities between Israel and a Soviet client would make it necessary for Moscow to divert enormous resources to the Middle East, which would be another major impediment to Mikhail Gorbachev's efforts to reform the Soviet economy.

Moscow also fears that the growing influence of Islamic fundamentalists in the Middle East will exacerbate the politicization of Moslems in the Soviet Union. Islam emerged as a political force there during the recent confrontations between the Armenians and the Azerbaijanis. It was reported that some of the demonstrators in Baku, the capital of Azerbaijan, carried portraits of Ayatollah Khomeini. Although the prediction that Moscow and Israel (perhaps together with India) will eventually form an alliance to counter the influence of radical Moslems in the Middle East and central Asia seems a little far-fetched, the Soviets may well believe that removing the Israeli-Palestinian conflict as a source of Middle Eastern tensions could weaken that influence.

Finally, Gorbachev's foreign policy advisers, some of whom have served in Western diplomatic posts, have apparently persuaded him that improving Israeli-Soviet relations would reduce American opposition to improving U.S.-Soviet relations, particularly that of the pro-Israeli lobby. That move, along with permitting an unlimited number of Soviet Jews to emigrate, is probably a prerequisite for a congressional waiver of the 1974 Jackson-Vanik amendment, which denies the Soviet Union most-favored-nation trade status.[48]

Israel could clearly benefit from improving its relationship with the Soviet Union. Doing so would lessen its political and military dependence on Washington and allow it to gain diplomatic access to Syria and other Soviet clients. However, both major Israeli political parties are used to Israel's role as an anti-Soviet strategic asset to the United States. There will be little incentive for them to pursue the benefits of better relations with Moscow as long as they are likely to incur heavy costs in the form of territorial concessions to Syria and the Palestinians. Yet one of those benefits is the opportunity to expand their options. And without Soviet participation in the peace process, the already-limited chances for an Israeli-Palestinian agreement will be nil.

Washington should help Jerusalem resolve that dilemma by indicating that the United States has neither the resources nor, given the ebbing of the cold war, the will to sustain Israel in the role of a strategic asset. Equally important, the United States should begin to lower its Middle Eastern profile and allow the Soviets (as well as the West Europeans) to raise theirs.[49] That is another element of a policy of constructive disengagement.

Even if the Soviets succeeded in brokering an interim or final agreement among the Israelis, the Palestinians, and the Syrians, significant U.S. interests would not necessarily be damaged. On the other hand, the United States would have avoided being the guarantor of a settlement and all the attendant dangers of that role. Moreover, the new Palestinian state, the pro-Western Arab states, and certainly Israel would be unlikely to join the Soviet camp as a result of a successful Soviet peace initiative. They realize that it would nevertheless be the United States, not the Soviet Union, that could help them expand their economies--and doing so would acquire the highest priority.

It is instructive to recall that the Soviets successfully mediated a conflict between Pakistan and India, which signed a peace agreement in the Soviet city of Tashkent in 1965. That agreement did not hurt American interests in any way. Neither Pakistan nor India fell into the Soviet Union's sphere of influence; they continued to pursue their regional and global policy goals. There is nothing to suggest that a similar scenario would not take place in the Middle East.

In the event that Moscow failed to produce an Arab- Israeli peace agreement (a more likely outcome), its prestige in the Middle East would decline, which, of course, would benefit Washington. Moreover, the United States could offset any adverse effects of such a Soviet effort by encouraging the West Europeans to become more active in the region.

### Encouraging a Larger West European Role

Since the 1973 Arab-Israeli war and the oil embargo that followed, the members of the European Economic Community have been careful to distance themselves from American initiatives in the Middle East so as to avoid antagonizing the Arab oil-producing states. They have generally criticized those initiatives and created a semblance of meaningful activity of their own in the form of missions to the Middle East. They have also made alternative proposals, which have often constituted irresponsible posturing in light of their failure to acknowledge that the United States, not Western Europe, would be expected to invest the energy and resources required to implement such plans.

For example, in 1980, the year after the U.S.-sponsored Egyptian-Israeli peace treaty, the EEC adopted a proposal known as the Venice declaration--despite American, Israeli, and even Egyptian opposition--as a means of currying favor with the Saudis.[50] The declaration ignored the Camp David peace process, sought to dictate the outcome of its proposed negotiations among the parties to the conflict, and failed to cite incentives for them to support a European mediatory role.

However, when it appeared that the United States was adopting a more detached approach toward the Arab-Israeli conflict, the European states began to take a more responsible and constructive approach. At a meeting in Brussels on February 23, 1987, the EEC adopted a proposal that had more practical elements and was seriously considered by both sides, unlike the Venice declaration. At the beginning of May 1987 Belgian foreign minister Leon Tindemans, who was president of the European Council of Ministers, visited the Middle East and, on the basis of the Brussels statement, was able to conduct a series of productive meetings with Middle Eastern leaders.[51]

Although the EEC backed away from its Brussels statement at the end of May 1987, largely because of its impasse with Israel over an international conference, that initiative, along with recent Soviet moves in the Middle East, illustrates an interesting phenomenon that the Venice declaration does not: When the United States takes a low-key approach toward the Arab-Israeli conflict, both Moscow and the EEC tend to take a pragmatic approach. No less important, the regional actors tend to become interested in jumping onto the bandwagon and embracing the proposed alternatives. Conversely, a high-profile U.S. approach that excludes the Soviets and the Europeans tends to elicit "spoiler" initiatives--especially from the latter.

As Europe moves toward political and economic integration, the United States should encourage the EEC, an embryonic superpower, to become more actively involved in the Middle East. The Levant, after all, is on the periphery of Western Europe, if not an adjunct to the Mediterranean part of Europe, and such EEC members as France, Britain, and West Germany have close cultural and historical ties to both the Arabs and the Israelis--closer than those of the United States. France and Britain, in fact, had a major impact on the development of the Arab-Israeli conflict.

As part of a peace settlement, Israel, Jordan, and a Palestinian state (and later even Syria and a reconstructed Lebanon) could conceivably become associate members of the EEC. In view of that possibility, the EEC should intensify its economic involvement in the Middle East. It has already guaranteed that the products of the West Bank and Gaza will receive preferential access to its markets, and Britain, France, Italy, and West Germany have committed themselves to assisting various development projects there. Thus, the EEC may help to strengthen the economy of the occupied territories while encouraging the Israelis, the Jordanians, and the Palestinians to cooperate with one another.

After World War II Britain and France, because of their military and economic weakness, passed the torch of pursuing Western interests in the Middle East to the United States. It may be time for America to pass that torch to the emerging Europe. Moreover, a European, or a joint Soviet- European, effort to deal with the political and economic

problems of the Middle East would make more sense than a U.S. effort. The Middle East is more relevant to the interests of the EEC and the Soviet Union than it is to the interests of the United States.

### **Conclusion: The Perils of U.S. Intervention in the Middle East**

Israel's current role in Washington's strategic calculations seems to resemble Cuba's role in Moscow's new thinking. Moreover, like Cuba, Israel seems to be resistant to its superpower patron's friendly suggestions that it reform its economy and reformulate its foreign policy. Unable to adjust to changes in the international political and economic arenas, Israel is still positioning itself as an anti-Soviet bastion in the Middle East even though the cold war is ending.

However, Israel has an alternative: withdrawing from the West Bank and Gaza, either unilaterally or as part of an agreement with the PLO and Jordan (while retaining a few outposts along the Jordan River and perhaps in certain strategic areas of the West Bank). That move would allow Israel to reconstruct its military and its economy, develop a national political consensus, strengthen its relationship with its Western allies, including the United States, and forge new diplomatic ties in the communist bloc and the Third World. Most important, it would enable Israel to retain its democratic character and moral standing.

Israel's leadership is divided, however, and no faction can muster a consensus for such a controversial move. But by perpetuating the status quo, Israel would risk political suicide. Continuing to occupy the territories would erode Israel's democratic institutions, intensify the civil war between the Arab and Jewish communities, and reduce Western support.

Unfortunately, the United States is following an equally futile route in the Middle East. By pursuing a policy of diplomatic and military intervention, attempting to resolve one of the most complex conflicts of this century unilaterally, embracing the concept of Israel as a strategic asset, and bankrolling Israel's socialist economy, the United States is not increasing the prospects for peace in the region. Instead, it is hurting both Israel's long-term interests and its own.

By adopting a more disengaged policy, encouraging the West Europeans and the Soviets to play more active roles, and cutting the financial Gordian knot that ties it to Israel, Washington could encourage Jerusalem to face harsh diplomatic and military realities. Israel might then take a path that would lead it to peace and prosperity.

Unfortunately, Washington is in danger of being dragged into another round of Middle Eastern hyperactivism; the Israeli government and the PLO are pulling it in different but equally improbable directions. The assumption that U.S. intervention would advance American, as well as Israeli or Arab, interests is rarely questioned. Any attempt to change the rules of the game is immediately put into the "pro- Israeli" or "pro-Arab" category and is explained or evaluated in the light of cold war premises, as if those were the only ones that applied to American moves.

There is no doubt that the West's legacy of anti- Semitism, especially the Holocaust, makes it difficult to discuss Middle Eastern issues dispassionately, just as America's legacy of racism affects the tone of the debate over U.S. policy toward South Africa. However, even those-- or particularly those--who deeply hope for the survival and success of the third Jewish commonwealth should welcome a healthy, if poignant, debate on the issues posed by America's relationship with Israel.

What is needed is an epistemological change, or, to use Thomas Kuhn's terminology, a paradigmatic change, in America's approach to Israel and the Arab-Israeli conflict. Occasionally changes in foreign policy paradigms are the result of a civilized debate and reevaluation. More often, however, they occur after such dramatic developments as insurrections and wars, in which case there are high or even deadly costs for all concerned. Washington should seize the opportunity to change America's Middle Eastern policy to constructive disengagement while there is still time to avoid calamity.

### **Footnotes**

[1] For an example of that line of thinking, see Brookings Study Group on Arab-Israeli Peace, *Toward Arab-Israeli Peace* (Washington: Brookings Institution, 1988). The authors include prominent pro-Israeli and pro-Arab figures.

[2] See Norman Podhoretz, "Israel: A Lamentation from the Future," *Commentary*, March 1989, p. 15. Podhoretz predicts the destruction of the state of Israel and blames American liberals (including liberal American Jews) for such a development.

[3] There are several studies on the Israeli and Arab lobbies in Washington. For contrasting interpretations, see Paul Findley, *They Dare to Speak Out: People and Institutions Confront Israel's Lobby* (Westport, Conn.: Lawrence Hill, 1985); and Steven Emerson, *The American House of Saud: The Secret Petrodollar Connection* (New York: Franklin Watts, 1985). See also I. L. Kenen, *Israel's Defense Line: Her Friends and Foes in Washington* (Buffalo: Prometheus, 1981), a memoir by the founder of the American Israel Public Affairs Committee.

Contrary to the common wisdom, the struggle between the pro-Israeli lobby and the pro-Arab lobby has not been a zero-sum game. Like the social security and national security lobbies, which agree that the U.S. budget should be increased but disagree over how it should be divided, Arabists in the State Department and members of Congress with heavily Jewish constituencies have advocated increasing America's involvement in the Middle East even though they have frequently disagreed over who the beneficiaries of U.S. support should be and what form such support should take.

[4] For a study sympathetic to the Israeli government's views, see Nadav Safran, *Israel: The Embattled Ally* (Cambridge: Harvard University Press, Belknap Press, 1978). For a study sympathetic to the views of the Arab states, see Cheryl A. Rubenberg, *Israel and the American National Interest* (Urbana: University of Illinois Press, 1986). See also Gregory S. Mahler, *Bibliography on Israeli Politics* (Boulder: Westview, 1985).

[5] Amnon Sela, paper presented at the annual meeting of the Association of Israel Studies (University of Maryland, College Park, June 5, 1989).

[6] See Steven L. Spiegel, "The Perils of a Palestinian State," *New Republic*, April 10, 1989, p. 15. Spiegel's article is very pessimistic about the consequences of a Palestinian state. For an optimistic approach, see Mark Heller, *A Palestinian State: The Implications for Israel* (Cambridge: Harvard University Press, 1983).

[7] See Ze'ev Schiff and Ehud Ya'ari, *Milchemet Sholal* (Tel Aviv: Schocken, 1984), pp. 77-92.

[8] See Samuel Segev, *The Iranian Triangale* (New York: Free Press, 1988).

[9] Nechemia Shtresler, "Ze Rak Yom Huledet," *Ha'aretz*, May 12, 1989, p. B1.

[10] L. Carl Brown, *International Politics and the Middle East: Old Rules. Dangerous Game* (Princeton: Princeton University Press, 1984), p. 16.

[11] For a comprehensive analysis of the intifada, see Ellen Laipson, "Palestinian Disturbances in the Gaza Strip and the West Bank: Policy Issues and Chronology," CRS Report for Congress no. 88-114F (Congressional Research Service, Washington, February 2, 1988).

[12] See Robert S. Kirk, "Israeli-Palestinian Conflict: Bibliography-in-Brief, 1982-1988," CRS Report for Congress no. 88-251L (Congressional Research Service, Washington, March 1988).

[13] One of the best studies of Zionism is Walter Laqueur, *A History of Zionism* (New York: Holt, Rinehart & Winston, 1972). For a short historical analysis of Pan-Arabism, see Alan Taylor, *The Arab Balance of Power* (Syracuse: Syracuse University Press, 1982).

[14] See Institute for East-West Security Studies, Middle East Team, "Life after Peace," *Dialogue* (Winter 1983).

[15] See Peter Grose, *Israel in the Mind of America* (New York: Alfred A. Knopf, 1983).

[16] Paul Johnson, *Modern Times: The World from the Twenties to the Eighties* (New York: Harper & Row, 1983), p. 485.

[17] Safran, pp. 571-79.

[18] See Israel Beer, *Israel's Security: Yesterday, Today. Tomorrow* (in Hebrew) (Tel Aviv: Amikam, 1966). Beer's book argues that Israeli leaders decided to form an alliance with the West during the late 1940s, thereby missing an opportunity to adopt a nonaligned policy.

[19] See Donald Neff, *Warrior at Suez: Eisenhower Takes America into the Middle East* (New York: Simon & Schuster, 1981); and Michael Bar-Zohar, *Bridge over the Mediterranean* (in Hebrew) (Tel Aviv: Am Hasefer, 1964).

Under Eisenhower, America made it clear that there were limits to the U.S.-Israeli relationship. As a result, Israel sought help from those remnants of imperialism, Britain and France, and began to develop an atomic military capability. Although Israelis criticize Eisenhower's decision to pressure Israel into withdrawing from Sinai and the Gaza Strip in 1956, that retreat helped Israel in the long run. Instead of getting embroiled in policing refugee camps and being subjected to international condemnation and isolation, Israel was able to devote its resources to economic and social development and forge friendships in Europe and Africa.

[20] See Mitchell G. Bard, "The Turning Point in United States Relations with Israel: The 1968 Sale of Phantom Jets," *Middle East Review* (Summer 1988): 50-58.

[21] See Milton Viorst, *Sands of Sorrow: Israel's Journey from Independence* (New York: Harper & Row, 1987), pp. 174-215; and Gil Carl Alroy, *The Kissinger Experience: American Policy in the Middle East* (New York: Horizon, 1975).

[22] Safran, pp. 571-77.

[23] See, for example, *Opinion Outlook*, *National Journal*, June 5, 1989, p. 1138; "Americans Polled Urge Israeli-PLO Talks," *Washington Post*, April 7, 1989; and "52 Percent View Israel Unfavorably," *Washington Post*, February 21, 1989.

[24] Roli Rosen, "The Age of the Conventional War Has Ended; The Battlefield of the Future Is the Intifada" (in Hebrew), *Ha'aretz*, May 12, 1989, pp. 7-11.

[25] Ithiel de Sola Pool, "How Powerful Is Business?" in *Does Big Business Rule America?* ed. R. Hessen (Washington: Public Policy Center, 1982), p. 24.

[26] Report of the Annual Conference of the Israeli Sociology Study Association (in Hebrew) (Jerusalem: ISSA, February 13, 1985).

[27] Shraga Mekel, *Ma'ariv*, June 3, 1986.

[28] Shlomo Maoz, *Ha'aretz*, November 18, 1984.

[29] Ezra Sohar, *Sodom or Helem?* (in Hebrew) (Tel Aviv: Dvir, 1987), p. 321.

[30] *Ibid.*, p. 26.

[31] Yitzhak Dish, *Ma'ariv*, January 27, 1987; and Ari Lavi, *Ha'aretz*, July 7, 1986.

[32] Israel Straus, *Ma'ariv*, April 23, 1987.

[33] Quoted in *Ma'ariv*, April 4, 1986.

[34] Sohar, p. 122.

[35] Yifat Nevo, *Ha'aretz*, March 26, 1986.

[36] Beni Barak, Yediot Achronot, September 17, 1982.

[37] Alvin Rabushka et al., Toward Growth: A Blueprint for Economic Rebirth in Israel (Jerusalem: Institute for Advanced Strategic and Political Studies, December 6, 1988), cited in Warren Brookes, "Israel's Other Enemy: Its Own Socialism," Washington Times, December 434 82 yn121, 1988.

[38] Ehud Sarig, Ha'aretz, September 9, 1984.

[39] Brookes.

[40] The arrangement that has helped to make it possible for Israel to perpetuate an unviable economic system at America's expense was almost formalized in the early 1920s, when the Zionist leaders of what was then Palestine were already making it clear that its economic institutions probably would never be profitable and would always need support from outside sources. Some American Zionist leaders were not willing to accept that idea, and one of them, the prominent jurist Louis Brandeis, asserted that the Jewish pioneers in Palestine should "develop a system that will allow them to earn their living. . . . This should not be done with subsidies." Brandeis also argued that the economic system should be "depoliticized" because "without economic democracy the political freedoms might be endangered." See Zionism: An Anthology of the History of the Zionist Movement and the Jewish Population in Israel (in Hebrew) (Tel Aviv: University of Tel Aviv Press, 1981), pp. 97-145.

Brandeis and his allies lost the battle. Palestine, and later Israel, became literally a welfare state. Initially most of the financial support for the socialist experiments in Israel came from the Jewish community; later American taxpayers took up that burden.

[41] Clyde R. Mark, "Israel: U.S. Foreign Assistance Facts," CRS Issue Brief no. IB85066 (Congressional Research Service, Washington, May 12, 1989), p. 4.

[42] Joseph Pelzman, "Sweetheart Deal: The U.S.-Israel FTA Is Not a Model. It Was Mostly Geopolitical," International Economy (March/April 1989): 53-56. For statistical data on the Free Trade Area, see Vladimir N. Pregelj, "United States-Israel Free Trade Area," CRS Issue Brief no. IB88117 (Congressional Research Service, Washington, February 11, 1985).

[43] Pelzman, p. 54.

[44] Brown, p. 171.

[45] For an analysis of the Soviet Union's policies toward the Arab-Israeli conflict and the peace process, see Moshe Zak, Israel and the Soviet Union: A 40-Year Dialogue (in Hebrew) (Tel Aviv: Ma'ariv, 1988).

[46] See Avigdor Haselkorn, "Does Soviet 'New Thinking' Apply in the Mideast?" The World and I, June 1989, pp. 122-29.

[47] Ibid., p. 124.

[48] Allowing all the Jews who want to leave the Soviet Union to do so would also eliminate a source of antiregime activity and enable the Jews who want to remain in the Soviet Union to contribute to its development.

It is important to remember that Moscow's policies toward Middle Eastern states have been pure realpolitik--motivated by nonideological factors. For example, the Soviet Union cultivated relations with Egypt during Nasser's bloody campaign against Egyptian communists. Likewise, the Soviets did not hesitate to encourage Czechoslovakia to send arms to the struggling Jewish state in 1948, when that served their purpose (ejecting the British from the Middle East). And in 1955 they requested that Prague arm Cairo, which they perceived as an anti-Western power.

[49] After the Soviet foreign minister's dramatic and productive round of Middle Eastern diplomacy, Middle East hands in Washington complained that the Soviet Union was upstaging the United States in the region. They also

charged that President Bush lacked a coherent Middle Eastern policy and thus was forced to play into the hands of the Soviets. The pro-Israeli and pro-Arab contingents both urged the Bush administration to do something to prevent the Soviets from taking control of developments in the Middle East. However, those critics failed to explain how the Soviet Union's activities were harming U.S. interests. Nor did they explain why, if the prospect of peace in the region was so dear to them, they did not perceive those activities as constructive efforts to bring the Israelis and the Palestinians together.

[50] See Raymond Cohen, "Twice Bitten? The European Community's 1987 Middle East Initiative," *Middle East Review* (Spring 1988): 33-40.

[51] *Ibid.*, p. 34. Although the Arab world's reaction to the Brussels statement was mostly favorable, Israel's was mixed. The Labor party supported the proposal and the Likud party rejected it, chiefly because it called for an international conference.