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26 May 1977

MEMORANDUM

SUBJECT : Nonmilitary Compensation for an
Israeli Territorial Withdrawal

1. Any comprehensive settlement of the Arab-Israeli conflict will involve the withdrawal of Israeli military forces to positions near the 1967 borders, and likely will leave the Israelis in a less advantageous military position than they now enjoy. Israel's loss of military advantage can be minimized by a combination of reciprocal, nonterritorial military concessions by the Arabs -- demilitarized areas, limited forces zones, forward monitoring sites, third-party reconnaissance -- but these alone will not give Israeli leaders the confidence they now lack that the Arabs have peaceful intentions for the long term. The confidence of Israeli leaders will be strengthened, or at least the impact of their lack of confidence minimized, when leaders of the principal Arab states provide the nonterritorial, nonmilitary compensations the Israelis consider necessary for the normalization of relations and "real peace."

2. The nonmilitary concessions that the Israelis presently demand as compensation for their withdrawal to the 1967 lines will have to be provided, at a minimum, by the leaders of Egypt, Syria, and Jordan. Assuming the Arabs persist in their demand that a final settlement include the establishment of an autonomous Palestinian entity -- as they are virtually certain to do -- concessions will be required of Palestinian leaders as well. The US and perhaps the USSR will also be required to make a variety of commitments; these probably would provide for direct support of Israel and guarantees that commitments made by the Arabs would be honored.

3. Unfortunately, the Arab states most willing to make the political, economic, cultural, and humanitarian concessions demanded by Israel are the states from which such concessions are least needed. Jordan, for example, has without fanfare already made many such concessions out of self-interest, and would be willing to normalize its relations with Israel still further were it not for the need to coordinate Jordan's policies with those of the other Arab confrontation states. Egypt is much more reluctant to make these concessions than Jordan, but President Sadat has expressed willingness to move over

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time toward substantial normalization. Syrian leaders, by contrast, have so far offered no indication that they are willing to cede anything more than an end of belligerency. The Palestinians, even leaders of the PLO, are a special case: they have the deepest grievance against Israel, but because they have the most to gain from any settlement that goes beyond territorial questions, they may be less intractable than the Syrians. Even more than the other Arab states, however, the Palestinians are prohibited by political necessity from moving ahead of Syria in making concessions to Israel.

4. Much of Israel's skepticism about the possibilities for real peace stems from Israeli awareness of and sensitivity to these differences among the Arabs. The Israelis feel that they most need nonmilitary assurances from the Syrians, both because Israel has had the greatest difficulty in negotiating with Syria in the past, and because the strategic risks to Israel are greatest on the Golan front. Nonmilitary concessions are slightly less critical with Egypt, where geographic distances are greater and mutual suspicions marginally less. Between Jordan and Israel there already exists a history of limited common interest and behind-the-scenes negotiating; so long as the Hashemite monarchy lasts, normalization with Jordan will be relatively easy to negotiate as part of a general settlement.

Political Concessions

5. The most important and difficult nonmilitary concessions Israel will demand of the Arabs will be those leading to normal political and diplomatic relations. Some such concessions are relatively easy, and have in part been included in the second disengagement agreement between Israel and Egypt. These include a halt to anti-Israeli propaganda by the Arabs and an end to Arab efforts to dissuade third party governments from establishing normal diplomatic relations with Israel. The conviction of Israeli leaders that Egypt has only inadequately honored existing commitments, however, will pose a major impediment to future negotiations.

6. Likely future concessions that the Israelis might be offered by the Arabs would include commitments to end efforts to have Israel expelled from various international organizations, and an end to efforts to equate Zionism with racism in the United Nations. Concessions not likely to be offered by the Arabs but certain to be demanded by Israel would include additional resettlement of the Suez Canal and particularly Golan Heights areas -- including Quanytirah -- by civilians, and the establishment of normal diplomatic relations. The Israelis might be offered, and probably would consider sufficient, a progression over considerable time from direct talks in third countries to the opening of interest sections, to the establishment of full diplomatic relations.

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7. As part of any settlement that established an autonomous Palestinian entity on the West Bank or attempted otherwise to deal with the fundamentals of the Palestinian problem, the Israelis might be offered nonmilitary concessions or guarantees that tied a Palestinian government to Amman and/or Tel Aviv, limited the proportion of PLO leaders in the government of a new state, restricted the timing, conditions, and numbers of persons involved in refugee movements, and allowed Israel to compensate most refugees financially while allowing only a token number to return to Israel proper.

8. An additional, essentially political, concession of great value that is included in the existing disengagement agreements is the prohibition of terrorist attacks against Israel from the Arab states. Although the Arab confrontation states have generally good recent records in preventing such actions, the Israelis probably would demand more explicit provisions in a new accord, perhaps to include Arab commitments to punish or expel perpetrators of terrorist incidents in third countries.

Cultural and Humanitarian Concessions

9. There are a number of concessions involving cultural and humanitarian issues that the Arabs could make to Israel to demonstrate good faith even before the central political and security problems have been solved. Existing procedures for the movement of persons between Israel and its Arab neighbors, for example, could be made simpler and more widely available. Initially, crossing points could be opened to third country academics, journalists, businessmen, diplomats, and tourists. In time these privileges could be provided private Israelis and Arabs; later still they could become the basis of low key official contacts and exchanges.

10. One area of special importance to Israeli leaders is the treatment of Jewish minorities in the Arab countries, particularly Syria. Arab leaders would be credited by the Israelis with having made a major concession if all were to allow family visits between Israel and the Arab states, equal treatment of Jewish minorities, and freedom to travel abroad and to emigrate.

11. The ultimate concession the Arabs could make to win an Israeli withdrawal to the 1967 borders would be on the status of Jerusalem. Although it is unlikely that either side in the foreseeable future will modify its stated intention to control East Jerusalem, a declared Arab willingness as part of a wider settlement to negotiate the status of holy places and accept financial compensation for some disputed land would be a significant factor in influencing the Israelis to accept the military risks of a general settlement.

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Economic Concessions

12. Israel seeks normal trade and economic relations with the Arab world as a demonstration of the Arabs' willingness to live in peace, but also to facilitate an already significant and potentially greater trade in agricultural and manufactured goods, to ensure Israel's supply of oil, and to end the Arab boycott. Together, these Israeli needs provide the Arabs a significant weapon against Israel, and an equally significant concession that can be offered to help persuade Israel to accept a settlement that involves a general Israeli pullback.

13. At the most elementary level, the Arabs might acquiesce in contact with Israel through normal communications and other international administrative instruments: ground, air, and sea traffic, acceptance of third country passports with Israeli visas, copyright and trademark conventions, telex, overflights, etc. A next step might be establishment with Egypt and Syria of a relationship more limited but of a nature similar to that now existing between Israel and Jordan. This could permit mobility of labor and capital at any level mutually agreed. Ultimately, the Arabs might agree to cooperate with Israel in the development of water and mineral resources and transportation networks.

14. The most politically significant economic concessions the Arabs could offer Israel however, would be:

- An end to the Arab primary and secondary boycott of Israel;
- Permission for Israeli ships as well as cargos to use the Suez Canal; and
- Agreement to Israeli purchase of Arab oil

The Arabs will not take the lead in volunteering any of these major concessions, and it will be difficult for the US to elicit them in the near term even if there is evidence of increasing Israeli flexibility. If offered by the Arabs, however, these concessions, even if implemented over time, would strongly influence Israel to accept a comprehensive peace package.

The US Role

15. The nonmilitary benefits Israel will expect to receive in return for a withdrawal to the 1967 lines will have to be provided by the US -- and to a lesser extent by the USSR and the UN -- as well as

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the Arabs. In addition to promises of increased direct support to Israel in a variety of nonmilitary areas, the US will be asked to provide assurances that the Arabs will honor their commitments to Israel, or an understanding that the US will not penalize Israel for failure to respect any agreement disregarded by the Arabs.

16. The specific political commitments Israel would require or welcome from the US might range from a unilateral US declaration of support for a settlement reached by the Israelis and Arabs to a bilateral security treaty. Although Israeli leaders are disinclined to rely on outsiders for security guarantees, they would value and probably require explicit statements of US support for an otherwise acceptable agreement as an additional means of ensuring Arab and Soviet compliance.

17. Israel would expect the US to take the initiative in formulating, monitoring, and controlling UN resolutions and activities related to a settlement. These might include Security Council and General Assembly resolutions requiring all members to respect a settlement, the establishment of procedures for adjudicating disputes arising out of conflicting interpretations of an accord, administration of a referendum on the West Bank, post-settlement control of holy places in Jerusalem, and international guarantees of the demilitarization of the West Bank.

18. In the nonmilitary economic area, the US will be expected to offer Israel still greater budget support and renewed guarantees on the financing and supply of oil as inducements to accept a comprehensive peace package. In addition, the Israelis would value US commitments to oppose more vigorously the Arab boycott, or to assist in enforcing nondiscriminatory trade if the boycott were abandoned as part of a Middle East settlement.

19. Indications that the US might cut back its economic or political support of Israel almost certainly would not move Israeli leaders toward acceptance of a comprehensive peace settlement. Such indications at this time would only increase the Israelis' sense of insecurity and leave them less willing to consider territorial concessions.

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