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# The Arab-Israeli Conflict: Obstacles, Objectives, and Prospects



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An Intelligence Assessment

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July 1988

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# **The Arab-Israeli Conflict: Obstacles, Objectives, and Prospects** [Redacted]

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**An Intelligence Assessment**

This paper was prepared by [Redacted] Near  
East and South Asia Division, with contributions by  
[Redacted] Office of Global Issues, and the  
Office of Leadership Analysis. [Redacted]

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Comments and queries are welcome and may be  
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Division, NESA, [Redacted]

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**The Arab-Israeli Conflict:  
Obstacles, Objectives,  
and Prospects**

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**Key Judgments**

*Information available  
as of 13 June 1988  
was used in this report.*

Prospects are dim for a peace settlement between Israel and either Jordan or Syria over the next several years because of sharp differences both within and between Israel and the Arab world on how to negotiate a settlement and what the terms should be. The nonthreatening nature of the no-war, no-peace situation generally prevailing on the Syrian-Israeli and Jordanian-Israeli borders in recent years has undercut the urgency of formal peace for key states. Nevertheless, violent clashes between Palestinians and Israelis in the West Bank and the Gaza Strip since December 1987 have underscored the volatility of the Palestinian problem and the potential for more serious regional tension if a negotiating process is not established.

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There is a less-than-even chance that Arab-Israeli negotiations will be started within the next two years. Movement on an international peace conference is blocked by the strong opposition of Israel's Likud bloc and the failure of Arabs to agree on operational details, particularly Palestinian representation. At the same time, no Arab leader is likely to repeat Egyptian President Sadat's initiative and hold separate direct negotiations with Israel in the foreseeable future. Syria would move swiftly, aggressively, and probably successfully to scuttle separate negotiations between Israel and Jordan or Arab-Israeli agreements that left the Golan Heights under Israeli control.

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Disagreement over the political and territorial terms of a settlement is sharper than that over the negotiating framework, and the initiation of an international conference or other negotiating processes almost certainly would raise emotions on key issues. No settlement to the conflict would meet the major players' minimum demands, which are mutually exclusive on key points.

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**Requirements for Movement**

Overcoming the intransigence of Israel's Likud bloc and Syria is essential to a serious negotiating process and peace:

- Likud flexibility would require substantially increased domestic Israeli support for the initiation of a peace process, which might result from visits to Israel by Cabinet-level Arab officials or a warming of Israeli relations with Moscow and major Western capitals that made an international conference appear less risky to Israel. Prolonged violence in the territories that caused a sharp increase in Israeli casualties as well as other economic, political, and military costs of Israel's occupation also

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might lead to a surge in domestic support for negotiations, but Likud leaders almost certainly would wait until calm was restored before agreeing to concessions.

- Syria would become more flexible on the terms of negotiations if it were confident Israel was prepared to withdraw from the Golan Heights in exchange for peace with Damascus. Syria would also want a say in the resolution of the Palestinian problem and substantial economic inducements from Moscow, the Gulf Arab states, or the West.

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The Palestine Liberation Organization would tacitly support non-PLO Palestinian representation in peace talks only if a negotiating process supported by the other key players appeared ready to proceed, with or without PLO endorsement. The PLO certainly would not risk being left out of negotiations that had the approval of Likud and Syria and were set to deal comprehensively with the Arab-Israeli conflict. Some analysts believe that the PLO would try to play a spoiler role in a peace process from which it was excluded, possibly even aligning itself with radical states to undermine negotiations. At a minimum, PLO leader Arafat would need to sense an imminent breakthrough in the current stalemate before risking a bold move to resolve the question of Palestinian representation in negotiations.

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Behind-the-scenes diplomacy between Israel and key Arab states—with the United States and other third parties, perhaps including Saudi Arabia and the Soviet Union, acting as intermediaries—offers the best hope for inching the peace effort forward and improving the political environment for negotiations. A halt to Israeli settlement activity, land acquisition, and oppressive security practices in the occupied territories; public statements by Arab leaders recognizing Israel's legitimate security needs; and cultural or educational exchanges between Israel and Jordan also would improve prospects for progress. Even Israeli introduction of limited autonomy in the West Bank and the Gaza Strip—whether unilateral, negotiated, or brokered through intermediaries—would have a salutary impact over time, if such steps included reduced Israeli military and administrative presence in Arab communities.

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An agreement by Israel's Likud bloc, Syria, or the PLO to allow a negotiating process to move forward, however, would not suggest that they were about to moderate their terms for a final settlement. Likud and

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Syrian leaders would be unlikely to compromise on their major objectives under almost any circumstances. Likud would steadfastly oppose a return of major portions of the West Bank to the Arabs, and Syria would insist on complete Israeli withdrawal from the Golan and a Palestinian settlement. Ultimate compromise that might bring about an Arab-Israeli settlement would depend on:

- The ability of Israel's Labor Party to outmaneuver or outvote Likud and gain Knesset support for major territorial concessions, which probably would require a Labor-led National Unity government if not a Labor government.
- A Syrian decision that a negotiated Israeli withdrawal from the Golan Heights and a settlement between Israel and Jordan on the occupied territories would provide Damascus with greater political and economic benefit than the status quo. [redacted]

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A peace settlement would need to be implemented in stages, perhaps over a period of 20 years. A period of 20 years would provide an opportunity to build Israeli and Arab confidence in the terms of an agreement and, at the same time, would allow both sides to reconsider adhering to final commitments should such confidence not develop. A Jerusalem settlement is the most problematic issue and probably could be secured only after the other elements of a deal were agreed on. A political and territorial settlement that had even a slight chance of gaining broad Arab and Israeli acceptance would require concessions from both sides—territorial compromise from Israel and security guarantees from the Arabs—and, probably, at least \$15-20 billion in external aid, coming mostly from Western nations and the Gulf Arab states. [redacted]

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#### **Implications of Stalemate and of Peace**

The continued absence of formal peace is unlikely in itself to seriously damage major US interests in the Middle East over the next several years, but it will complicate US relations with Arab states and fuel Arab criticism of perceived US passivity. Arab criticism of US policy in the Middle East will ebb and flow, depending on Israel's handling of Palestinian unrest in the West Bank and the Gaza Strip as well as the pressure of other crises—notably, the Iran-Iraq war—that might take priority in the region. Stagnation in the peace-seeking process would also lead to periodic tension in US-Israeli relations, particularly at times of serious violence in the occupied territories. [redacted]

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A comprehensive Arab-Israeli peace settlement, on the other hand, would greatly reduce the chance of another Arab-Israeli war and the attendant risk of a US-Soviet confrontation in the Middle East. It also would slow the pace of the arms buildup in the region and remove the major irritant in US relations with moderate and radical Arab states. [Redacted]

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A peace settlement would not be a panacea for regional problems, however, and tension between Israel and its Arab neighbors would be likely to last long after a negotiated end to the conflict. The durability of a realistic settlement would be uncertain even under optimal conditions, as extremist Palestinians and Israelis would work to undermine peace terms, serious internal discord probably would develop between Jordanians and Palestinians, and leadership change in Syria or Jordan would risk an abrogation of peace treaties by successor regimes. In the event a peace treaty collapsed and another Arab-Israeli war erupted, chances for a renegotiated settlement in the foreseeable future would be almost nil. [Redacted]

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**Scope Note**

This paper provides a comprehensive examination of the basic components of the Arab-Israeli conflict, paying particular attention to the major territorial issues, differences among the parties to the conflict, areas of compromise and deadlock, and prospects for movement toward a peace settlement over the next several years. Analysts involved in the drafting of the assessment have discussed the subject with other US Government officials and agencies. In addition, several active and retired US policy-makers closely involved in Arab-Israeli peace-seeking efforts reviewed the paper in draft and provided comments and suggestions. [Redacted]

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Figure 1  
Israel and the Arab World



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## The Arab-Israeli Conflict: Obstacles, Objectives, and Prospects

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From 1948 until 1967 the Arab-Israeli conflict was primarily a struggle over the territory controlled by Israel following the establishment of the Israeli state and subsequent territorial gains made by Israeli forces in the war during the period 1948-49. The June 1967 war transformed the conflict for most Arabs and Israelis into a dispute over the possession and sovereignty of additional territory captured by Israel from Egypt, Syria, and Jordan.

should be initiated and on the terms of a peace settlement. Moreover, differences within their leaderships regarding strategies and objectives make positions on key issues frequently unclear and inconsistent, with maximum demands usually prevailing.

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The Camp David accords of 1978 and the subsequent Egyptian-Israeli peace treaty of 1979 formally ended hostilities between Tel Aviv and Cairo and led to the return of the Sinai Peninsula to Egypt, but it has not stimulated much movement toward similar peace agreements between Israel and other Arab states. The conflict continues to contribute to regional terrorism, friction between the United States and Arab states, and tension between Washington and Moscow. Moreover, although Arab resentment toward Egypt for signing a separate peace agreement with Israel is abating, the Egyptian-Israeli peace treaty is still widely denounced by Arab leaders and is the main impediment to Egypt's resumption of a leadership role in the Arab world.

### Israel

Israel's Government is divided in its policy toward the Arab-Israeli conflict and the peace-seeking process between the Labor Party and the Likud bloc—and their allied parties—reflecting the split on these issues in Israeli society as a whole. Labor and its supporters are willing to make significant territorial compromises in the occupied West Bank and the Gaza Strip in exchange for peaceful relations with Israel's Arab neighbors. The Likud bloc is not prepared to make more than very limited territorial concessions in exchange for peace.

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There is broad agreement between Labor and Likud, however, on three major tenets of Israeli policy toward the occupied territories:

Increased concern about recent violence in the occupied territories and reinvigorated diplomatic efforts, including US activism to start Arab-Israeli peace talks, have led many in the region to believe that actual negotiations, supported by key Middle Eastern states and the superpowers, may be initiated—perhaps within the next year.

- Israel will not withdraw to pre-1967 borders. Even Labor, with its willingness to make significant concessions, believes that adjustments must be made in the earlier borders to protect Israel's security.

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- Israel will not negotiate with the PLO as long as it does not accept UN Resolutions 242 and 338 and refuses to renounce terrorism. Most Israelis view the PLO as a terrorist organization. They also fear that legitimizing the group would open the way to the creation of an extremist Palestinian state.

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### Key Players: Strategies and Objective

The Arab-Israeli conflict is, in large part, a dispute about the sovereignty and final status of four pieces of territory—the West Bank, East Jerusalem, the Gaza Strip, and the Golan Heights—that are occupied by Israel. The four players most directly involved in the conflict—Israel, Syria, Jordan, and the PLO—have sharply differing views on how a negotiating process

- Israel will not give up the eastern portion of Jerusalem.

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There is virtually unanimous support within Israeli society for the retention of political sovereignty and control over a united Jerusalem. Jewish Israelis have a

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Figure 2. Memorial for Israeli war dead at the Wailing Wall in Jerusalem

deep emotional attachment to Jerusalem because of its place in their religious tradition and history, and they strongly oppose sharing sovereignty over the city with the Arabs.

Violent clashes between Palestinians and Israeli security forces in the West Bank and the Gaza Strip in late December 1987 and in early 1988 caught most Israeli officials by surprise, but the disturbances have not prompted Israeli leaders to deviate significantly from their previous thinking on a peace process. Despite the unusual length and intensity of the violence, most Israelis do not believe that the territories have become uncontrollable or that the clashes represent a turning point in the 20-year occupation. Still, there is a growing consensus among Israelis that a negotiating process needs to be established soon to prevent increased bloodshed on both sides:

- Likud and other Israeli hardliners point to Palestinian violence as evidence of the intolerable security threat Israel would face if it were to pull back from the territories. In their view, radical firebrands would seize control of the territories after an Israeli withdrawal.
- For Labor and the supporters of territorial compromise, the violence highlights the demographic time bomb facing Israel if it does not disengage from the territories. Until peace is achieved, however, most

Labor leaders support using tough measures, if necessary, to maintain order in the West Bank and the Gaza Strip.

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In recent years, few Israelis have given serious consideration to territorial concessions on the Golan Heights. Likud members and most Laborites oppose withdrawal from the Golan, believing that its retention is necessary to prevent the kind of Syrian shelling of Israeli towns just below the Heights that was chronic before 1967 and to give Israel an adequate territorial buffer to contain a surprise Syrian attack. Some Laborites would support the exchange of territory for a peace treaty with Damascus. They would probably gain more support if the Israeli public became convinced that Syria was pursuing a settlement seriously.

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**Labor's Strategy.** The "Jordanian Option" has served as Labor's policy toward the political future of the West Bank and the Gaza Strip since the Arab-Israeli war of 1967. This strategy—based on territorial compromise—would resolve the Palestinian problem within the context of a peace agreement with Jordan, which Labor views as the legitimate government for the West Bank Arabs. Such a settlement would be based on the existence of two independent states: Israel and a Jordanian-Palestinian union led by King Hussein. The best known expression of the Labor strategy is the Allon Plan, based on a proposal by former Foreign Minister Yigal Allon in July 1967.

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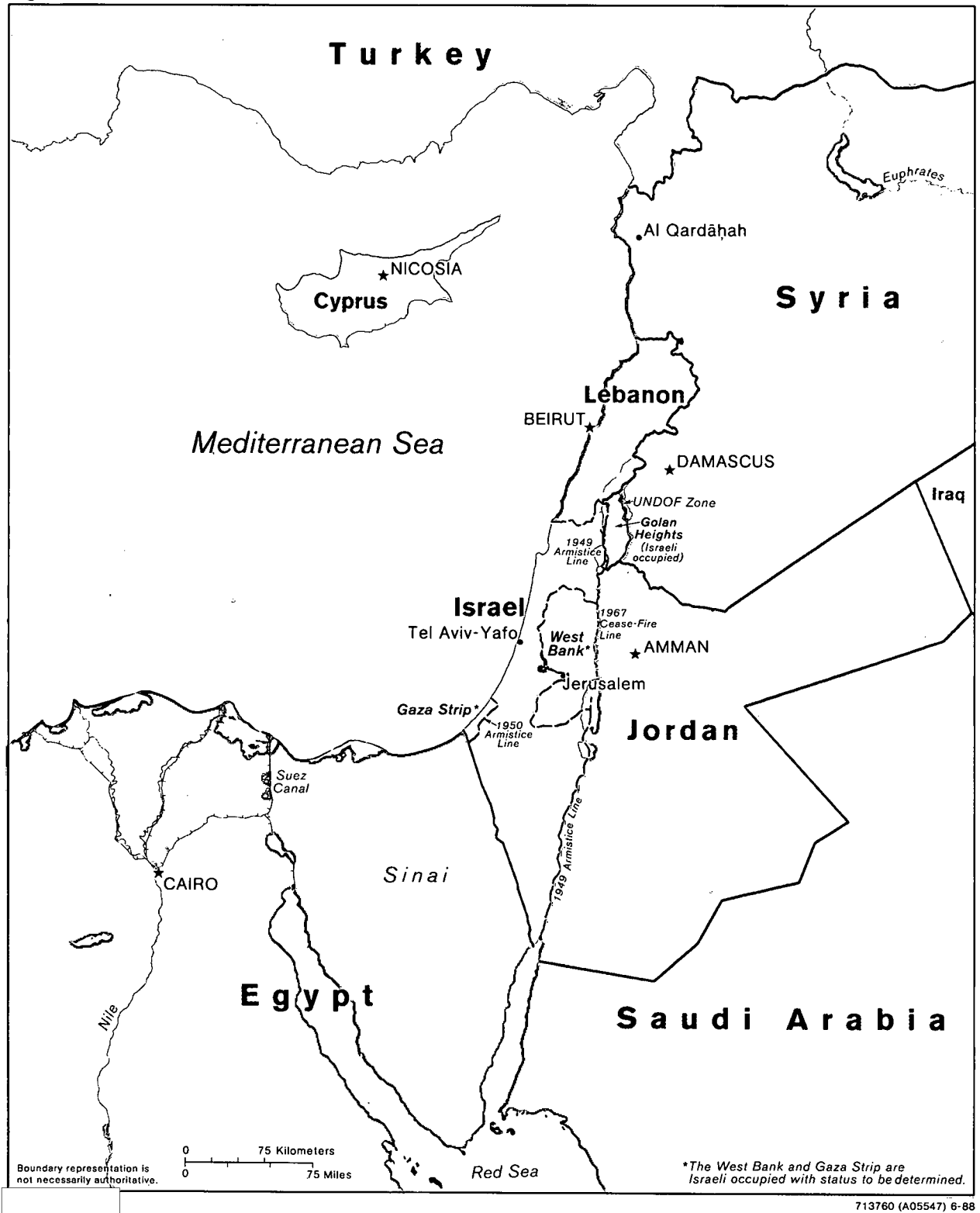
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Foreign Minister Shimon Peres and Defense Minister Yitzhak Rabin told US officials in early 1987 that Labor would agree to cede to Jordan over 60 percent of the West Bank and the Gaza Strip as part of a territorial compromise based on the Allon Plan. Labor officials believe this would put approximately 85 percent of the Arab inhabitants of the occupied territories under Jordanian control. Israeli sovereignty would extend to all areas, or "security zones," that Israel would retain under the Labor plan. These would include:

- The Jordan River valley, including the areas northwest of the Dead Sea and the western approaches to the valley.

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Figure 3



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**The Palestinian Uprising:  
Current Focus of the Conflict**

The extent of Palestinian unrest in the West Bank and Gaza Strip since last December is unprecedented in Israel's 20-year occupation of the territories. The disturbances have featured widespread daily demonstrations, commercial strikes, stone throwings, fire-bombings, and isolated attempts to attack Israeli soldiers. The uprising erupted in early December in Gaza when rumors spread that a traffic accident in which an Israeli driver killed four Palestinians was a deliberate act of revenge for the murder of an Israeli shopping in Gaza the previous month. Palestinian violence occurred mostly in the Gaza Strip in December and shifted to the West Bank in mid-January.

[redacted]

In our view, the disturbances reflect years of pent-up frustration by large numbers of Palestinians in the territories, who since 1967 have been denied political self-expression and, especially in Gaza, have lived in conditions of poverty and squalor. [redacted] the protests—which spread from refugee camp to camp, from village to village—have been largely spontaneous, lacking any central or even regional leadership. [redacted]

The local Palestinians fueling the unrest have expressed few political sentiments beyond their desire to end Israeli occupation. They have not articulated a political platform nor raised interim demands with Israeli authorities. [redacted]

The PLO was caught by surprise by the unrest, according to US Embassy reporting, and responded belatedly by trying to funnel assistance to Palestinians in the territories and claim credit for the disturbances. As late as January, PLO Chairman Arafat apparently did not believe he had a clear idea of what was going on in the territories. Although some pro-PLO Palestinian intellectuals in Jerusalem have called for civil disobedience, such as a boycott of Israeli products, they do not appear to have a leadership role. [redacted]

Israel has used firm measures to contain the unrest, and public opinion polls show that over 60 percent of the Israeli public support this approach. Most

Israelis believe that the situation will get worse before it gets better. The Israeli military appears unlikely to back away from its tough approach and is preparing for an extended stay in the occupied territories. Escalation in the violence inevitably will elicit a harsher military response. [redacted]

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Before the disturbances broke out, polls by the respected Public Opinion Research of Israel Organization indicated 51 percent of Israelis were willing to give up at least part of the West Bank and Gaza in exchange for peace with Arab neighbors. Later surveys suggested that the violence has had little impact on Israeli readiness for territorial compromise. [redacted]

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Israel's increasingly forceful steps to contain the unrest have not been effective so far except in the Gaza Strip, where most Palestinians are residents of easily isolated refugee camps. Tear gas, large-scale arrests, curfews, selected deportation of agitators, shootings, and beatings have been used by the Israelis to little avail. In our opinion, shootings and indiscriminate beatings of Palestinians by the Israelis have aggravated Palestinian unrest. [redacted]

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The violence adds a new and potentially complicating dimension to Arab-Israeli negotiations. PLO and other Palestinian leaders almost certainly believe that their bargaining position vis-a-vis Arab states and Israel has been strengthened by the disturbances in the occupied territories. We believe increased Palestinian expectations make it less likely that the PLO will compromise on key procedural and substantive issues or that Palestinian leaders outside the PLO will step forward and participate in a joint Jordanian-Palestinian delegation. At the same time, we believe the violence has solidified rightwing Israeli resistance to discuss territorial compromise at a time of Palestinian unrest, fearing this would lead Palestinians to use violence as a way to exact additional Israeli concessions. [redacted]

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*Figure 4. Masked Palestinian youths throwing rocks and bottles at Israeli Defense Forces in the West Bank. The PLO flag is visible to the right. Over 200 Palestinians and three Israelis had been killed in the violence in the occupied territories from December 1987 to mid-June 1988.* [redacted]



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- East Jerusalem and its environs.
- The 'Ezyon bloc of settlements between Jerusalem and Hebron that were built on land owned and inhabited by Jews before 1948. [redacted]

Although the Labor Party officially rules out the PLO as a negotiating partner, we believe Labor would negotiate with Palestinians representing the PLO in all but name as long as they first recognized Israel's right to exist and renounced terrorism. Peres and Rabin, who have stated repeatedly in the past few years that they would negotiate with West Bank or Gaza Strip representatives who were not members of the PLO, probably hope that the violence in the territories will embolden non-PLO Palestinians to step forward and enter peace talks. We believe Labor would also talk with representatives of the Palestinian diaspora who had close PLO ties. [redacted]

**Likud's Strategy.** The Likud bloc favors the permanent incorporation of the West Bank and the Gaza Strip into Israel, and we believe the recent violence in the territories has strengthened this view among most of the membership. Prime Minister Shamir and most of his Likud colleagues believe that the West Bank must not be given to the Arabs for ideological, political, and strategic reasons. The West Bank is the heartland of the biblical "Land of Israel," and Likud's constituency includes some of Israel's most religiously conservative and outspoken political groups. Likud also believes continued Israeli control

of the West Bank is vital to protect Israel's densely populated coastal plain against hostile Palestinian and Arab aims. Similarly, Likud views Israeli control over the Gaza Strip as preventing the emergence of a radical Palestinian state along Israel's southern border and as a strategic territorial buffer between Israel and Egypt that would become critically important if Israeli-Egyptian relations deteriorated sharply. [redacted]

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The Likud probably does not plan in the near term to seek the formal annexation of the West Bank and the Gaza Strip. They recognize that such annexation would risk a severe deterioration in US-Israeli relations, which they clearly want to avoid. It would also raise the specter of absorbing over 1.4 million Palestinians into the Israeli population, which would undermine the concept of a Jewish state and generate strong opposition from the more religiously conservative elements of Israeli society. [redacted]

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Shamir and most of his Likud colleagues insist that the Camp David accords represent the only acceptable framework for negotiations between Israel and Arab states. Under the Likud interpretation, the Camp David agreements provide for no more than severely circumscribed Palestinian self-rule, leaving Israel in control of security, land and water resources, and settlement activity. Likud's commitment to maintain control over the West Bank and the Gaza Strip

drives its opposition to Israel's participation in an international peace conference. Likud opposes a negotiating forum that is based on an exchange of territory for peace. [redacted]

**The Radical Fringe.** Only a small extremist fringe in Israel openly supports unilateral moves to force large numbers of Israeli Arabs to resettle in Arab states. Rabbi Meir Kahane made such population transfer the keystone of his Kakh Party's election platform in 1984, but the party won only one seat in the legislature with just over 1 percent of the vote. Kahane generally has been ostracized by the Israeli political establishment—including rightwing parties—for his views. [redacted]

The few mainstream Israeli politicians who have publicly backed population transfer of Israeli Arabs from the occupied territories have been condemned by their parties. When a Likud Knesset member close to Prime Minister Shamir called in July 1987 for resettling Arabs from the occupied territories in Arab countries, Shamir rejected it outright and the rest of the Likud leadership emphasized the bloc's opposition to the idea. A few members of Israel's religious parties have also expressed personal support for the expulsion of Arabs but have met with sharp criticism within their parties. [redacted]

There is little popular support within Israel for expulsion, as most Israelis closely associate the idea with racism and political extremism. Israeli polls from late 1986 showed that 6 percent of all Israelis thought massive deportation to be both desirable and possible. [redacted]

### Syria

Syria's publicly stated conditions for an end to the state of war with Israel include full and unconditional Israeli withdrawal from territories occupied in the 1967 war and the recognition of Palestinian self-determination. Egypt's success in gaining complete Israeli withdrawal from the Sinai Peninsula as part of its peace treaty with Israel set a high standard for Syria's minimum territorial demands. According to US Embassy reporting, Damascus does not foresee diplomatic and commercial relations with Israel following a formal end to hostilities. [redacted]

Syrian President Assad has been unbending on his demand that the Golan Heights be returned to Syrian sovereignty. The Golan issue is intensely personal for Assad, who was Minister of Defense when the territory was lost to Israel in 1967. He is also keenly aware that his political vulnerability would increase if he were perceived to be trading away Syrian territory, and he almost certainly would not enter negotiations unless he believed the Golan issue would be resolved in Syria's favor. If the Golan were returned to Syria, we believe Assad would offer guarantees regarding Israeli security, including demilitarization of the Golan and the assignment of an international observer force to the area. Assad, however, is skeptical that Israel will reverse its 1981 extension of Israeli law to the Golan, which constituted de facto annexation. He has stated publicly that, just as Israel did not take the Golan by law, Syria will not regain it by law. [redacted]

We believe Assad is committed to maintaining Syrian influence in Palestinian issues. The regime has carefully avoided specific formulations for Palestinian statehood, however, stating that the Palestinians themselves must determine what constitutes a satisfactory solution. He probably would be flexible on the Palestinian question provided that he had a hand in its resolution, it was acceptable to other Arab states, and it did not threaten Syria's security interests. The religious and symbolic significance of Jerusalem obliges Assad to oppose a settlement that would sanction Israeli control over the entire city, and he probably would push, at minimum, for internationalization of the Old City. [redacted]

A major feature of Assad's strategy toward negotiations is his insistence that Arabs be represented by a unified delegation at an international peace conference. In our view, Assad sees a unified Arab delegation as a way to preserve Syrian influence over a resolution of the Palestinian problem and protect against separate peace between Israel and Jordan. [redacted]

Although Assad does not oppose in principle a negotiated settlement to the conflict, according to US Embassy reporting, he believes that unconditional US support for Israel prevents the realization of Arab

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demands at this time. In our view, Assad believes US political, economic, and military support for Tel Aviv fuels aggressive and hegemonic Israeli actions toward its Arab neighbors. According to US Embassy reporting, Assad believes Israeli leaders are not serious about peace because they believe US security assistance to Tel Aviv will continue regardless of the status of peace-seeking efforts. [redacted]

Assad firmly believes that Israel will never negotiate a just settlement with the Arabs as long as Israel's military superiority is unchallenged. Despite Syria's serious economic problems, we believe Assad will continue to pursue strategic parity to gain a unilateral option to confront Israel militarily. Assad probably realizes achieving this goal is, at best, a distant vision—especially in light of recently stated Soviet unwillingness to support Syrian military parity with Israel—but sees military pressure on Tel Aviv as essential for Israeli political and territorial concessions. [redacted]

We believe Syria retains the ability to undermine negotiating processes that do not fully take into account Syrian interests or attempt to circumvent Damascus. Assad is adamant that the Camp David process not go forward, and he has demonstrated repeatedly his willingness to intimidate Jordan and the PLO and to provoke Israel when he wants to thwart progress toward a political settlement he opposes:

- The assassination of several moderate PLO leaders—such as PLO Executive Committee member Qawasmah in 1984 and Nabulus Mayor al Masri in 1986—were carried out by Syrian surrogates as a warning to Arafat and West Bank Palestinians not to seek separate deals on peace process issues.
- In late 1980, Syria moved about 28,000 troops and some 600 tanks to the Jordanian border as a warning to King Hussein not to pursue an anti-Syrian alliance with other Arab leaders then meeting in Amman. [redacted]

Assad probably is suspicious of the ultimate objectives of recent Soviet activism in the region, particularly efforts to improve relations with the moderate Arabs and Israel and push for an international peace conference, but growing political and economic problems have made him more vulnerable to Soviet pressure for Syrian moderation. Strains in Syria's relations with Moscow concurrent with improved Soviet ties to Israel and the moderate Arabs probably have increased Assad's concern that the Soviets will push him to be more flexible on key procedural and substantive peace process issues. Assad has tried to curry favor with Moscow through his recent endorsement of Soviet peace proposals. [redacted]

**Jordan**

King Hussein has long sought a settlement to the Arab-Israeli conflict that satisfies minimum Palestinian demands for self-determination but prevents the emergence of a militant, irredentist Palestinian state. In his view, such a settlement must restore Arab sovereignty over most of the territory lost to Israel in 1967. Hussein's preferred solution for the West Bank and the Gaza Strip is a federation with Jordan in which Amman controls defense and foreign relations. We believe, however, that he might settle for a looser association that limited Hashemite involvement in Palestinian affairs. Nonetheless, his suspicion of Palestinian intentions would lead him to reject an arrangement that allowed the Palestinians an independent military force:

- Hussein probably is unconcerned about the details of a resolution of the Golan Heights issue, seeing it as a bilateral issue between Israel and Syria. Still, he lends strong support to full Israeli withdrawal from the Golan Heights as a way to curry favor with Damascus and to attract Syrian interest in a negotiated settlement. [redacted]

Because of Jordan's military inferiority compared with Israel and Amman's dependence on financial aid from the Gulf Arabs, Hussein believes he cannot act

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**Camp David Accords: Formula  
for West Bank and Gaza Strip**

*The Camp David accords, agreed to by Israel and Egypt and witnessed by the United States, laid out a negotiating strategy and a framework for a political settlement for the occupied territories. According to the accords, a five-year transitional administration would be established through negotiations among Egypt, Jordan, and Israel, with West Bank and Gaza Strip Palestinians that were acceptable to all parties participating in the Egyptian and Jordanian delegations. The negotiations would arrange for full autonomy in the two territories by establishing a self-governing authority freely elected by inhabitants of the West Bank and the Gaza Strip to replace the Israeli military government. Security during the transitional period would be provided by a redeployment of Israeli forces into specified security zones, the establishment of a "strong" local police force that could include Jordanians, and joint Israeli-Jordanian border patrols.*

*As soon as a self-governing authority was set up, the five-year transitional period would begin. Negotiations among Israel, Jordan, Egypt, and elected representatives of the West Bank and the Gaza Strip*

*would be initiated no later than the third year of the transitional period to determine the final status of the occupied territories. At the same time, negotiations would take place among the Israelis, Jordanians, and West Bank and Gaza representatives on a final Jordanian-Israeli peace treaty.*

*The Camp David accords made no mention of the Golan Heights or Jerusalem. Included among the official documents accompanying the Camp David accords, however, were letters from President Sadat and Prime Minister Begin on Egyptian and Israeli positions on Jerusalem as well as a letter from President Carter on US views. Sadat's letter affirmed Egypt's view of East Jerusalem as an integral part of the West Bank and stated it should be under Arab sovereignty. Begin's letter referred to the Israeli Knesset's annexation of East Jerusalem and Israel's designation of Jerusalem as its eternal capital. President Carter's letter stated that Jerusalem should remain an undivided city and that its final status should be determined through negotiations.*

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alone on behalf of the Palestinians and that he must first obtain Palestinian—but not necessarily PLO—and Arab endorsement of his diplomacy. US Embassy reporting indicates that he believes he cannot obtain either Palestinian or Arab support unless the PLO has at least an indirect role in peace negotiations and a place in a future Jordanian-Palestinian federation.

We believe the King would be willing to enter peace talks without the PLO if he could find alternative Palestinian representation and had the support of other key Arab states such as Syria and Saudi Arabia to move ahead, despite the probable increased threat

of PLO-inspired assassination and terrorism. Since Hussein broke off his dialogue with Arafat in February 1986—because of Arafat's failure to demonstrate sufficient flexibility by agreeing to recognize UN Resolutions 242 and 338—the King has sought to undermine Arafat's leadership of the PLO and his base of support in the Israeli-occupied territories by fostering an alternate Palestinian representation. To this end, the King has undertaken a long-term strategy designed to build a moderate Arab consensus isolating Arafat, but he has gained little support from other moderate Arab leaders, who still see Arafat's direct or indirect involvement in a peace process as

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essential. Hussein also has improved his ties to Assad, in part, to weaken or even destroy Arafat politically and relegate the PLO to a secondary role in future peace talks. [redacted]

The King thus far has been careful to coordinate his strategy on a peace process with Damascus. He probably fears that, if he were to proceed into negotiations without Syria, Damascus would most likely respond with anti-Jordanian terrorism or a show of force along the border, possibly including limited incursions into Jordanian territory. Hussein also is concerned that Assad might try to provoke tension between Jordan and Israel by encouraging Palestinian groups to undertake operations into Israel from Jordan, according to US Embassy reporting. [redacted]

Hussein has had little success in building an independent West Bank and Gaza Strip leadership that would be willing to join peace talks, according to US Embassy reporting. Most Palestinians still view the PLO as the legitimate representative of the Palestinian people. To gain favor with the Palestinians in the occupied territories, Jordan put forth a five-year development plan in 1986 that called for spending \$1.3 billion on agriculture, construction, education, health, and social welfare projects in the West Bank and the Gaza Strip. The Palestinians, however, have been frustrated by Jordanian delays in handing out promised funds and poor prospects for international aid. Only the United States and the United Kingdom have made contributions to the development plan. Nevertheless, Jordan continues to work actively to broaden its support in the occupied territories, and Amman probably will try to strengthen its ties to established Palestinian groups—for example, labor unions—as a way to expand its influence. [redacted]

Hussein favors giving the eastern portion of Jerusalem a special status acceptable to the Arab consensus. The King sees himself as protector of the Muslim holy sites of Jerusalem, and he has consistently demanded that all portions of Jerusalem that had been under Jordanian control from 1948 until 1967 be returned to Arab sovereignty. He indicated as early as 1972,

however, that he might agree to allow the Armenian and Jewish quarters in eastern Jerusalem to remain under Israeli sovereignty as part of a settlement. [redacted]

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Hussein almost certainly hopes that the recent wave of violence in the occupied territories will lead to broader recognition in Israel that the absence of peace and the desperate living conditions of Palestinians living under Israeli control will lead only to more bloodshed. He has tried to convince Israeli leaders and Palestinian notables in the West Bank and the Gaza Strip that they are losing influence and control over events in the territories to young Palestinian militants, [redacted] He probably will urge both sides to move boldly on the peace-seeking process to preserve their interests while there is still an opportunity. Unless the unrest escalates significantly and poses a serious threat to Jordan's security, we do not believe Hussein is likely to abandon his demand that Arab-Israeli negotiations take place under the aegis of an international conference. [redacted]

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#### **Palestinians**

In our view, PLO Chairman Arafat's policies toward an Arab-Israeli peace settlement are driven, in order of priority, by his desire to preserve his own leadership role, maintain PLO unity, and establish a Palestinian state. Arafat has not publicly deviated from the 1968 PLO charter's call for the establishment of a democratic and secular Palestinian state and the use of armed struggle to achieve it. The recent wave of Palestinian unrest in the West Bank and the Gaza Strip, in our view, probably has increased Arafat's expectations that his goal will be achieved:

- Like Jordan, the PLO has little vested interest in the Golan Heights issue aside from lending public support to Syria's call for its complete return. [redacted]

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[redacted] Arafat has sought to demonstrate a moderate and more flexible diplomatic position. He

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***A Jordanian-Palestinian State: Conflicting  
Jordanian and PLO Views***

*In 1972, King Hussein of Jordan proposed that a Jordanian-Palestinian political entity be established as part of a peace agreement between Israel and the Arab states. Widely denounced by Arab leaders at the time because of its apparent contradiction with the concept of Palestinian self-determination, Hussein's proposed "United Arab Kingdom" called for a federation of two equal and autonomous regions—the East Bank and a Palestinian entity consisting of the West Bank and the Gaza Strip. According to the proposal, the federation's central government would be headed by the Hashemite monarchy and would deal with all matters related to defense, foreign affairs, and relations between the two autonomous regions. The central government would include a parliament, within which each region would be equally represented. Each region would have separate and locally chosen governors, legislators, and bureaucracies to handle internal affairs. Hussein's 1972 proposal called for the federation's capital to be in Amman and for there to be a united army.*

*We believe King Hussein's current views about a possible political association between Jordan and a Palestinian entity closely parallel his 1972 United Arab Kingdom proposal. As a result, Hussein sees a*

*federation—a political union of individual states under one central government—rather than a confederation—a looser association of separate states each with a central government—as the best prescription to ensure that the Hashemite monarchy retained political power within a Jordanian-Palestinian political union. Hussein probably would be willing to allow a Palestinian regional government to exercise independent authority for local matters and to allow current PLO members to hold political positions in regional and central government positions. We do not believe, however, that he would agree to a significant diminution of his authority as head of state.*

*The PLO has a much different view from Hussein of a possible political association between the East Bank and the occupied territories. The 16th Palestine National Congress, held in Algiers in February 1983, resolved that "any future relations with Jordan on a confederal basis should be between two independent states." To refute Hussein's concept of a single people inhabiting the two banks of the Jordan, the Congress referred explicitly to the "special relationship between the two peoples [Jordanians and Palestinians]."*

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has indicated that he would agree to a Jordanian-Palestinian confederation after a Palestinian state was established on most of the territory currently under Israeli control. At a minimum, Arafat probably envisions a Palestinian state, with a PLO-dominated government, comprising most of the West Bank and the Gaza Strip and all of East Jerusalem. The PLO also seeks recognition in principle of the right of Palestinian refugees to return to the new state and monetary compensation for those choosing not to return. We believe Arafat almost certainly would compromise on the number of returnees and the amount of compensation.

Almost all non-Jewish inhabitants of the West Bank and the Gaza Strip, in our view, want Israel to withdraw from virtually all of the occupied territories. Most probably prefer the establishment of an independent Palestinian state to either a confederal or federal arrangement with Jordan. Many Palestinians in the occupied territories and the diaspora strongly oppose the "Jordanian option," owing to bitter memories of life under Hashemite rule from 1948 to 1967 and to the bloody showdown in 1970 between PLO and Jordanian forces in Amman.

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Figure 5. PLO troops training at Palestine Liberation Army camp at Khaww plain, near Az Zarqa, Jordan. [redacted]

We believe that only an insignificant minority of Palestinians in the occupied territories are willing to ignore Arafat's leadership on peace process issues. The violence in late 1987 and early 1988 clearly has emboldened young Palestinians to confront more aggressively Israel's military occupation, but they almost certainly still look to the PLO as the legitimate representative of their political interests. Moreover, the PLO and extremist Palestinian groups will continue to use heavyhanded tactics—including assassination—to keep Palestinian leaders from participating in Israeli administration of the West Bank and the Gaza Strip and from charting an independent political course. At the same time, the violence probably also has convinced many Palestinians that progress toward an Arab-Israeli settlement also requires the active support and participation of Palestinians living under Israeli control. [redacted]

#### Other Players and Their Influence

Other regional and international players have significant influence and interests in the Arab-Israeli conflict. The involvement and support of key external actors—particularly the United States, the Soviet

Union, and Egypt—are, in our view, essential for progress toward resolving the conflict. The support of Saudi Arabia and Western Europe would further increase prospects for peace. [redacted]

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#### The Arabs

*Egypt.* As the only Arab state to have concluded a peace treaty with Israel and the occupying power of the Gaza Strip from 1948 until 1967, Egypt has a strong stake in seeing a viable peace process initiated. In our view, Egyptian President Mubarak believes a peace process is critical to prevent renewed Arab-Israeli hostilities that might threaten Egypt's peace with Israel and risk a cutback in US financial aid to Cairo. According to US Embassy reporting, Egypt's commitment to the Camp David framework and the 1979 treaty with Israel remains strong. We believe that the recent wave of violence in the West Bank and the Gaza Strip, however, has made Cairo more willing to pursue any negotiating formula that could attract broad Arab and bipartisan Israeli participation. [redacted]

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Cairo sees its relationship with Jordan as the cornerstone of its peace process diplomacy among the Arabs, and it supports Amman's call for an international conference. President Mubarak endorses the Jordanian notion of a Jordanian-Palestinian federation, and he believes that negotiations with Israel on the West Bank must be conducted by a joint Palestinian-Jordanian delegation. Amman and Cairo have a track record for misreading each other's position, however, and differences of view on arrangements for negotiations almost certainly still remain. [redacted]

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Although Cairo believes that the PLO must be part of a settlement, Mubarak has argued forcefully that the PLO first needs to accept UN Resolutions 242 and 338 and renounce terrorism. If it does not, Mubarak believes the PLO needs to be flexible on the issue of Palestinian representation in negotiations, according to US Embassy reporting. [redacted]

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According to US Embassy reporting, Cairo believes that its relations with Israel and its renewed diplomatic ties to moderate Arab states allow Egypt to play the role of mediator and facilitator between the Arabs

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and Tel Aviv. Mubarak probably senses, however, that he has to bring along both Likud and Labor Party leaders if there is to be a useful Israeli negotiating partner. Although Mubarak and other senior Egyptian officials have good ties to Labor and Foreign Minister Peres, his relations with Prime Minister Shamir are strained. Mubarak probably underestimates Likud's ability within either a National Unity or a Labor government to prevent Israeli participation in peace negotiations. [redacted]

In Egypt's view, the United States holds the key to movement toward an international conference or along any viable negotiating track, and Cairo has been frustrated by what it perceives to be US unwillingness to become more active in peace-seeking efforts. In particular, Mubarak looks to Washington to help break the political stalemate in Israel on peace process issues by softening Likud's hardline opposition to an international conference. [redacted]

The recent violence in the occupied territories almost certainly has reaffirmed Mubarak's view that the Palestinian problem and the lack of movement toward Arab-Israeli negotiations pose serious threats to regional stability and important Egyptian interests. The disturbances spawned increased regional and domestic criticism of Cairo's relations with Tel Aviv as well as violent confrontations between Egyptian security forces and university students in Cairo demonstrating in support of Palestinian resistance. In our view, Mubarak's concern that tough Israeli security measures and rising Palestinian casualties might force him to recall his Ambassador to Tel Aviv prompted him to float his own plan in January on how to halt bloodshed in the territories and rising Arab-Israeli tension:

- The Mubarak proposal called for a six-month moratorium on violence, repression, and the building of Jewish settlements in the occupied territories; international guarantees for the protection of Palestinian rights; and movement toward the convening of an international peace conference. The proposal included no new initiative on key peace process issues. [redacted]

Despite distrust of Moscow's intentions, Mubarak believes that Soviet participation in a peace process is essential for success. According to US Embassy reporting, some senior Egyptian officials believe that the Soviets are gaining the image of the main champion of peace between Israel and the Arabs as a result of widely perceived US passivity on peace process issues. Mubarak supports a Soviet role at an international peace conference but is testing whether the Soviets are prepared to accept the type of conference Egypt wants—one which can neither dictate nor veto resulting direct negotiations. [redacted]

*Gulf Cooperation Council States.* Saudi Arabia and the smaller Arab states of the Persian Gulf have been reluctant to increase their involvement in the Arab-Israeli conflict and peace-seeking efforts beyond that of diplomatic facilitators and financial benefactors. Although supportive of moderate Arab efforts to initiate a peace process, they have carefully avoided taking sides in disputes between Jordan and the PLO and between the PLO and Syria on peace process issues. Rather, they have tried to use their influence with other Arabs to help craft a united position on a negotiating process. Their activism on Arab-Israeli issues has fluctuated, however, and their current preoccupation with the Iran-Iraq war has lessened their interest in becoming actively involved in the search for a peace settlement, even at a period of increased violence in the West Bank and the Gaza Strip. [redacted]

Still, the Gulf Arabs feel strongly that Israel should withdraw from Arab lands captured during the 1967 war. They have supported mainstream PLO positions, but they almost certainly believe an independent Palestinian state is unachievable because of unyielding Israeli and strong US and frontline Arab opposition. Moreover, they probably also believe that an independent Palestinian state might present difficult security problems for other Arab states, as it could develop into a base for radical Arab activities. A Jordanian-Palestinian federation under Hashemite control probably is the Gulf Arabs' preferred solution for the West Bank and the Gaza Strip, and they see

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**The Lebanon Factor**

*The civil war in Lebanon has become intertwined with the Arab-Israeli conflict. It is the principal battlefield for Arab-Israeli fighting. Most casualties resulting from Arab-Israeli clashes over the last decade have occurred in Lebanon, with more Syrians and Israelis having died in 1982-84 in Lebanon than on the Golan Heights during the Six-Day War in 1967. A principal objective of Israel's 1982 invasion of Lebanon was to destroy the PLO's growing political legitimacy and eliminate its military capability to threaten Israel. Several hundred Israeli soldiers and over 25,000 Syrian troops are in Lebanon.* [redacted]

*Israel, Syria, and the PLO have distinct security and political interests in Lebanon separate from general Arab-Israeli issues, but they frequently have exploited Lebanese politics and instability to advance their interests on Arab-Israeli matters. In reaction to Egyptian President Sadat's visit to Jerusalem in 1977, for example, Syria moved to improve its ties to the PLO and encouraged PLO-sponsored violence in southern Lebanon and northern Israel, leading to the first Israeli invasion—"Operation Litani"—in early 1978.* [redacted]

*Lebanese leaders also have tried to use prevailing Arab-Israeli tensions for their parochial interests. Christian Lebanese Forces warlord Bashir Gemayel sought to provoke a confrontation with Syria in late 1978 after the Camp David summit meeting that would strengthen his standing in Lebanon, believing Israel and the United States would intervene to protect progress made in Israeli-Egyptian negotiations.* [redacted]

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*We believe Lebanon will be the principal arena for Arab-Israeli fighting over the next few years and the most likely starting point for another major Syrian-Israeli clash. In the absence of an Arab-Israeli peace settlement, the Lebanese conflict will serve to worsen Syrian-Israeli and Israeli-Palestinian tensions. The conflict is unlikely to be resolved without a solution to the Arab-Israeli conflict and will remain a potential spoiler for progress in that direction. Conversely, a resolution of the fundamental territorial disputes between Syria and Israel on the Golan and between Israel and Jordan and the PLO over the occupied territories would facilitate—though not guarantee—a resolution of internal Lebanese problems.* [redacted]

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the return of most of the Golan Heights as essential to gain Syrian agreement to a settlement. We believe the Gulf Arab states would be willing to provide several billion dollars in assistance—stretched out over several years—to Arab signators of what the Gulf Arabs perceived to be a favorable peace settlement. [redacted]

Saudi Arabia is the most vocal of the Gulf states on the issue of Jerusalem. The Al Sa'ud regime sees its role as guardian of Islam's first- and second-holiest cities of Mecca and Medina and the monarchy's strong religious underpinnings obliging Riyadh to press forcefully for the return of Jerusalem—Islam's third-holiest city—to Arab sovereignty. We do not believe the Saudis would sanction a settlement that

preserved full Israeli control over East Jerusalem's Islamic sites, even in the unlikely event of Jordanian agreement. [redacted]

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**Iraq.** Although not bordering Israel, Iraq traditionally has been a de facto confrontation state by participating, albeit marginally, in previous Arab-Israeli wars and maintaining hostility toward Israel as a top foreign policy priority. The Iran-Iraq war has distracted Baghdad from the Arab-Israeli arena since 1980, however, and has led to at least a temporary moderation of its regional policies. As long as the war continues, Iraq is likely to be a low-key supporter of Jordan—its closest Arab ally—in peace process issues and to try to forge closer PLO-Jordanian cooperation.

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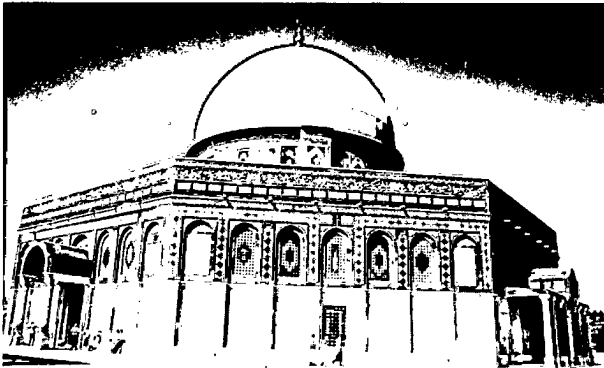


Figure 6. The Al Aqsa Mosque complex on Jerusalem's Temple Mount. According to Muslim tradition, it was from this site that the Prophet Muhammad ascended into heaven.

At the same time, the Iraqis almost certainly will work to thwart Syrian attempts to dictate the Arab position on the conflict. Aside from seeking Israeli withdrawal from the occupied territories, Baghdad probably has no specific peace settlement in mind.

#### Soviet Union

Moscow has taken a more active role in Arab-Israeli issues since Gorbachev assumed power in March 1985. The Soviet leadership is determined not to be excluded from future Arab-Israeli negotiations, as it was in the Camp David accords and Arab-Israeli disengagement agreements. The Soviets have tried to become more fully engaged in Arab-Israeli issues by improving relations with Israel and the moderate Arabs, encouraging greater Arab and PLO unity, and actively lobbying for wider Arab and international support for a peace conference. The collapse in 1986 of Jordanian-PLO efforts to form a joint negotiating team and King Hussein's subsequent decision to internationalize a peace process paved the way for the Soviets to renew their calls for an international peace conference—a hallmark of Moscow's policy on the Arab-Israeli conflict since the Geneva Conference recessed in 1973.

We believe the Soviets are genuinely interested in seeing a peace process move forward as long as they play a major role. In our view, the Soviets do not see the arms race between Israel and Arab states as advancing their position in the Middle East:

- Arming Damascus has become a growing economic burden on Moscow. The Soviets remain committed to maintaining a credible Syrian military force, but they probably see the qualitative gap between Israeli and Syrian forces widening; Moscow's lack of public support for the Syrian objective of military parity with Israel reflects Soviet weariness with the regional arms buildup.

- Moscow almost certainly wants to avoid another Arab-Israeli war, which probably would lead, as in 1967 and 1973, to a defeat of Syria's Soviet-supplied military forces. The Soviets probably also rate as high the chances that another major Arab-Israeli war would include the use of chemical and biological weapons and major strikes against population centers, which could increase the possibility of direct superpower involvement—even confrontation.

- By supporting Arab peace-seeking efforts and appearing protective of Arab interests, the Soviets apparently hope to expand their political, commercial, and economic ties to moderate Arab states—a key objective of Moscow's Middle East policy.

More active Soviet diplomacy on Arab-Israeli issues and interest in movement toward a peace process have led Moscow to tailor its positions to suit its audience with respect to such critical issues as the terms of a comprehensive settlement, the role of a peace conference, and PLO participation in negotiations. These Soviet positions almost certainly are dictated by the Kremlin's strategy of retaining influence with Syria and the PLO while cautiously enhancing its ties to Israel and the moderate Arabs. US Embassy reporting indicates that Moscow has already hinted that its current stance does not necessarily reflect its "final" positions.

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We believe Moscow sees the recent unrest in the occupied territories as a major turning point in the Arab-Israeli conflict, and the Soviets appear to be trying to exploit renewed regional and international attention to the Arab-Israeli arena by demonstrating greater tactical flexibility on terms for negotiations. For example, official Soviet statements during PLO leader Arafat's April 1988 visit to Moscow broke some new ground for the Soviets on peace process issues, according to the US Embassy in Moscow. The statements appeared to reflect the more flexible formulations that some Soviet Middle East experts—senior Soviet Communist Party officials rather than Foreign Ministry officials—have been using since the fall of 1987. The US Embassy reported that among the more notable elements in the official Soviet account of the Gorbachev-Arafat meeting were:

- An explicit effort to balance the right of Palestinian self-determination with recognition of, and security guarantees for, Israel.
- No explicit call for an independent Palestinian state, saying it is up to the Palestinians themselves to decide on the form of self-determination.
- Failure to call for Israeli withdrawal from *all* of the territories occupied in 1967.
- No reference to Jerusalem.
- Mention that an international conference should be based on UN Resolutions 242 and 338, which was absent from the Soviet 1984 peace plan and the June 1987 Soviet-PLO joint communique.
- Ambiguity on the question of Palestinian representation at an international conference. [redacted]

In our view, the Soviets will continue to insist that Arab-Israeli negotiations take place as part of an international conference, where Moscow would play a role equal—at least symbolically—to the United States. They want to protect Syrian and general Arab interests in associated direct negotiations, although they have recently hinted to the Israelis that they

would be flexible on the modalities of a conference and on Palestinian representation. We believe Moscow would support Syrian insistence that the Golan Heights—or at least the greater part of it—be returned to Syrian sovereignty, but we also see the Soviets yielding on Palestinian self-determination in favor of Jordanian-Palestinian political association. Nonetheless, the Soviets are not ready to get out in front on the particulars of a settlement and would be reluctant to press Damascus on Palestinian issues.

#### Western Europe

West European states play an active but secondary role in Arab-Israeli peace-seeking efforts, and they have tried mainly to balance their relations with both Israel and Arab states to protect important political and commercial interests. Critical dependence on Middle Eastern oil and other commercial ties have made them particularly interested in preventing another outbreak of Arab-Israeli fighting, which they believe might prompt Arab leaders to embargo oil exports to Israel's supporters with a subsequent jump in world oil prices. They also see the Middle East as an area of potential superpower confrontation. Moreover, many West European states have been large arms exporters to Israel and the Arab states, and they have carefully tried to balance their relations with both to protect important political and commercial interests. [redacted]

The United Kingdom has been the most active West European state in trying to get a peace process under way. According to US Embassy reporting, Prime Minister Thatcher strongly supports the efforts of Israel's Peres and Jordan's King Hussein to convene an international conference and believes that the United States needs to accept the inevitability of Soviet participation. Thatcher agrees that the Soviet role must be contained to ensure that Moscow could not scuttle the goal of direct negotiations within the framework of a conference. [redacted]

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The involvement of most other West European states has generally been through the European Community. According to US Embassy reporting, a perception within the EC that the United States is not doing enough to promote Middle East peace may have stimulated a flurry of EC activism that began in early 1987 and was renewed during the subsequent violence in the territories. The EC's Venice Declaration of 1980, which endorsed the right of Palestinian self-determination, the participation of the PLO in a peace process, and an international conference, is the basis of the EC position on the Arab-Israeli conflict. Despite EC efforts to invigorate its involvement in Arab-Israeli issues, most West European leaders are hesitant to get ahead of the United States in trying to stimulate an Arab-Israeli dialogue. [redacted]

#### Perceptions of the US Role

Virtually all principal and secondary players in the Arab-Israeli conflict view the United States as the key external actor in settling the Arab-Israeli conflict. Arab leaders see US political, military, and economic assistance to Tel Aviv giving Washington significant influence over peace-seeking efforts, particularly Israel's willingness to enter negotiations and to agree to territorial concessions in exchange for peace. All the major players see Washington as a far more important player than Moscow in Arab-Israeli issues. [redacted]

#### Israel

Almost all Israelis believe US support is critical to protect Israeli security, but Labor Party and Likud bloc officials have widely differing views on what role the United States should play in resolving the Arab-Israeli dispute. Labor considers greater US activity essential to stimulate movement toward a negotiated settlement, while Likud fears that US activism increases pressure on Tel Aviv to enter negotiations that almost certainly would call for Israeli territorial concessions. [redacted]

Labor and Likud leaders actively lobby for US support on Arab-Israeli issues not only to complement their own peace process strategies but also to strengthen their domestic political standing. In our view, both parties probably believe that even slight

US policy adjustments on peace process issues could have an impact on Israeli public opinion and thus on the extent of their popular support. [redacted]

#### Syria

Syria has a jaundiced view of US peace-seeking efforts. Damascus believes Washington is pursuing a separate peace agreement on the West Bank and the Gaza Strip to isolate Syria and to make the Golan Heights a nonissue. The lack of specific mention of the Golan in either the Camp David accords or the Reagan Plan, and US policy statements that direct negotiations between Israel and Jordan represent the next logical step in Arab-Israeli peace-seeking efforts, probably have convinced Damascus that the United States will not press Israel to return the Golan to Syria. According to US Embassy reporting, President Assad has told senior US officials that Washington's Middle Eastern policy ignores legitimate Arab and, in particular, Syrian security concerns. Moreover, the recent signing of the US-Israeli strategic cooperation agreement has, in Syria's view, further undermined US credibility as honest broker in the Arab-Israeli conflict. [redacted]

#### Jordan

In our view, King Hussein of Jordan, more than any other Arab leader, sees domestic US political considerations hamstringing Washington's moves on peace process issues. According to US Embassy reporting, the King believes that, although the United States may be committed to seeing a peace process move forward, the US administration is unwilling to risk alienating pro-Israel lobbying groups in the process. Hussein also sees stagnation in initiating a peace process directly responsible for repeated US Congressional turndowns of Jordanian requests for US arms. Hussein almost certainly believes that US cooperation is essential for progress toward negotiations, but we believe his frustration with the US role has made him more willing to pursue a more independent agenda to force greater US activism. Hussein's insistence that an international peace conference be a part of Arab-Israeli peace talks probably is designed to challenge the United States and Israel to participate in a negotiating process that already enjoys the support of

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***The 1988 US Peace Initiative: Regional Reaction***

*The early 1988 US diplomatic initiative to try to broker Arab-Israeli peace talks and put an end to the violence in the occupied territories received mixed reviews in the region. The main points of the US plan included:*

- *An international conference, comprising the parties involved in the Arab-Israeli conflict and the five permanent members of the UN Security Council. All conference participants must accept UN Security Council Resolutions 242 and 338 and renounce violence and terrorism. The conference would not be able to impose solutions or veto arrangements reached.*
- *Bilateral negotiations based on Resolutions 242 and 338, with the procedure and agenda of the negotiations to be determined by the parties involved in direct talks. Bilateral negotiations would commence no later than two weeks following an international conference.*
- *Palestinian representation within a joint Jordanian-Palestinian delegation.*
- *Negotiations between the Israeli delegation and the Jordanian-Israeli delegation to address the Palestinian issue. These talks would proceed independently of other negotiations. Negotiations would begin on arrangements for a transitional period and would be completed within six months. Seven months after transitional negotiations began, final status negotiations would begin and would be completed within one year. Final status talks would start before the transitional period begins. [redacted]*

*Although many Arab and Israeli leaders were supportive of US activism and efforts to get negotiations under way, Israel's Likud bloc, Syria, and the PLO raised strong objections to various aspects of the plan:*

- *In Israel, Prime Minister Shamir and his Likud colleagues objected to the plan's accelerated timetable for the start of negotiations on interim and*

*final status arrangements for the occupied territories and to the plan's call for an international conference. Labor leader Peres, apparently sensing from Israeli public opinion polls that his party had not benefited appreciably from Likud's objections, decided not to seek early elections and force a showdown over the US plan.*

- *The US Embassy in Damascus reported Syrian objections to "ambiguities" in the plan and to US failure to call for complete Israeli withdrawal from all of the occupied territories and for the establishment of a Palestinian state.*
- *PLO objections were similar to Syrian criticisms, with emphasis on US failure to call for independent Palestinian representation at an international conference. There was a sharp split within the Fatah leadership of the PLO over the plan, with some moderates recommending that the PLO agree to participate in an international conference as part of a joint delegation.*
- *Although Jordan and Egypt expressed cautious support for the US initiative, both pointed to the need for the United States to gain bipartisan Israeli support for an international peace conference before trying to gain a consensus on specific negotiation arrangements. Moderate Arab leaders succeeded in preventing an outright rejection of the US plan at the extraordinary Arab League summit meeting in Algiers in June 1988, although US policy toward the Arab-Israeli conflict was strongly criticized.*

*Still, all sides encouraged the United States to continue trying to find a way to break the impasse and get negotiations started. In our view, Syria, the PLO, and Israel's Likud bloc were trying to avoid rejecting the US initiative outright, hoping that another party would scuttle the plan and be perceived by the United States as the main obstacle to peace.*

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### *Political Contacts With the PLO*

*In 1975 the United States issued a statement of diplomatic intent not to recognize the Palestine Liberation Organization as long as it endorsed violence and refused to accept UN Resolutions 242 and 338. Although this statement does not legally preclude a US-PLO dialogue, official US contacts with the PLO have been rare. In 1982 US officials coordinated the evacuation of US personnel from Lebanon with the PLO's Fatah wing. US Government officials also have contacts with the PLO mission at the United Nations and, until recently, had contacts with the PLO information office in Washington on administrative and security matters.* [redacted]

*US initiation of political contacts with the PLO—without first securing PLO acceptance of 242 and 338 and a pledge to forgo terrorism—almost certainly would provoke an immediate and sharply critical Israeli reaction. Few Israelis would accept US assurances that such contacts did not confer recognition of or constitute negotiations with the PLO. The US move probably would cause much of the Israeli public to reject subsequent US peace process moves. Tel Aviv would see US political discussions with the PLO as a foolhardy and dangerous way to curry favor with the Arabs. Even a presidential statement that a dialogue was intended solely to encourage PLO moderation would not help much to limit Israeli concern.* [redacted]

*The Likud bloc almost certainly would try to exploit the inevitable domestic uproar by charging that the Labor Party's relatively dovish foreign policy encouraged the US move. Likud undoubtedly would trumpet its longstanding claim that Israel cannot rely on outside power—including the United States—and must retain all of the occupied territories to protect its most vital security interests. Labor, on the other hand, would argue that Likud's hardline position and complacency with the "no war, no peace" situation along Israeli borders since 1973 was responsible for alienating Washington and prompting a dangerous shift in US policy.* [redacted]

*US political contacts with the PLO almost certainly would help strengthen Arafat and undercut arguments by others in the PLO that the United States would never be flexible toward the Arabs. Arafat could argue that Washington would press Israel to make territorial concessions in the West Bank and the Gaza Strip and that the US move called for PLO flexibility. He might even call for acceptance of 242 and 338. He probably would not deviate, however, from his stated objective of an independent Palestinian state.* [redacted]

*At the same time, US-PLO contacts might help undercut Soviet influence with PLO leaders, which has been increasing since Moscow played a major role in helping forge PLO unity at the meeting of the Palestine National Congress in Algiers last April, although Moscow probably would try to counter the US gambit by increasing the extent and level of its own contacts with the PLO.* [redacted]

*Other Arab states would applaud the US move, seeing it as a major test of the PLO's willingness to pursue a negotiated settlement. If the PLO did not respond favorably to the US overture, Jordan—with the support of Egypt, Saudi Arabia, and other moderate Arab states—might be more willing to bypass the PLO and enter a peace process, but the problem of finding credible Palestinian representatives would remain. Syria probably would see the US initiative as a demonstration of a more evenhanded US position on the Arab-Israeli conflict, buoying hopes in Damascus that the United States would press for Israeli withdrawal from the Golan Heights and the occupied territories.* [redacted]

*In sum, we believe that US initiation of political contacts with the PLO would promote Arab flexibility, but at the expense of increased Israeli opposition to compromise. The net effect on the peace process would be minimal—continued deadlock would be likely.* [redacted]

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Arab states and the Soviet Union. The King has also expressed his displeasure to US officials about the signing of the US-Israeli strategic cooperation agreement. [redacted]

### **PLO**

Although some PLO leaders, including Arafat, probably believe that the United States wants a political and territorial settlement to the Arab-Israeli conflict, virtually all of the PLO leadership sees the United States as intractably opposed to the PLO's participation in negotiations or playing a role in a postsettlement West Bank-Gaza Strip administration. We believe most PLO leaders thus oppose US policies on Arab-Israeli issues—regardless of their potential salutary impact on the prospects for peace—because of their perceived threat to PLO interests. We also believe that the PLO fears that the United States, Israel, and Jordan might exploit PLO-Syrian strains and succeed in cutting the organization out of a peace process. This concern almost certainly has led Arafat to improve his relations with Moscow and look to the Soviets to protect PLO interests in current maneuvering related to peace conference proposals. Although the PLO continues to seek US recognition, most PLO leaders probably believe that US agreement to a political dialogue with the PLO is a trump card that Washington has no intention of playing. [redacted]

### **Soviet Union**

The Soviets are aware that they have far less influence in Arab-Israeli issues than the United States, and, according to US Embassy officials in Moscow, they see US peace-seeking strategies designed primarily to limit a potential Soviet role in negotiations. Soviet support for an international conference is intended to counter this perceived US objective. Despite recent US activism on peace process matters, we believe Moscow remains skeptical that the United States is seriously interested in pursuing a negotiated settlement or in allowing the Soviet Union to play a major mediating role. Moscow probably calculates that negotiations would strain US-Israeli relations over the extent of Israeli territorial concessions necessary for peace and also produce a serious setback to US-Arab relations should negotiations founder as a result of Israeli obstinacy. [redacted]

## **Implications of Potential Major Developments**

### **Leadership Change**

A change of leadership in Israel could have a major impact on peace-seeking efforts, particularly if a single party won a clear majority in the Knesset. A decisive, albeit unlikely, Labor victory over Likud and the rest of the Israeli rightwing in the next election, which must be held by November 1988, would enable Labor leader Peres to commit Israel to participate in an international conference. Still, the probable continued political challenge from Likud, as well as a vociferous Israeli minority strongly opposed to political or territorial concessions to the Arabs, would limit the ability of any Labor leader to make important compromises on either procedural or substantive peace process issues. A Labor government's decision to participate in an international conference would leave it open to the invective of Likud leaders such as Ariel Sharon and possibly provoke a domestic political crisis and a new national election. [redacted]

A strong Likud government, which is also unlikely in the near term, almost certainly would try to prevent the initiation of a peace process in which an exchange of territory for peace was a central issue. The most likely leaders of a near-term Likud government, such as Shamir, Ariel Sharon, Moshe Arens, or David Levi, would probably accept only autonomy talks on the occupied territories—to maintain the appearance of movement toward a settlement—while increasing Israeli settlement activity to strengthen the Israeli presence in the territories. Likud sees fundamental differences between the Sinai Peninsula and the West Bank—the latter being Judaea and Samaria, part of *Eretz* Israel—and has a strong religious and historical motivation not to deal away the occupied territories. [redacted]

Under certain circumstances, the coming to power of a Likud government would not necessarily preclude Israeli territorial concessions. But it probably would

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require another dramatic Arab initiative like Sadat's 1977 trip to Jerusalem to increase Israeli public support for negotiations sufficiently for Likud to decide to become involved in serious territorial talks. Prime Minister Begin's role at Camp David and in negotiating the subsequent Egyptian-Israeli peace treaty demonstrated that a Likud government can deal land for peace. Indeed, Likud could count on the support of Labor for Tel Aviv's participation in negotiations. [REDACTED]

The death of Jordan's King Hussein would be a serious setback for peace prospects. His most likely Hashemite successor, Crown Prince Hassan, lacks Hussein's experience and is likely to be more cautious than the King has been in pursuing a dialogue on peace. Should he accept a territorial compromise on the West Bank, moreover, Palestinians and other Arab states would accuse him of accepting what Hussein refused and probably would move to undermine a Jordanian-Israeli agreement. [REDACTED]

A successor to Hussein from among the anti-Hashemite Palestinian elite, perhaps after civil strife, would have adverse implications for the peace process. We believe a Palestinian regime in Amman, no matter how radical at inception, would first seek to consolidate its political position in Jordan before pursuing—politically or militarily—the return of the occupied territories. Such a scenario almost certainly would make the Israelis less likely to consider territorial concessions on the West Bank and the Gaza Strip as part of a peace settlement, as Tel Aviv would see a Palestinian-controlled Jordan as a threat to its security. Israel might, in fact, move militarily against Jordan if the Hashemite monarchy were overthrown by Palestinian nationalists, particularly if Jordan once again became a staging area for Palestinian terrorism directed against Israel. [REDACTED]

If PLO Chairman Arafat dies or is ousted in the next several years, the Palestinian movement will suffer a further loss of cohesion—eroding the already slim prospect that a representative of the PLO will emerge who is both willing and able to make the concessions necessary to enter peace talks. The assassination in April 1988 of Khalid al-Wazir, Arafat's longtime deputy, has made the PLO succession issue even more

uncertain. Arafat's Fatah movement would select a new PLO leader, but the other more radical Palestinian groups would demand more influence. Palestinian leaders in the West Bank and the Gaza Strip, who are generally more moderate than the exiles, probably would press for a larger voice in the PLO but are likely to remain constrained from breaking with the PLO and joining direct talks with Israel by political weakness, internal divisions, and fear of assassination. [REDACTED]

Some observers believe that West Bank and Gazan leaders might be willing to chart a more independent course after Arafat's demise, particularly in light of recent violence in the West Bank and Gaza that has encouraged Palestinians living under Israeli occupation to become more active in seeking a resolution of the Palestinian problem. According to this view, some Palestinians in the occupied territories, although moving with traditional circumspection, might cautiously accept an Israeli opening—for example, unilateral Israeli imposition of autonomy—provided their more ambitious political and ideological aspirations were not foreclosed. [REDACTED]

The death or ouster of Syrian President Assad probably would not improve prospects for Arab-Israeli peace. The most likely successor regime would be dominated by fellow Alawi military men close to the Ba'th Party. These elite groups share Assad's hardline views on Israel and peace efforts. They would need to legitimize their continued minority (that is, Alawi) rule and military dictatorship by maintaining the "struggle against Zionism." There is a good chance a post-Assad regime would be even more likely than Assad to go to war with Israel, either to legitimize and strengthen its rule by foreign venture or because it may be less skillful than Assad at brinkmanship. [REDACTED]

In the unlikely event a moderate and secular Sunni regime came to power in Damascus, Syria might become significantly less hostile toward Israel. Such a regime might turn inward to emphasize economic development rather than the struggle against Israel, although even this type of regime would require a favorable territorial settlement on the Golan to back a

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peace treaty. The emergence of a moderate Syrian regime probably would be possible only after a series of coups cracked the unity of the current Alawi elite.

Syria's obstructionist influence on the peace process probably would be eroded in the event of severe internal instability or civil war, but even weak regimes in Syria would benefit from Syria's position as the largest Arab state on Israel's northern and eastern borders and would continue to play a major role in Arab-Israeli affairs.

#### **Another Arab-Israeli War**

Previously negotiated Arab-Israeli disengagement agreements and the 1979 Egyptian-Israeli peace treaty were direct products of Arab-Israeli hostilities, and another war might serve as a catalyst for serious movement in the peace process. The impact of a war on peace prospects would, in large part, be a factor of the severity of fighting as well as which states were involved. A conflict that left a postwar situation that was widely viewed as unstable and threatening might prod both sides to reinvestigate the search for peace. Moreover, a war that resulted in a significant number of Israeli civilian casualties might lead Tel Aviv to consider more seriously territorial compromise with the Arabs as a way to avoid another major conflict. In the event new Arab regimes replaced discredited losers of war, Arab leaders might acknowledge a de facto settlement by redirecting public energies toward reconstruction and simply abandoning the rhetoric of confrontation. A formal peace agreement probably would not be signed and no acknowledgement would be made of winner or loser, but militaries might be allowed to remain at reduced size and diminished capability. Superpower-imposed limitations on the arsenals of both sides might be an additional factor in such a settlement. Palestinian radicals might find themselves without haven or support as the Palestinian issue faded before the imperative of repairing the damage wrought by the war.

Two factors, however, probably would keep prospects for a negotiated peace low. First, another major war that did not include Egypt probably would result in a military defeat for the Arabs and possibly Israeli acquisition of additional Arab territory, giving Israel even less incentive than before to make concessions to

the Arabs. Second, a highly destructive conflict—for example, one that involved large-scale aerial bombing, surface-to-surface missiles, or chemical or biological warfare against civilian population centers—would leave the postwar level of animosity and popular support for retribution extremely high, with little inclination on either side to make concessions.

#### **An End to the Iran-Iraq War**

We believe an end to the Iran-Iraq war, particularly a clearcut victory by either side, would complicate Arab-Israeli peace-seeking efforts. It probably would lead to greater regional pressure on Israel and would make Tel Aviv and the Arab states less likely to make the concessions necessary for peace.

An Iranian victory almost certainly would increase Tehran's attention to the Arab-Israeli arena, leading to increased Iranian support for radical Islamic and Palestinian groups and, perhaps, an upsurge in terrorist attacks against Israel, using Lebanon as a staging ground. Iranian hardliners probably would argue that the next goal for Iran's Islamic revolution should be Jerusalem. Increased Iranian involvement in the Arab-Israeli conflict as a result of a victory or even a winding down of the Gulf war almost certainly would strengthen the hand of extremist Arabs and Israelis opposed to a negotiated settlement.

A victorious Iraq, or even an Iraq that merely checked the expansion of Iran's Islamic revolution, would tout itself as the champion and defender of the Arab cause and seek a higher profile in the struggle to regain Arab territory from Israel. Baghdad's aspirations to leadership in the Arab world and its traditional anti-Israeli posture might lead it to take a less flexible and more strident stance than King Hussein on peace process issues. Iraq thus might try to use the PLO as the principal instrument of its Arab-Israeli policy. The Israelis would experience increased but probably exaggerated concern that Baghdad would, sooner or later, turn its large and battle-hardened military toward Israel to press for political and territorial concessions.

An end to the Iran-Iraq war, moreover, would remove a major security preoccupation of other Arab states. In addition to Iraq, Saudi Arabia and the other Gulf Arab states probably would become more active on Arab-Israeli issues, strengthening Arab demands for Israeli withdrawal from the occupied territories.

[redacted]

In the unlikely event of a postwar rapprochement between Iraq and Syria, Israel would become even more deeply opposed to making territorial concessions on the Golan Heights. Tel Aviv probably would believe withdrawal from the Golan would increase its vulnerability to a joint Syrian-Iraqi attack. Israeli leaders would see a Ba'thist axis between Damascus and Baghdad as paving the way for a more hostile Arab posture toward Israel. Israel might take preemptive action against perceived Syrian and Iraqi threats.

[redacted]

**Prospects and Requirements for Movement Toward Peace**

We believe that prospects are dim for a peace settlement between Israel and either Jordan or Syria over the next several years. Peace-seeking efforts will be hampered by a lack of agreement within and between Israel and the Arab world on the modalities of a negotiating process as well as the terms of an agreement. Movement on an international conference is blocked by the strong opposition of Israel's Likud bloc and the failure of the Arabs to agree on operational details, particularly the issue of Palestinian representation. Should an international conference be convened, chances would be high that it would break up before agreements were reached.

We do not foresee a separate peace agreement or even separate direct negotiations between Israel and Jordan. Hussein fears Syrian reprisals if he moves independently, and Assad is unlikely to backtrack from his position that negotiations must deal comprehensively with the entire Arab-Israeli conflict. Syria would move swiftly, and in our view successfully, to derail negotiations from which it was excluded. Nor do we see much likelihood that other Arab leaders will enter bilateral negotiations with Israel over the next two to

three years. The likely continued unwillingness of the PLO to accept UN Resolutions 242 and 338 and renounce terrorism weigh heavily against prospects of a meaningful Israeli-Palestinian dialogue.

[redacted]

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The most intransigent players—Syria, Israel's Likud bloc, and the PLO—have been unwilling to make concessions out of concern that to do so would be interpreted as weakness rather than flexibility, leading to increased expectations, external pressure for further concessions, and increased internal opposition. There is a difference of opinion among analysts and other observers over whether external pressure on any of these parties would make them more flexible on key procedural, much less substantive, issues:

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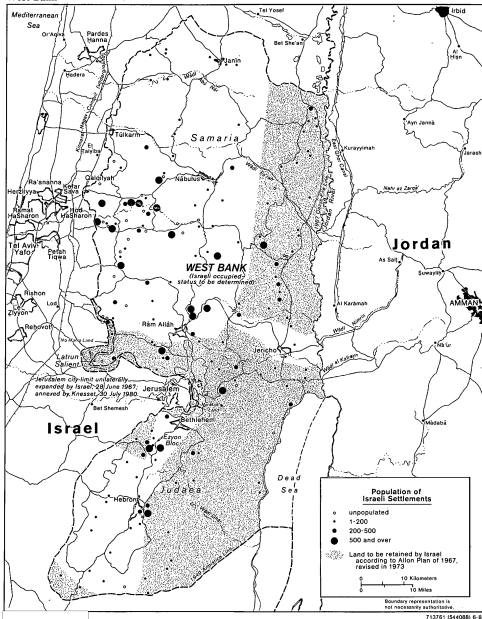
- Most analysts argue that US pressure on Likud leaders would only make them more intransigent and strengthen their political standing in Israel. Similarly, most analysts believe Damascus would be unwilling to abandon its fundamental requirements for joining a peace process even in the face of strong Soviet pressure. According to this view, Likud and Syria are confident that the United States and the Soviet Union would not significantly cut their respective economic and military assistance programs because of peace-process-related matters. Even in the unlikely event Likud or Syria gave in to super-power pressure, they would be recalcitrant negotiating partners and would look for, and even set up, obstacles to justify their pulling out of peace talks. A sharp cutback in US or Soviet assistance probably would come as a shock to Likud and Syrian leaders, but they probably would hold to their positions and hope that their steadfastness would soon lead to a restoration of former aid levels.

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- Other analysts argue that external pressure would overcome ideologically rooted positions on both sides that inhibit flexibility. According to this view, Washington has a significant capability to moderate the positions of Israel's Likud bloc, and Moscow has a similar capability to press Syria and the PLO to be more accommodating on the requirements to initiate a peace process and to compromise during actual negotiations. These observers believe that if Likud, Syria, or the PLO thought that they would

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Figure 7  
West Bank



**The West Bank and the Gaza Strip:  
History and Demography**

After Great Britain ousted the Ottomans from Palestine and the Levant in 1917, the area that constitutes present-day Israel, Jordan, and the occupied territories of the West Bank and the Gaza Strip became part of Great Britain's Palestine Mandate. When the British announced their intention to terminate their mandate in 1948, the United Nations General Assembly adopted a plan for the partitioning of Palestine into separate Jewish and Arab states. The plan was supported by both the United States and the Soviet Union, but it was widely denounced by Arab and Zionist leaders. Although Israel proclaimed its statehood when the British departed in May 1948, the partition plan was never implemented. The Arab-Israeli war of 1948-49 and the subsequent armistice agreements between Israel and its Arab neighbors resulted in Israel getting about 20 percent more territory than originally allocated by the partition plan, Egypt controlling the Gaza Strip, and Jordan occupying the West Bank. Jordan annexed the West Bank in 1950, a move that was recognized only by the Governments of Great Britain and Pakistan.

Israeli forces seized the West Bank and the Gaza Strip during the Six-Day War of June 1967. Both areas are administered as occupied territories, and the Israeli Government has no announced plans to formally annex either the Gaza Strip or the West Bank.

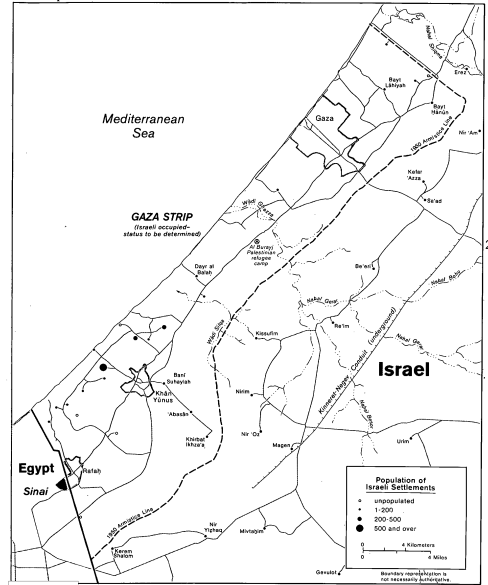
The Israeli census of September 1967 counted 595,900 Palestinians in the West Bank (excluding East Jerusalem). Of this number, the United Nations

Relief and Works Agency counted 311,000 refugees; 73,000 of whom lived in refugee camps. Since 1967, the high rate of natural increase has more than offset the number of emigrants, and the West Bank Arab population now totals about 845,000. We project that the population will reach 1.1 million by the year 2000.

In addition, some 56,000 Jewish settlers currently reside in 161 West Bank settlements. Most of the settlers live in housing constructed during the pro-settlement Likud Party rule between 1977 and 1984. About 60 percent live in 10 large communities within short commuting distance of Tel Aviv and Jerusalem. Although construction in West Bank settlements continues, it has slowed markedly from the accelerated pace of the early 1980s.

Approximately 390,000 Palestinians lived in the Gaza Strip at the time of the June 1967 war, including about 200,000 in refugee camps. Today, the Palestinian population numbers about 550,000, with 240,000 living in refugee camps. Emigration has exceeded immigration, but a high Palestinian birth rate has resulted in an annual growth rate of 3.1 percent. We project the Palestinian population to be about 780,000 by the end of the century. About 1,900 Jewish settlers in 17 settlements also live in the Gaza Strip.

Gaza Strip



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**What Might a Settlement Include?**

*In our view, the most workable political and territorial settlement would be one that balanced Israeli security concerns with Arab demands for the return of most of the territory that was occupied by Israel in the 1967 war. The most viable settlement clearly would include a combination of Israeli and Arab territorial and political concessions, as neither side—primarily because of their own domestic political considerations—would be willing or able to abandon completely their current objectives. No conceivable final settlement would meet the current minimum demands of all the principal players. There are wide gaps between the most accommodating Israeli and Arab positions.* [redacted]

*A territorial or political settlement almost certainly would have to be implemented over many years—perhaps more than 20—and include several transitional phases. Such transitional arrangements could be bilateral or multilateral. The signing of nonbelligerency agreements might coincide with interim stages to demonstrate the willingness of each side to enter into formal agreements with the other. Interim political steps—for example, a transitional self-governing*

*Palestinian authority—as well as phased withdrawal and force reduction arrangements such as were included in the Egyptian-Israeli Peace Treaty on the return of the Sinai to Egypt would need to be devised for an Israeli pullback from the occupied territories or the Golan Heights.* [redacted]

*We believe an international economic development fund, perhaps as much as \$15-20 billion, would need to be established to make a settlement on the West Bank and Gaza Strip viable. There was an increase of at least \$10 billion in foreign assistance to Tel Aviv and Cairo in the five years following the signing of the Egyptian-Israeli Peace Treaty in 1979. A reconstruction fund put in place before a formal end to negotiations would provide additional encouragement to Palestinian and Jordanian negotiators to be flexible and reach a settlement. Such a fund would be an incentive to move expeditiously on sticky, sensitive, and emotional issues. Gulf Arab states are the logical contributors of most of the financial assistance—nations of the Organization for Economic Cooperation and Development, Israel, and the Soviet Union also would be expected to contribute.* [redacted]

lose substantial military, economic, or political support from their superpower benefactors they would adopt more moderate tactical and substantive positions. [redacted]

There is also a difference of view among analysts and outside experts about the value of initiating a peace process that had a good chance of bogging down:

- Most observers believe that a failed or inconclusive peace process would be detrimental to future progress because it would highlight obstacles to peace, reveal the inflexibility of several of the players, and confirm the suspicions of many Arabs and Israelis that negotiations will not produce settlements on the core territorial issues of Jerusalem, the West Bank, and the Golan Heights. According to this view, the start of a peace process also would increase expectations—particularly among moderate Arab leaders—

that would be difficult to meet in negotiations, and a breakdown of peace talks would lead to new and more vociferous charges by Israel and Arab states about each other's responsibility for the continuation of the conflict.

- A minority of analysts argues that the initiation of a peace process, even one that failed, would advance prospects for peace, because it would establish an agreed upon negotiating process and would tangibly demonstrate Arab and Israeli commitment to a negotiated settlement. According to this view, Israel and some or all of the Arab participants would have the option of returning to an established negotiating process at a future date, thus eliminating the need to haggle once again over procedural issues. In the case of an international conference that collapsed in

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**Jerusalem: History and Demography**

By the time the British arrived in 1917, the city of Jerusalem had already experienced three millenia of conquest by invading armies, including Romans, Egyptians, Persians, Turks, and Europeans, and had been controlled by more than a dozen Muslim, Christian, Jewish, and secular powers. From 1920 until 1948 Jerusalem was administered by Great Britain as part of its Palestine Mandate, and the city served as the Mandate's capital. [redacted]

The 1947 UN Partition Plan for Jerusalem called for the city to be administered by the United Nations under a special international regime. Neither Israel nor Jordan accepted the UN plan for the city. When Israel proclaimed its statehood at the time of the British departure, it retained control of the western portion of the city. Jordanian forces captured East Jerusalem and its environs the following day. The Israeli-Jordanian armistice of 1949 did not resolve the question of sovereignty over part or all of Jerusalem, but its delineation of the cease-fire line that cut through the city served to partition the city between Israeli and Jordanian control for the next 18 years. Israel began to relocate government offices to West Jerusalem in 1949 and Jordan declared East Jerusalem its second capital in 1960. [redacted]

Israeli forces seized East Jerusalem from Jordan in the 1967 war. Shortly after hostilities ended, the Israeli Government announced the annexation of the eastern section of Jerusalem and the unification of the city. In 1981 the government formally reiterated its position that Jerusalem is the eternal capital of Israel. [redacted]

Following the 1967 war, Israel extended the boundaries of Jerusalem to include about 67 square kilometers of West Bank territory. At the time, approximately 69,000 Arabs lived in East Jerusalem and other communities lying within this annexed territory. Today, high birthrate and rural to urban migration have resulted in the Arab population of East Jerusalem doubling to about 135,000 out of Jerusalem's total population of about 460,000. Various Israeli governments have constructed 11 large Jewish neighborhoods surrounding Arab East Jerusalem. These neighborhoods now house nearly 100,000 Jews. [redacted]

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relatively short order, for example, Jordan and Israel might opt to proceed with direct talks on the West Bank and the Gaza Strip even though Syria continued to boycott negotiations. [redacted]

**Gaining Israeli Flexibility**

Israel's political stalemate between Labor and Likud inhibits Tel Aviv's ability to demonstrate procedural flexibility and join a negotiating process. This is likely to be the case over at least the next two years because of the unlikelihood that either Labor or Likud will gain a sizable majority in the 1988 election and perhaps much longer. [redacted]

In our view, a strong Labor government would present the best opportunity for Israeli participation in a negotiating process. We judge that Labor and its

leftist allies would need more than 70 seats in the Knesset to have at least an even chance of committing Israel to participate in an international peace conference over Likud opposition. With control of the Cabinet, a Labor prime minister would have the required support within the government as well as the political means to move ahead. [redacted]

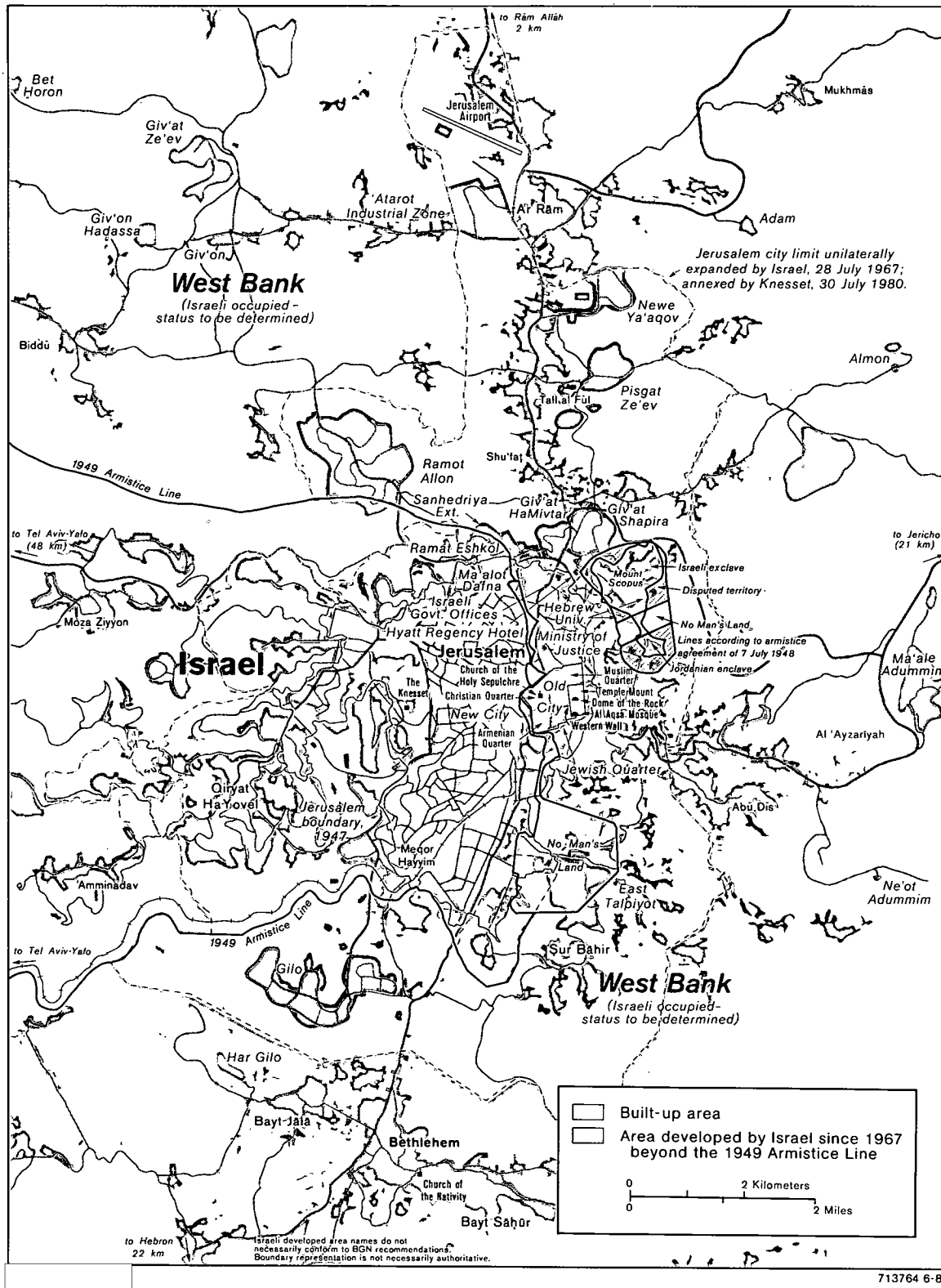
A less viable but probably more realistic opportunity for progress in the near term would be a national unity government under a Labor prime minister. Under this scenario, Likud would still have to lend its tacit support—perhaps in the form of restrained opposition—for Tel Aviv to engage constructively in talks. Likud probably would be reluctant for domestic political reasons to pull out of the government before

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Figure 8  
Jerusalem



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or during the initial stages of negotiations, believing that substantive deadlocks would inevitably bring talks to a halt or that negotiations would drag on until Likud took control of the prime minister's office.

[redacted]  
Likud leaders, before tacitly or explicitly supporting Israeli participation in a negotiating process, would want to be sure that all key party members were also on board. For instance, Shamir would be reluctant to endorse a negotiating track that had only a limited chance for success if he thought Ariel Sharon or another Likud leader would capitalize on failure and seize the Likud leadership.

We believe a significant increase in domestic Israeli support for the convening of an international peace conference would lead Likud leaders, albeit reluctantly, to soften their current strong opposition. This might result from a further sharp and protracted upturn in violence in the West Bank and the Gaza Strip that resulted in a significant number of Israeli casualties, a rise in the economic cost of military occupation, and increased international criticism of Israeli policy on the occupied territories. Likud leaders would hope that Israeli flexibility on terms for negotiations might buy Tel Aviv some time to gain control over security in the West Bank and the Gaza Strip and lessen external, particularly US, pressure on Israel. If Israeli flexibility produced an even greater upsurge in Palestinian violence, however, Likud leaders almost certainly would quickly back away from accommodation and push for the brutal repression of Palestinian disturbances.

Other factors also would play a role in Likud and domestic Israeli thinking. An increase in Israeli domestic support might require a dramatic development such as King Hussein's agreement to engage in direct preliminary talks with Israel. Promises by the United States and other Western powers to increase aid to Israel if it participated in a peace conference would put additional pressure on Likud to agree to Israeli participation. Indications by the United Kingdom and France that they would help protect Israeli interests at an international conference would be greeted with appreciation—as well as skepticism—in Tel Aviv. In addition, a warming of relations between Israel and the Soviet Union, with indications by Moscow that it

would allow increased Jewish emigration from the USSR and would restore diplomatic relations with Tel Aviv once a conference convened—an offer made by Moscow to Begin in 1977—would make it extremely difficult for Likud to maintain its strong public opposition to an international conference.

[redacted]  
Prospects for Likud flexibility would also increase if Jordan's King Hussein, Egypt's President Mubarak, or Morocco's King Hassan courted Shamir and other Likud leaders the way they have flirted with Labor leader Peres. A discreet meeting between Shamir and Hussein would give Likud a direct role in behind-the-scenes, high-level contacts between Israelis and Jordanians—heretofore the preserve of the Labor Party. We believe Likud's strong opposition to an international conference is due, in part, to Shamir's disquiet over being cut out of surreptitious Labor dealings with Arab officials.

Likud's agreement to participate in an international conference or other negotiating process would not mean increased Likud willingness to make territorial concessions. Indeed, Likud probably would stake out a strong public position on the eve of negotiations opposing major Israeli withdrawals, reaffirming to its domestic constituency that it would not support territorial concessions that might threaten Israeli security. Moreover, many Labor officials would also oppose major Israeli withdrawals from the Golan and the occupied territories, and differences over the amount of territory to be returned as part of a settlement could lead to a sharp split among Labor leaders.

Likud probably would demonstrate flexibility on some territorial issues during a negotiating process. A dramatic move by Damascus—for example, a public meeting between senior Israeli and Syrian officials or a statement by President Assad that he wanted a full peace treaty with Israel—would erode Likud's opposition to an Israeli withdrawal from the Golan and lead to broader Labor support. The Golan issue probably would pose fewer obstacles than would the West Bank, the Gaza Strip, and Jerusalem:

- Most Israelis have no religious or historical attachment to the Golan Heights, but Tel Aviv would need to be fully confident that an Israeli pullback from

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Figure 9. Israeli tank and crew on military maneuvers in the Golan Heights, Israeli-occupied Syrian territory.

current disengagement lines would not jeopardize Israel's security. Stationing of forces and interim withdrawal agreements, complete demilitarization of the entire Golan, and the deployment of international peacekeeping forces in buffer areas might provide such guarantees. Israeli leaders probably also would insist that a withdrawal from the Golan be in exchange for full diplomatic relations with Syria and for US assurances that it would provide Israel with information concerning changes in Syrian order of battle near the Golan. Tel Aviv also would seek to link Israeli concessions on the Golan with Syrian compromise on the West Bank and the Gaza Strip, specifically Syrian agreement not to push for an independent Palestinian state or a return of East Jerusalem to the Arabs.

- Most analysts believe it highly unlikely that the current leadership of the Likud bloc would agree to more than minor territorial concessions on the West Bank in the foreseeable future. They argue that Likud—in a Labor, Likud, or National Unity government—would be unwavering in its ideological commitment to retain the “land of Judaea and Samaria” and would work to scuttle plans that proposed a return of the West Bank to the Arabs. A minority of analysts, on the other hand, speculates

that Likud leaders might agree to a significant Israeli withdrawal from the West Bank in exchange for a formal and comprehensive peace under the right combination of US pressure, Arab flexibility on the terms of a peace agreement, and security guarantees. There is broader—but less than unanimous—agreement among analysts that Likud probably would agree to return most, if not all, of the Gaza Strip to a non-Palestinian Arab state in exchange for strict security assurances.

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#### Gaining Syrian Involvement

In our view, Syria would participate constructively in a negotiating process only if it gained certain assurances and incentives:

- *Public Israeli flexibility on the Golan Heights.* We believe the essential precondition for Syrian support for a negotiating process would be an official public position by Israel that it would consider major territorial adjustments on the Golan Heights in exchange for either a nonbelligerency agreement or a peace treaty with Syria. Comments on the negotiability of the Golan by Likud bloc leaders, in particular, would greatly improve prospects for Syrian willingness to enter Arab-Israeli talks. And public US reiteration that the withdrawal provisions of UN Resolutions 242 and 338 applied to the Golan Heights would strengthen further a Syrian inclination to join a negotiating process.
- *Assurances and economic incentives from the Soviet Union.* The Syrians would want a public commitment and private assurances from Moscow that the Soviet Union would oppose a proposal that did not include an Israeli withdrawal from the Golan Heights. Damascus would view this guarantee as necessary to ensure that it would not be pressed during negotiations to compromise on its fundamental territorial objective. To take advantage of Soviet interest in seeing negotiations develop, Damascus probably would seek a major Soviet economic incentive, such as a writeoff of a significant portion of Syria's military debt to Moscow.

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- *Financial assistance from the Gulf Arabs.* Damascus almost certainly would look for significantly increased Arab financial backing for its participation in peace or nonbelligerency talks. The Syrians probably would expect at least \$1 billion from the Gulf Arabs before negotiations started. [redacted]

We believe Israeli agreement to withdraw from most of the Golan would lead to significant Syrian flexibility on other territorial and political issues. Specifically, Damascus might not oppose a loose political association between Jordan and the West Bank and the Gaza Strip if Damascus were confident that its Palestinian surrogates would be given positions of influence within the new Jordanian-Palestinian entity. With the return of the Golan secure, we believe Syria probably also would not oppose Arab flexibility on East Jerusalem—for example, internationalization of at least part of the Old City. [redacted]

**Palestinian Representation**

The Israelis and the Syrians almost certainly would want the question of Palestinian representation resolved before they agreed to participate in negotiations. Indeed, Likud leaders probably would make their support for any negotiating formula conditional on Arab agreement that the PLO would not participate directly in peace talks. Syrian approval of non-PLO Palestinian representation in negotiations probably would be a minimum Likud requirement. [redacted]

PLO Chief Arafat would obviously be suspicious of a negotiating process that enjoyed Israeli and Syrian support, seeing it as a scheme to jettison Palestinian interests and force a solution on the West Bank and the Gaza Strip. He almost certainly would resist efforts to deal the PLO out of negotiations, and he probably would try to enlist the support of other Arab states and the Soviet Union to counter what he would consider to be another anti-PLO Syrian gambit. Most Palestinians in the occupied territories and the diaspora, moreover, probably would continue to recognize the PLO as the sole legitimate representative of Palestinian interests, and PLO opposition to negotiations would undercut popular Palestinian support for a peace process. [redacted]

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**Golan Heights: History and Demography**

*Israel gained control of the Golan Heights as a result of the 1967 war and the subsequent cease-fire lines that were drawn by the United Nations Security Council. Before 1967, the Golan Heights had been part of Syria since its independence in 1946. Israel relinquished control over part of the Golan, including all of the territory it had seized in the Arab-Israeli war of 1973 and the city of Al Qunaytirah that it had captured in 1967, to UN observer forces under the terms of the May 1974 disengagement agreement between Israel and Syria that followed 1973 hostilities. Tel Aviv formally extended Israeli law, administration, and jurisdiction to the portion of the Golan Heights under its control in 1981.* [redacted]

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*Approximately 100,000 Syrians and 13,000 Palestinian refugees fled the Golan Heights for Syria during the 1967 war, leaving only 6,400 Syrian nationals living in one Alawite and four Druze villages. The Syrian population in the Golan has since grown to about 14,000. In addition, Israel has established 32 Jewish settlements in the Golan since 1967, most of them between 1977 and 1984. These settlements now house about 9,200 Jews.* [redacted]

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Although the PLO would be unlikely to give up its hope of direct participation in negotiations, we believe moderate PLO leaders would reluctantly agree to play a behind-the-scenes role in an operative peace process that had the support of other major players, particularly Israel and Syria. In our view, past attempts to gain PLO endorsement for non-PLO Palestinian representation in negotiations have failed because there had been no peace process formula established. Arafat had little to risk by withholding his support because negotiations appeared unlikely to take place without the PLO on board. [redacted]

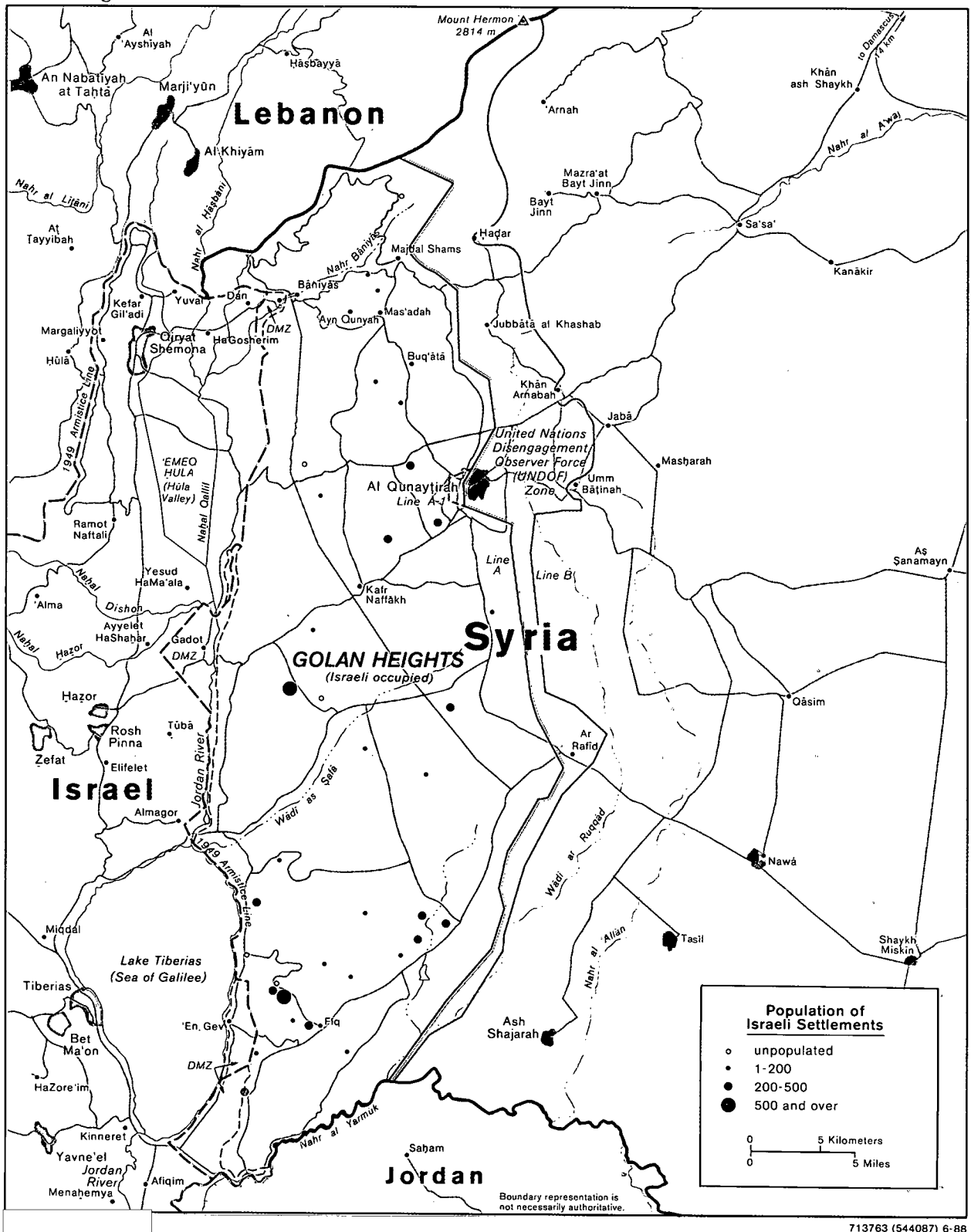
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Figure 10  
Golan Heights



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If the key players—Israel, Syria, and Jordan—agreed to the convening of an international peace conference on the basis of UN Resolutions 242 and 338 and scheduled a date for an opening session, however, the PLO would, by definition, be excluded if it did not accept the two resolutions. Palestinian representation in such a conference would thus have to be by non-PLO Palestinians within a Palestinian-Jordanian delegation. Under this scenario, the PLO, in our view, would work with Jordan to agree on a list of Palestinians—from within the territories and in the diaspora—that were acceptable to the other participants to be on a joint delegation. We do not believe that the PLO would risk being totally left out of a conference that was going to deal comprehensively with the Arab-Israeli conflict:

- Some analysts, on the other hand, believe that Arafat and the PLO would be unlikely to support a negotiating process from which they were excluded. According to this view, the PLO would align itself with a rejectionist state such as Libya to work aggressively to undermine peace talks. Terrorism against Palestinian members of a joint Jordanian-Palestinian delegation would be a principal tool of the PLO in such a scenario. [redacted]

We believe PLO acceptance of 242 and 338—at any stage in the peace-seeking process—would complicate peace-seeking efforts and thus thwart progress toward a settlement. A PLO acceptance almost certainly would include a reservation that the resolutions do not adequately address the need for a Palestinian homeland. This type of qualified acceptance was drafted by the United States and Egypt in 1977 and almost endorsed by the PLO. The PLO would be likely to consider an acceptance of the resolutions with a reservation sufficient to gain a direct role in negotiations—probably as a separate delegation and not as part of a joint Jordanian-PLO negotiating team. The PLO also would see its tactical victory of gaining entry into peace talks as strengthening its hand on the fundamental substantive issue of the political future of the West Bank and Gaza. [redacted]

If the PLO accepted the two resolutions and renounced terrorism, considerable public debate in Israel would result. Likud and the parties to its right

would denounce the PLO action as a public relations maneuver intended to influence gullible US and West European policymakers and public opinion. Some—but not all—in the Labor Party and groups to its left would applaud the PLO move, arguing that it resolved the issue of Palestinian representation and removed a major constraint against the participation of Jordan and Syria. At the same time, many Israelis almost certainly would remain implacably opposed to a PLO role in peace negotiations. PLO-directed and-inspired acts of terrorism stretching back over many years—and impacting on the lives of many average Israeli families—have entrenched the PLO in the minds of most as a pariah. No concessions Arafat or his colleagues could offer would erase these memories.

[redacted] 25X1

The tenor of the Israeli debate might change in the unlikely event Arafat proved able, over an extended period, to enforce a complete moratorium on attacks against Jews in Israel and the occupied territories. In this case, US and West European pressure in favor of an Israeli-PLO dialogue and the relatively receptive attitudes of Labor and its left-of-center supporters might lead to a government decision to open tentative contacts and enter peace negotiations with a mutually agreed on Jordan-PLO delegation. This process would be a most wrenching one for Israel—particularly for those on the right who consider territorial compromise on the West Bank anathema. Ultrarightwing Israelis probably would stage their own terrorist acts designed to provoke PLO reprisals. [redacted] 25X1

Jordan, Egypt, and other moderate Arab states would see PLO acceptance of 242 and 338 as a major breakthrough, and they would quickly call for direct Arab-Israeli negotiations with the PLO participating on a joint PLO-Jordanian delegation. If Israel refused to negotiate with the PLO, both Tel Aviv and Washington would come under increased attack from the moderate Arabs for perceived backsliding. Cairo probably would press Israel to enter negotiations with the PLO by recalling its Ambassador in Tel Aviv and threatening to freeze diplomatic relations. Other moderate Arabs almost certainly would refuse to make concessions related to the peace process until Israel changed its position. [redacted] 25X1

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It is unlikely extremist Palestinian groups such as Abu Nidal would sanction Arafat's acceptance of 242 and 338. These groups probably would step up terrorist attacks in the hope of derailing PLO moderation. Although the groups are not members of Arafat's PLO, few Israelis acknowledge this distinction. Most would denounce Abu Nidal or other extremist Palestinian operations as PLO terrorism—in the process, further strengthening the Israeli national disinclination to deal with the PLO. Syria, Libya, and Iran probably would be willing to sponsor extremist Palestinian efforts to abort PLO involvement in direct negotiations with Israel. Damascus would be most concerned that it would lose influence over Palestinian issues once the Fatah-led PLO gained an independent voice in peace talks. [REDACTED]

#### First Steps

While prospects for a formal peace between Israel and either Syria or Jordan over the next few years are far from favorable, several potential developments offer the possibility of reducing tension between Israel and its Arab neighbors. Behind-the-scenes diplomacy between Israel and the Arab states—with the United States and other third parties facilitating contacts and serving as intermediaries—probably would be necessary to help inch the peace process forward. The objective of these efforts would be for both sides to demonstrate a commitment to peaceful coexistence and to build trust before structured negotiations started. Developments that probably would produce a political environment more conducive to Arab-Israeli negotiations include:

- A halt to Israeli settlement activity and land acquisition and significant efforts, including outside financial assistance, to improve the quality of life of Palestinians living under Israeli occupation.
- A moratorium on Palestinian-sponsored attacks against Israelis and a relaxation of oppressive and arbitrary measures by Israeli military authorities in the occupied territories.
- Public Israeli overtures to the Arabs—for example, an invitation to the Jordanian Minister of Islamic Affairs, Holy Places, and Religious Trusts to visit



Figure 11. An Israeli soldier armed with tear gas rifle retreats from jeering Palestinians in Al Burayj Camp in the Gaza Strip. [REDACTED]

the Al Aqsa Mosque complex in Jerusalem—and reciprocal goodwill gestures by the Arabs—for example, Jordanian acceptance of the Israeli invitation and tacit Syrian endorsement of the visit.

- Public statements by Arab leaders recognizing Israel's legitimate security needs and right to exist within defensible borders, mutual Syrian and Israeli interest in preventing further political instability, and the reemergence of a militarily strong PLO in

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Lebanon present opportunities for complementary moves—perhaps even discreet coordination—by Damascus and Tel Aviv.

- Public Syrian moderation of its requirements to join a peace process, such as relaxing its insistence that a unified Arab delegation represent Arab interests at an international conference. [redacted]

**Autonomy**

The introduction of either unilateral or brokered autonomy measures in the West Bank and the Gaza Strip before the start of formal Arab-Israeli negotiations probably would be acceptable to the Arabs only if autonomy were accompanied by a firm Israeli commitment to participate in an international conference. Without this commitment, Arab reaction probably would be negative even if Tel Aviv portrayed the measures as temporary steps, taken in the absence of formal Arab-Israeli negotiations, to help redress legitimate grievances of Palestinians living under Israeli occupation. The PLO and most Arab states almost certainly would view the move as an Israeli effort to impose a settlement on the Palestinian problem and reduce international, particularly US, pressure on Israel to enter negotiations. [redacted]

We believe the overwhelming majority of Palestinians in the occupied territories would refuse to participate in the political aspects of an Israeli autonomy scheme—for example, municipal elections—that were denounced by the PLO and Arab states. Nevertheless, the Palestinians probably would have to assume responsibility for essential municipal services that might be relinquished by the Israelis—for example, trash collection, mail delivery, electricity generation. Many of these services are operated mainly by Palestinians. [redacted]

Arab opposition to other autonomy arrangements might soften over time if, in fact, Palestinian rights and privileges were to increase and if the Israeli position on Arab-Israeli negotiations were not to harden. Reduced Israeli military and administrative presence in Arab communities, in particular, would promote chances for broad Palestinian acceptance and might even pave the way for the establishment of a

self-governing Palestinian authority in the West Bank and the Gaza Strip. A form of Palestinian government, in our view, would be an essential part of an interim or transitional arrangement leading to a final settlement. [redacted]

**Implications for US Interests**

**A Stalemate**

We believe the continued absence of formal peace agreements between Israel and either Jordan or Syria is unlikely to seriously damage key US interests in the Middle East over the next two to three years. Most Middle East leaders generally determine the extent and nature of their ties to Washington more according to their most immediate political, economic, and security requirements than to the status of US peace-seeking efforts. Egypt's dependence on US economic and military assistance for its own political stability, for example, is much more important to Cairo than a resolution of the Palestinian problem. Similarly, Saudi Arabia and the Gulf Arabs put greater value on maintaining their security ties to the United States—particularly at a time of increased Iranian aggression and intimidation in the Persian Gulf—than on seeing progress toward a formal Arab-Israeli peace. A decrease in the Iranian threat might lead Riyadh and other Gulf Arabs to reduce the visibility and extent of these security ties, however, and the US position on the Arab-Israeli conflict might again become a more important factor in their relations with Washington. [redacted]

An increase in the casualties, frequency, and intensity of Palestinian-Israeli clashes probably would prompt Arab states, Western Europe, and the Soviet Union to press the United States to become more active in the search for peace. Escalating violence also would strain US-Israeli relations, particularly if the United States publicly criticized Israel's policies in the occupied territories, and would subject US-Israeli ties to greater Arab and international reproof. [redacted]

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If a negotiating process supported by the United States collapsed, Washington's credibility as an impartial mediator between Israel and Arab states probably would be further eroded. Arab states, the Soviet Union, and many West European nations almost certainly would blame the collapse on Washington's failure to get Israel to meet Arab political and territorial demands. Moderate Arab leaders would become more skeptical that any negotiating process could bring about a settlement to the conflict. [redacted]

**War**

Another major Arab-Israeli war would gravely threaten US interests in the Middle East and probably would give the Soviets opportunities to strengthen ties to their Arab allies and improve their relations with moderate Arab states. Renewed Arab-Israeli fighting might even prompt a temporary embargo of Arab oil exports to the United States and bring the United States and the Soviet Union to the brink of direct involvement and perhaps confrontation. US relations with virtually every Arab state would be seriously damaged and might not be fully repaired for several years. [redacted]

**A Settlement**

In the event a peace process or settlement acceptable to the major players were put in place, a major irritant in US relations with moderate and radical Arab states would be removed. Anti-US rhetoric undoubtedly would diminish, and the single greatest cause for popular anti-US sentiment in the Arab world would be neutralized. US policies would be seen as more evenhanded and complementary to Arab interests, particularly if the United States were widely perceived as responsible for gaining Israeli concessions that made peace possible. [redacted]

Still, the general regional trend away from reliance on either superpower and the anti-Western nature of Islamic resurgence in the Arab world would continue to trouble Arab-US relations. Moreover, a peace settlement probably would require increased outlays of US economic and military aid to Tel Aviv to maintain Israel's security. At the same time, some Arab states probably would be disappointed that a formal peace produced inadequate increases in US



Figure 12. UN-supervised exchange of Syrian and Israeli POWs at Al Qunaytirah, Syria, following the signing of the 1974 Syrian-Israeli Disengagement Agreement. [redacted]

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economic and military aid for them and did not remove completely US Congressional reluctance to sell sophisticated US arms to the Arabs. Moderate and radical Arab states would hold the United States responsible for Israeli adherence to the terms of peace agreements, and perceived or real violations or provocations by Tel Aviv almost certainly would prompt Arab criticism of US acquiescence or even complicity:

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- Damascus would be particularly interested in expanding its economic and commercial relations with the United States, but it would almost certainly maintain its close political and security association with Moscow. [redacted]

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A peace process that gave the Soviet Union a major role almost certainly would provide Moscow with new opportunities to increase its influence in the region. Soviet relations with Jordan, Israel, and the PLO are on the upswing, and Moscow would be likely to continue to cultivate closer relations with all key

players before and during a negotiating process. Moscow has the ability to offer incentives to both Israel and the Arab states in exchange for flexibility on either procedural or substantive matters, and perceived Soviet success in breaking logjams during negotiations would greatly improve its credentials.

[redacted]

Although Soviet involvement in the search for peace would demonstrate Moscow's ability to help resolve regional disputes, widespread suspicion among Arab and Israeli leaders of ultimate Soviet aims and objectives in the Middle East would continue. Anti-Communist sentiment would still be strong in Islamic countries, preventing Arab leaders from moving close to Moscow or allowing a significant increase in Soviet presence in their countries.

[redacted]

**The Durability of Peace**

An interim or final agreement between Israel and Jordan or between Israel and Syria would greatly reduce the chances of another Arab-Israeli war. We believe neither Amman nor Damascus would jeopardize territorial gains made as part of a peace settlement by threatening Israel militarily. Syria, Jordan, and Israel would direct their attention mainly to internal issues, particularly economic development. Jordan would be concerned most with maintaining its internal cohesion in the face of Palestinian gains. The regional arms buildup probably would slow, and the economic drain of high levels of military readiness in Israel and Syria would lessen.

[redacted]

Even under optimal conditions, however, tension between Israel and its Arab neighbors would be likely to last long after a formal end to the conflict. One factor would be violence and terrorism by extremist Arabs and Israelis, who almost certainly would strongly oppose a peace settlement that might be reached between Israel and either Syria or Jordan. Radical Arab states such as a Qadhafi-led Libya probably would support extremist Palestinians dedicated to scuttling a peace agreement. Arab and Israeli officials probably would be the principal targets of terrorist attacks. Palestinian-sponsored violence against Israel that used returned territory as a staging ground

probably would bring swift Israeli counterstrikes, risking a collapse of formal peace and an outbreak of major Arab-Israeli hostilities.

[redacted]

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Another major threat to the durability of a peace agreement would be a change in leadership in Jordan or Syria that brought more radical nationalists to power. Although we believe President Assad and King Hussein probably would adhere to the terms of a peace settlement to which they agreed—Damascus has adhered closely to the terms of the 1974 Israeli-Syrian disengagement agreement—the extremely personalized nature of politics in the Arab world and the broad decisionmaking authority of Arab leaders raise doubts about the commitment to peace terms of future Syrian and Jordanian regimes. Political change in Israel also might lead to a more aggressive Israeli posture and even attempts to provoke an Arab breach of peace agreements.

[redacted]

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In the event a peace agreement called for the establishment of some political association between Jordan and territory returned by Israel, serious internal discord probably would develop between Jordanian and Palestinian leaders. Power-sharing arrangements between Jordanians and Palestinians would be particularly nettlesome, and the passing of King Hussein might encourage Palestinian leaders to seize power in Amman or break away from the Jordanians. We believe Israel would move militarily to prevent either a radical Palestinian takeover in Amman or the establishment of an independent Palestinian state in the West Bank and the Gaza Strip. Tel Aviv would see either development as a breach of the peace settlement and a precursor of hostile Palestinian actions against Israel.

[redacted]

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If a peace settlement collapsed and hostilities were resumed, we believe prospects for a renegotiated peace agreement would be even poorer than prospects for a settlement today. Arab territories that had been returned to the Arabs as part of a peace settlement and were seized by Israel in renewed fighting almost certainly would be considered nonnegotiable by Tel Aviv. No Israeli government in the foreseeable future would be likely to risk another exchange of territory for peace.

[redacted]

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## **Appendix A**

### **UN Security Council Resolutions 242 and 338**

#### **United Nations Security Council Resolution 242,**

Adopted 22 November 1967

The Security Council,

Expressing its continuing concern with the grave situation in the Middle East,

Emphasizing the inadmissibility of the acquisition of territory by war and the need to work for a just and lasting peace in which every State in the area can live in security,

Emphasizing further that all Member States in their acceptance of the Charter of the United Nations have undertaken a commitment to act in accordance with Article 2 of the Charter.

1. Affirms that the fulfillment of Charter principles requires the establishment of a just and lasting peace in the Middle East which should include the application of both the following principles:
  - (i) Withdrawal of Israeli armed forces from territories occupied in the recent conflict;
  - (ii) Termination of all claims or states of belligerency and respect for and acknowledgement of the sovereignty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force;
2. Affirms further the necessity:
  - (a) For guaranteeing the freedom of navigation through international waterways in the area;
  - (b) For achieving a just settlement of the refugee problem;
  - (c) For guaranteeing the territorial inviolability and political independence of every State in the area, through measures including the establishment of demilitarized zones;
3. Requests the Secretary-General to designate a Special Representative to proceed to the Middle East to establish and maintain contacts with the States concerned in order to promote agreement and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles in this resolution;
4. Requests the Secretary-General to report to the Security Council on the progress of the efforts of the Special Representative as soon as possible.



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**United Nations Security Council Resolution 338,**

Adopted 22 October 1973

The Security Council

1. Calls upon all parties to the present fighting to cease all firing and terminate all military activity immediately, no later than 12 hours after the moment of the adoption of this decision, in the positions they now occupy;
2. Calls upon the parties concerned to start immediately after the cease-fire the implementation of Security Council resolution 242 (1967) in all its parts;
3. Decides that, immediately and concurrently with the cease-fire, negotiations start between the parties concerned under appropriate auspices aimed at establishing a just and durable peace in the Middle East.

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## Appendix B

### Key Statesmen in the Peace-Seeking Process

**Israeli Prime Minister Yitzhak Shamir**

**Israeli Foreign Minister Shimon Peres**



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Yitzhak Shamir was born in Poland and emigrated to Palestine in the early 1930s. He was a leading figure in the Stern Gang, which waged a violent campaign against the British in the 1930s and 1940s to gain independence for Israel. During the 1950s and 1960s he held senior positions in Mossad—Israel's intelligence service. A longtime member of Menachem Begin's Herut Party, he was tapped by Begin to serve as Foreign Minister (1980-83) and became Prime Minister following Begin's resignation in 1983. For the first two years (1984-86) of the National Unity Government he was Vice Prime Minister and Foreign Minister. He began his turn as Prime Minister in October 1986. Shamir is a skilled political infighter who has successfully fended off challenges by fellow party members for leadership of the Likud bloc. At 72 he is in excellent health and is planning to seek another term as premier.

Peres, 63, emigrated from Poland to Palestine as a young boy. He served in the underground Haganah army before Israeli independence. As director general of the Ministry of Defense and later Deputy Minister during 1953-65, he played a prominent role in expanding and modernizing Israel's military industry. Following the 1967 war he became actively involved in issues related to the Arab-Israeli conflict as Minister Without Portfolio with special responsibility for the Occupied Territories (1969-70) and Minister of Defense during Yitzhak Rabin's term as Prime Minister (1974-77). While Prime Minister during the first two years (1984-86) of the National Unity Government, Peres committed himself to pursuing a peace agreement with Jordan and laid the groundwork for his international peace conference approach.

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**Syrian President Hafiz al-Assad**

**Palestine Liberation Organization  
Chairman Yasir Arafat**

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Assad, 57, was born in the Alawi village of Al Qardahah in northwestern Syria. A career military officer, he attained the rank of general and a position on the Ba'th Party's Regional Command by 1964. As Commander in Chief of the Air Force and Minister of Defense, Assad had acquired sufficient power by 1970 to seize control of the party and the government in a bloodless coup. He was elected President four months later. Since then he has battled to secure the political authority of his Alawi regime and to establish his country as a dominant actor in the region. Despite serious episodes of civil unrest in the late 1970s and early 1980s and a leadership crisis generated over the issue of succession following a heart attack in 1984, Assad has provided his country with an unprecedented degree of political continuity. [redacted]

Arafat, 58, was born in Jerusalem. He became active in Palestinian nationalist circles in his youth, particularly while a student at Cairo University in the mid-1950s. Trained as an engineer, Arafat served briefly in the Egyptian Army before moving to Kuwait in 1957. It was there that he and other Palestinians formed the Fatah organization. Arafat, who has been chairman of the PLO Executive Committee since 1969, derives his influence from his control of Fatah, the largest and most powerful of the resistance groups making up the PLO. [redacted]

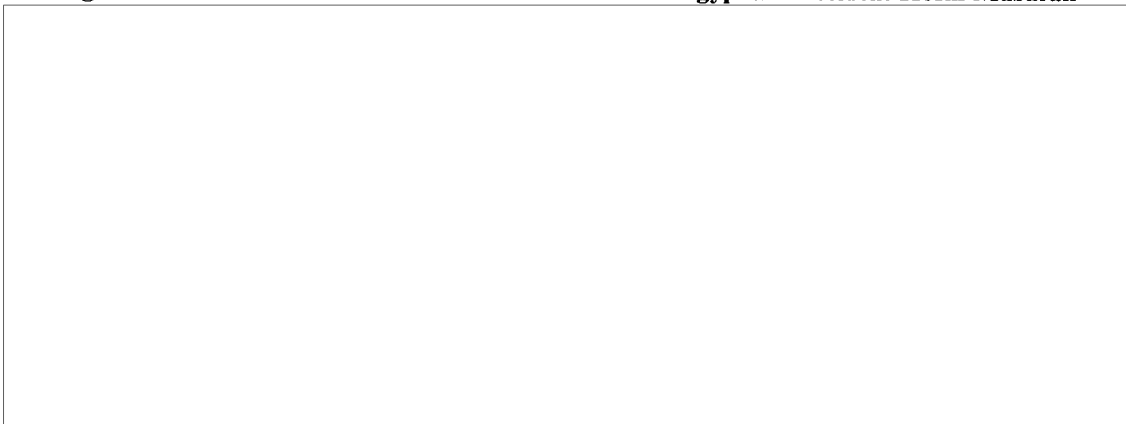
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**King Hussein of Jordan**

**Egyptian President Hosni Mubarak**



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King Hussein, the third of his family to rule the Hashemite Kingdom of Jordan since its creation in 1946, has reigned longer (since 1952) than any current Middle Eastern leader. He was educated in the United Kingdom—at Harrow and at the Royal Military Academy at Sandhurst—and is a direct descendant of the prophet Muhammad. Hussein's rule is autocratic, but he delegates considerable authority over administrative and economic affairs to a few key advisers. He maintains strict control over peace process issues. Hussein is 51.

Mubarak, 59, rose to the presidency through the military. Commander of the Air Force from 1972 until 1975, he is credited with devising a well-coordinated air offensive against Israeli forces in the 1973 war that enabled Egyptian troops to cross the Suez Canal into the Sinai. As Vice President during 1975-81 he was highly supportive of President Sadat's policy of seeking peace with Israel. Following the signing of the Camp David accords, Mubarak was responsible for Egypt's negotiations with Israel that culminated in the 1979 Egyptian-Israeli peace treaty. He became President following Sadat's assassination in 1981.

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## Appendix C

### Results of a Simulated International Peace Conference

Representatives of several US Government agencies and departments—mainly intelligence officers—participated in a simulated international peace conference on the Arab-Israeli conflict last November. The simulated conference was held under the auspices of the UN Secretary General, cochaired by the United States and the Soviet Union, and attended by Israel, Egypt, Syria, Lebanon, and a joint Jordanian-Palestinian delegation. The European Community and the Arab League had observer status at the conference. The conference formula called for an opening plenary session and the establishment of four separate negotiating committees dealing with specific issues: the West Bank and the Gaza Strip; Golan Heights; Lebanon; and external economic aid to the parties to a settlement. The simulation focused on negotiations on the West Bank and Gaza Strip, conducted between Israel and a joint Jordanian-Palestinian delegation, and on the Golan Heights, conducted between Israel and Syria. [redacted]

Arab and Israeli negotiating teams walked out of direct talks almost immediately after they commenced. The Israeli delegation, bowing to Likud demands, objected to the makeup of the Jordanian-Palestinian committee, the inclusion of Jerusalem in the negotiating agenda on the West Bank, and Syrian efforts to link the work of the four committees. The Jordanian-Palestinian delegation wrestled with who had veto and approval authority within the negotiating team and how to deal with the behind-the-scenes role of the Palestine Liberation Organization and Syria. The Syrian delegation refused to address the Golan Heights issue separate from other Arab-Israeli issues. [redacted]

A flurry of diplomatic activity erupted after negotiations broke down. Despite intensive lobbying for a resumption of talks on the part of Jordan and Egypt, Israel and Syria refused to return to negotiations until their demands were met. [redacted]

When it appeared the process was about to collapse as a result of Syrian and Israeli intransigence, the United States and the Soviet Union agreed to work in tandem to help restart the talks. The United States threatened a sharp cut in its economic and military assistance to Israel. The Soviet Union offered to forgive a substantial portion of Syria's military debt and threatened Damascus with a moratorium on arms sales. Both Syria and Israel relented and returned to the negotiating table. [redacted]

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When talks resumed, the Israeli delegation and the Jordanian-Palestinian agreed to postpone discussion of Jerusalem until other aspects of the West Bank-Gaza Strip issue were resolved. Representatives of both delegations said afterward that they wanted to make as much progress as possible on other agenda items before coming to grips with what they believed would be the issue least likely to be resolved. The simulation ended before the Jerusalem issue was addressed. [redacted]

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The Israeli delegation agreed to consider significant incremental territorial adjustments on the West Bank and the Gaza Strip over a period of years. The question of hot pursuit by Israel across borders and the makeup of police forces in returned territories during transitional and final stages were major unresolved stumblingblocks. Another divisive issue, presented by Israel as part of a territorial compromise formula and rejected outright by the Jordanian-Palestinian delegation, was the possibility of Israeli settler enclaves, with Israeli security forces present, within areas returned to the Arabs. The Jordanian-Palestinian delegation agreed to a demilitarization of West Bank and Gaza lands returned by Israel. No agreement was reached on either the political status of the territories to be returned or on the makeup or authority of a Palestinian self-governing body. [redacted]

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Syria conditioned any agreement it might reach on the Golan Heights on progress in other committees. Once Israel and Syria started to discuss the Golan, however, clear progress was made. The Israeli and Syrian delegations began almost immediately to discuss the extent and timetable of a phased Israeli withdrawal. The Syrian delegation agreed readily to demilitarize any territory returned by Israel but adamantly refused to allow Israeli observers to enter Syrian territory for verification purposes. The Syrians also refused to discuss the possibility of an Israeli-Syrian peace treaty until after Israel had agreed to a complete withdrawal from the Golan. Both delegations left open the possibility of a UN-supervised zone between Israeli and Syrian borders. By the time the simulation had ended, but before Syria and Israel concluded an agreement, the Israeli team had agreed in principle to return approximately 75 percent of the Golan over several years.

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