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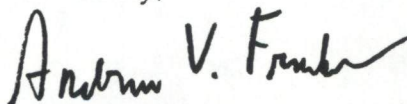
Dear Friend:

Enclosed is a just published report to The Trilateral Commission prepared by Garret FitzGerald, former Prime Minister of Ireland. Entitled *The Israeli-Palestinian Issue*, Garret FitzGerald prepared this report after extensive consultations. He traveled to Tunis, Cairo, Israel and the West Bank in March 1990, and also consulted with officials and experts in Washington, New York, London, Paris, Bonn, Rome and Tokyo.

Dr. FitzGerald analyzes the several factors in the past few years which combined to favor progress toward peace in the Middle East. The initiation of a dialogue between the Israeli Government and representatives of the Palestinian people seemed imminent when, in mid-March 1990, Israel's Prime Minister Shamir backed away from the negotiation. Dr. FitzGerald is deeply concerned about this deadlock and the potential for collapse of the peace process. "Given the scale of atomic and chemical weapons and delivery systems now available to one or other protagonist," he concludes, "it would be very difficult to justify a failure by the international community to address the resultant volatile situation by concerted action. Such concerted action is now becoming a real possibility in view of the radical change that has taken place in East-West relations. Moreover, in certain circumstances the prospect of action of this kind, making use of all forms of pressure available, could itself help to revive a failing dialogue."

I hope the report will be of interest to you.

Sincerely,



Andrew V. Frankel
Assistant North American
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THE ISRAELI- PALESTINIAN ISSUE

GARRET FITZGERALD

Ⓢ A REPORT TO THE TRILATERAL COMMISSION: 38

This report was prepared for the Trilateral Commission and is released under its auspices. It was discussed at the Trilateral Commission meeting in Washington, D.C. on April 21-23, 1990. The author has been free to present his own views. The opinions expressed are put forth in a personal capacity and do not purport to represent those of the Commission or of any organization with which the author is associated. The Commission is making this report available for wider distribution as a contribution to informed discussion and handling of the issues treated.

THE ISRAELI-PALESTINIAN ISSUE

A Report to
The Trilateral Commission

Author: GARRET FITZGERALD
Member of Irish Dail; former Prime Minister;
Deputy European Chairman, The Trilateral Commission

Published by
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The Trilateral Commission was formed in 1973 by private citizens of Western Europe, Japan, and North America to foster closer cooperation among these three regions on common problems. It seeks to improve public understanding of such problems, to support proposals for handling them jointly, and to nurture habits and practices of working together among these regions.

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Preface

The preparation of this Report was preceded by discussions with members of the Trilateral Commission, diplomats and officials, experts, and representatives of both Jewish and Arab organisations. These discussions were arranged by national groups of the Commission in Japan, France, the United Kingdom, the United States, Italy and the Federal Republic of Germany. Subsequently, in mid-March visits were made to Tunisia, Egypt, Israel and the West Bank in order to meet interested parties.

The coincidence of the political crisis in Israel, following the mid-March defeat in a "no confidence" vote in the Shamir Government, with the visit to that country limited the possibility of political contacts there, especially with Labour leaders who were pre-occupied with their efforts to prepare the way for a possible Labour-led Government.

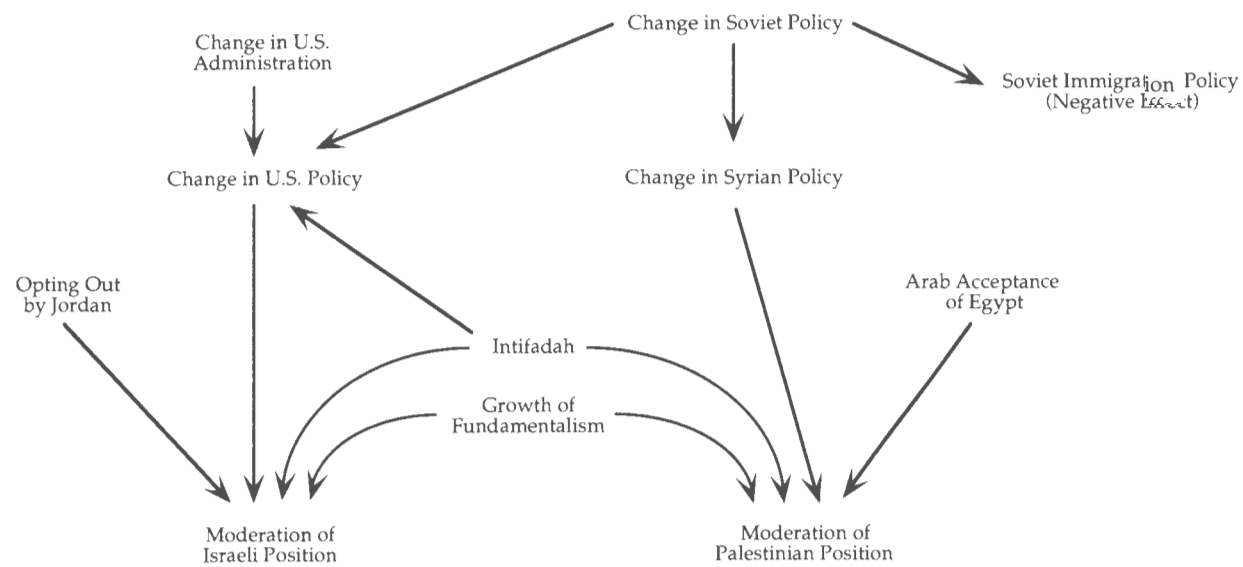
The Report draws on information derived from these consultations in order (1) to assess the significance of changes in the situation that have brought matters to their present (end April 1990) stage, (2) to attempt to evaluate the current possibilities of progress towards a settlement, (3) to analyse possible elements of an eventual solution, and (4) to suggest possible action by Trilateral countries that might assist progress towards such a solution. Except in a couple of specific cases involving principals, e.g. Prime Minister Shamir and Chairman Arafat, the report does not, however, directly cite sources.

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Changes Favouring Peace in the Middle East



NEW POTENTIAL FOR PROGRESS ON ISRAEL/PALESTINE ISSUE

During the past eighteen months a number of events have occurred which have created a new potential for progress in relation to the Israel/Palestine issue. These include the change of Administration in the United States; developments in the Soviet Union affecting its relationship with the United States; the Intifadah in the West Bank and Gaza and related changes in the stance of the PLO; and developments in the political situation within Israel itself, which arise in part at least from external developments.

The earliest of these developments in point of time was the emergence of the Intifadah which facilitated a change of attitude on the part of the PLO, but for the sake of coherence of presentation, developments in the international situation and in the United States will be dealt with first in this report.

CHANGES IN THE INTERNATIONAL SITUATION

Developments in the Soviet Union during the past couple of years, and in Eastern Europe in the past six months in particular, have clearly changed in a radical way the relationship between the two superpowers. It is now fully accepted in Japan, in Europe, and in the United States, that changes in Soviet policy in relation to areas such as the Middle East are genuine and that in relation to this problem as in relation to a number of other issues, the Soviet Union is now pursuing a constructive approach, supportive of efforts by the United States and Europe to find a peaceful solution to the Israel/Palestine problem. Soviet policy could at some stage be further influenced in one direction or another by concern about the influence of Islamic fundamentalism in its heavily-populated Muslim republics but there have so far been no visible signs of this.

Evidence of a shift in Soviet policy in a constructive direction is seen in particular in a new Soviet attitude towards Syria. This is

believed by some to have begun to affect Syrian policy towards Israel.

The view of the U.S. Administration on this point is clear from the willingness of that Administration to agree to the participation of the Soviet Union with the United States as observers at the proposed Israel/Palestinian dialogue in Cairo.

While most observers believe that this shift in Soviet policy will reduce the flow of arms to certain Arab countries and to terrorists, others are concerned that newly independent Eastern European countries might be tempted by their economic plight to continue such sales. There is particular concern about possible transfers of technology, especially in the area of chemical and nuclear weapons. This is a matter which could usefully be taken up by Western countries as they move to assist the economic development of these States.

The shift in Soviet policy, and in its relationship with the United States, may have several other effects, however, on the situation and in particular upon the balance between Israel and the Palestinians. The fact that the Soviet Union is not now seen by the United States as a threat in the region means that in turn Israel may no longer be seen, as was the case throughout much of the past 30 years, as the principal ally of the United States in this area—and even at certain periods as its sole ally.

Together with the change in Administration in Washington dealt with below, this has had the dual effect on the one hand of influencing some in Israel to soften their attitudes on the Palestinian issue, while on the other hand it may have made some people feel more embattled than previously. On the Palestinian side, however, the effect has been unambiguously to encourage the development of a more moderate approach.

A separate, and complicating issue arising from this development has been that of the increased flow of Jewish refugees from the Soviet Union to Israel. This increased flow is a function both of a much more liberal Soviet attitude towards the emigration of Jews and also of fears amongst the Jewish population of the Soviet Union, shared by Jews in some Eastern European countries, of a rise in anti-semitism as a result of the emergence of nationalist forces and right-wing elements in these countries.

This new development would not have had a significant impact, however, on the situation in Israel and the occupied territories if these Jewish emigrants had been able to move to the countries of their first choice—in the vast majority of cases the United States. However, the restrictions on the immigration of Soviet Jews have distorted the nat-

ural pattern of migration severely, forcing the great majority of those concerned to go not to the country of their first choice but, as very much a second-best in many cases, to Israel. The effect of this has in turn been to intensify fears amongst Palestinians, and also in neighbouring States, such as Jordan in particular, of a serious aggravation of the problem of settlements on the West Bank (where an estimated 55 percent of land is now under Israeli control) and in Gaza.

In the first instance the main impact of this new immigration upon the pattern of settlements in occupied territories has been on East Jerusalem, but there are fears that this new wave of immigration could also lead to a renewed attempt by advocates of "Eretz Israel" to accelerate the process of peopling other parts of the West Bank with Jewish settlers in the hope of pushing out the Palestinians gradually and thus eventually annexing this area to Israel. Fears of such a development amongst those in Israel who either find such policy unacceptable or who feel that it could lead to the eventual annexation of the West Bank with a large Palestinian population—thus perhaps threatening the viability of the Jewish State—may have contributed to a greater sense of urgency on the part of these elements in relation to a settlement of the problem of the occupied territories.

THE CHANGE IN THE U.S. ADMINISTRATION

It had been anticipated that a change in emphasis in U.S. policy in relation to the Israel/Palestine issue might follow the election of George Bush in succession to President Reagan—more especially in view of the reduced strategic importance of Israel to the United States following the emergence of a new superpower relationship. The way was prepared for such a shift in policy by steps taken by Secretary of State Shultz in the closing days of the Reagan Administration. President Bush is less uniformly supportive of Israel and in particular is critical of the Israeli policy on settlements on the West Bank and Gaza. In conjunction with a shift in policy within the PLO these developments prepared the way for a new relationship between the United States and that organisation. The President and Secretary of State Baker have been willing to put political pressure on Israel to agree to negotiations with the Palestinians on the future of the West Bank and Gaza.

The fact that the pro-Israel lobby in the United States was notably silent on the Administration's decision to initiate discussions with the PLO suggests that, if faced with a choice, those concerned could fol-

low the President's policy rather than that of Israel. Nevertheless, President Bush and his Administration do not have complete freedom of action in this policy area. The influence of the pro-Israel lobby in Washington still limits the capacity of the Administration to utilise financial pressure to achieve its objectives. For although there are undoubtedly deep divisions in the Jewish community in the United States, as in the United Kingdom and elsewhere, on the issue of how an Israeli Government should handle the Palestinian issue, pressure from within Congress, deriving from the past efforts of the pro-Israel lobby, remains such that the Administration cannot at this stage realistically use as a bargaining counter the possibility of a reduction in its \$3 billion dollar aid programme.

Some greater possibility of leverage might appear to exist in relation to the proposed \$400 million dollar loan guarantee for the housing of Soviet Jews. This issue was in fact raised by the Administration at the end of February 1990, with a warning to Israel that these funds could not be used to finance housing for those refugees in occupied territories, to which was added an expression of concern about the potential "fungibility" of these resource. U.S. concern was heightened in mid-April when it emerged that the Israeli Housing Ministry had helped to fund the controversial leasing of property in non-Jewish parts of the Old City of Jerusalem (St. John's Hospice in the Christian Quarter). In other words, the United States is concerned to ensure that additional U.S. help for housing of Soviet Jews would not even *indirectly* assist the housing of refugees in the occupied territories by making it possible for Israel, on receipt of these funds, to release other funds from its own resources for the settlement of refugees in these areas. It remains doubtful, however, whether the U.S. Administration would be able to make it a condition of this loan guarantee that the process of establishing settlements on the West Bank and Gaza, of which it disapproves, should cease.

An issue as to the status of East Jerusalem has arisen in connection with this matter. President Bush's explicit statement that the United States regards East Jerusalem as part of the occupied territories was received with hostility in Israel, at least among the Likud, some members of which deplored what they regarded as a gratuitous raising of this issue. On the American side, on the other hand, there were suggestions that the President might have been pushed into making this reference by virtue of an attempt on the Israeli side to obscure the actual arrangements being made to deal with the Soviet refugees by providing figures for the proportion of refugees being settled in

"occupied territories" which disguised the fact that a significant proportion of these refugees are being settled in East Jerusalem.

More generally, the policy being pursued by the new U.S. Administration has been described as one based on a commitment to "process", i.e., to the idea that if two parties can be got to start talking together directly, even if initially on a limited basis, this could lead over a period to a growth in mutual confidence between them—a confidence which in the case of Israel and the Palestinians has hitherto been lacking on both sides—and thus eventually to the emergence of a willingness on their part to come to grips with wider issues.

In some European capitals, where there has for long been a feeling that Europe's interest in the Middle East is greater than that of the United States but where the United States' much greater influence in the region is recognised albeit with some sense of frustration, this American approach has been criticised as too limited and narrow, and also as being too optimistic.

To some degree this may reflect a traditional European tendency to pessimism, and a general scepticism of American optimism. On the other hand, Europeans accept that they have at present no alternative or preferable course of action to propose, and there has developed in Europe recently a growing acceptance of the seriousness and commitment of the American policymakers now engaged in the process, and of their ability to pursue their "process" policy with skill and sophistication.

If, however, this policy fails many in Europe would wish to see their Governments and the European Community taking up the torch, without, perhaps, having a very clear idea as to how they could succeed where the United States had failed. This was recently reflected in a statement by the E.C. Presidency to a joint meeting of members of the European Parliament and the Knesset on January 17, 1990, in which it was made clear that if the Baker initiative failed "the Twelve will be active in seeking an alternative to Israeli/Palestinian dialogue as a means of advancing the kind of settlement we advocate". In the same statement the Presidency made it clear that whether Israel engaged "seriously in negotiations leading to a political settlement...has a crucial influence on the Community's relations with Israel in general, and on its attitude to specific requests which Israel makes to us from time to time".

CHANGES WITHIN ARAB COUNTRIES

There have been significant changes recently in the situation in certain

Arab countries as it affects the Israel/Palestine problem. The end of the Iraq/Iran war has not seen a significant reduction in the scale or equipment of the Iraqi Army. That Army had been sustained during its conflict with Iran by aid from some Western countries which at the time feared the threat of Iranian fundamentalism more than the destabilising effect of a strong Iraq. Despite the appalling attrition of this ten-year war, Iraq now looms as a dominant military force in the area.

Iraq's strength is feared by other neighbouring countries—although the fear of the growth of Islamic fundamentalism emanating from Iran also remains an important factor. It is possible that a modification in the Syrian attitude towards Israel might reflect in part concern about its vulnerability on two fronts vis-à-vis Iraq as well as Israel, although it is of course hard to envisage Israel and Iraq posing a simultaneous joint threat to Syria. Both the current strength and dominance of Iraq and its range of weapons are seen in Israel as posing a growing danger, all the more so in view of Iraq's possession of chemical weapons and its recent threat to use these weapons in the event of an Israeli attack on its presumed nuclear installations. Israel is also very concerned about the increased danger that would be posed to it if Iraqi troops were to be stationed in Jordan.

Another factor in the situation in the recent period has been an acceleration of the process by which Egypt has once again become overtly acceptable to other Arab countries following the period of Arab hostility to it after the Camp David accord. The proposal to transfer the Arab League back to Cairo in the Autumn represents the culmination of this process.

As a result of this, and because of the skilful leadership of President Mubarak, Egypt has now emerged as an almost universally acceptable peace-maker in the region, working closely with the United States. While relations between the PLO and Egypt remain cool—and Egyptian pressure to secure the return of the Arab League to Cairo has recently made them momentarily even cooler—the PLO has accepted Egypt's peace-making role, which has become an important element in the peace effort undertaken by the United States.

Another important element in the present situation has been the decision by Jordan to opt out of any role in relation to the occupied territories for the foreseeable future. The elimination, for the moment at least, of the Jordanian option has in one sense narrowed the possible alternatives available, but on the other hand it has had the effect of concentrating attention successfully on the need for direct discussions between Israel and the Palestinians.

The position of King Hussein would appear to be that he will not re-engage unless and until the parties concerned invite him to do so, and there is no current disposition on the part of the PLO and the Palestinians to take such a step. They do not exclude a confederation with Jordan but this is something they now see as arising only if and when the Palestinian State comes into existence, and therefore not in their view immediately relevant to the dialogue now proposed. It could, however, become relevant again at a later stage.

Finally, a development in the Arab world which has had some impact on the Israeli/Palestinian conflict has been the development of Islamic fundamentalism in neighbouring States. It is now a significant factor not only in the Gulf States and Saudi Arabia but also in Jordan and it is of some concern also in Egypt. In the occupied territories the fundamentalist Hamas movement has the support of an estimated 30 percent of the Gaza population and in some parts of the West Bank, such as Hebron, support for or tolerance of it may be as high as 40 percent.

The emergence of this factor is a potential threat to the PLO and Israel alike, as well as to other nearby Arab countries, reinforcing on both sides the pressures for a negotiated settlement.

CHANGED ATTITUDES AMONG THE PLO AND THE PALESTINIANS

The recent period has seen a very substantial shift in attitudes by the PLO and the Palestinians. This may reflect a recognition that the earlier policy of using violence against Israel and also internationally had become an unproductive cul-de-sac—and was indeed counter-productive to their interests.

This change of policy has, however, been facilitated by the new sense of confidence generated amongst Palestinians and the PLO by what they have seen as the success of the Intifadah in redirecting international attention to the Palestinian problem and in strengthening their case both internationally and within Israel itself about the human rights implications of Israeli occupation of the territories. At the same time the shift in U.S. policy, and the willingness of the new Administration there to tackle the Israel/Palestinian problem in what the Palestinians see as a more even-handed way, are seen as more than compensating for the loss of the dubious asset of Soviet support.

It should be emphasised that while the Intifadah cannot, of course, be described as non-violent in the Gandhian sense, the success of its

non-lethal violence in the manner set out above has tended to emphasise the long-term unproductiveness of lethal violence previously employed. The Intifadah is seen by the Palestinians as involving a *disciplined* use of limited force, avoiding the employment of fire-arms against the Israeli Army—although the non-use of fire-arms may also reflect the limited availability of fire-arms to the Palestinians in the occupied territories as well as a concern on the part of those involved in the Intifadah about the possible consequences of escalating the insurrection to a level that could provoke an Israeli reaction which could have lethal consequences for the Palestinian population.

It should perhaps be added that while neither the PLO nor the Palestinian leadership in the occupied territories are anxious to admit this, their control over the activities of those engaged in this insurrection appears quite limited. In particular, the internecine killings within the Palestinian community—involving people who have succumbed to pressure from the Israelis to inform on the local Intifadah leadership as well as the killing of individuals engaged in criminal activities or for personal reasons—appears to be outside the control of both the PLO in Tunis and the Palestinian leadership in the territories.

There is reason to believe that the PLO, recognising the damage done internationally and with Israeli opinion by these killings, has endeavoured without success to halt them. The local Palestinian leadership has virtually no control over events, especially in the Nablus area where a high proportion of Intifadah activity has been concentrated. Reluctance to admit this lack of control has tended to inhibit those concerned from condemning these killings which, quite apart from any other consideration, they see as potentially damaging to the credibility of the Palestinian case with world opinion.

While there is evidence that the Intifadah has been losing momentum, this does not appear to be affecting the impact that it has been having upon the attitudes of various parties towards a negotiated settlement.

The genuineness of the PLO and Palestinian commitment to seeking a negotiated agreement is, however, contested by many in Israel. On the one hand, supporters of "Eretz Israel" have an interest in not accepting the genuineness of the PLO change in policy. At the same time many others in Israel, both in the Likud and other right-wing parties and in public opinion, remain hostile to any negotiations with the PLO and are reluctant to believe that what has been taking place has been a change of *policy* as distinct from a temporary change of *tactics* designed to lull the international community and Israel into com-

placency, but with the intention of then returning to the kind of violence that has taken place in the past.

While, given the events of the past 40 years, fear and mistrust of each other is inevitable on both sides, this judgment by many other Israelis appears misplaced. For it ignores the fact that the position taken up by Arafat and the Palestinian leadership in dropping lethal violence in favour of the Intifadah and of negotiations has involved a major risk for them. Their leadership would be liable to serious challenge if after a period of time this new policy failed to yield positive results.

While Arafat is bound to use this possible threat to his position in these circumstances as a bargaining weapon with a view to securing more rapid progress towards the Palestinian objectives in the negotiations, the fact that he has an interest in using this argument does not alter the fact that he faces a genuine problem from more extreme elements within the PLO if his policy fails to deliver results within a reasonable period. A meeting of the Palestine National Council is due in June or early July at which he and the present moderate leadership could face some difficulties if a complete breakdown in the negotiating process had occurred in the period before this meeting. If, however, the situation at that time is one of continuing political deadlock in Israel, Arafat will probably be able, by claiming this political crisis as a success for the PLO, to hold his ground for a further period, but not, perhaps, indefinitely.

The extent to which the PLO has been willing to facilitate the proposed dialogue has been notable. There has been an evident willingness to allow the Palestinian element in the dialogue to take a form not overtly associated with the PLO, and not to contest the Egyptian proposal that the membership of the Palestinian delegation be "acceptable" to the Israeli Government. Acquiescence in arrangements of this kind has clearly posed significant problems for the PLO, and its willingness to go along with these arrangements seems to be evidence of a strong commitment to the initiation of this negotiating process.

Finally the following points are stressed by the PLO and the Palestinians:

- The damage done to the Palestinian community by the interruption of the educational system and in particular by several years' loss of higher education which cannot readily be retrieved. This is leading to a deterioration in Palestinian society with long-term effects on its stability, which should be a matter for concern to Israel as well as to the Palestinians.

- The damage being done by the Israeli occupation not merely in terms of casualties but also in relation to the destruction and expropriation of property.
- The damage to Palestinian agriculture in Gaza, in particular, as a result of the drawing off of water by the Israelis.
- The human rights implications not only of the methods used by the Israeli Army against rioters but also of the absence of any right of legal appeal against decisions made by the military authorities, which are often taken by very young officers and which can have very serious implications for property rights, for example.
- The methods allegedly used by the Shin Beit to obtain information from Palestinians about the Intifadah.

CHANGES IN ATTITUDES AMONGST ISRAELI PARTIES

The position on the Israeli side is far more complex. First of all, there are deep divisions within Israel on the policy to be pursued. Secondly, for a combination of reasons the Israeli political structure is exceptionally fragmented. The electoral system permits the representation of even tiny minorities; moreover, politics is divided not merely on the usual Left-Right ideological basis. There are divisions between Ashkenazi (predominantly from Europe) and Sephardic Jews, as well as between Jews and Arabs. The Jewish electorate is divided on the lay-religious issue, with further subgroups within the religious tendency. As a result of the bewildering variety of Parties created by these multiple divisions and of the relatively even balance between the two main Parties, the Likud and Labour, these two depend for their ability to form a government and to remain in office upon shifting support of small groups and even individuals.

This situation has led to increasing public demand for reform of the system—more than one-quarter of the nation's voting age population has, according to citizen protestors, signed a petition to change the electoral system—either by way of introducing a minimum of electoral support for representation in the Knesset, or even by way of replacing the present Cabinet system dependent on continuing parliamentary support by an executive Prime Minister with a fixed term. These demands have become more insistent than ever in the face of the deadlock following the mid-March defeat of the government.

Because of these political complexities, and because it is on the Israeli side that a break-through is now needed if a dialogue is to get

under way, the situation in that country is treated here at somewhat greater length.

The Far Right

On the far Right there are those who are committed to "Eretz Israel" and who seek either to erode the Palestinian presence on the West Bank and parts of Gaza, or even to go beyond that by being prepared to force the Palestinians to leave these areas. While this element may be a minority within Israel, it is a powerful minority, and fear of precipitating a showdown with these elements has inhibited Israeli Governments from limiting even unusually provocative forms of settlement in the occupied territories. Most of the settlements are official ones established on land confiscated on the dubious grounds that its present occupants lack formal title to it. (This lack of title is not surprising in view of the history of the region and the past unwillingness of these inhabitants under previous administrations to have ownership formally recorded because of the possible implication of this for their taxation liability). But there are also unofficial settlements of a highly provocative character, for example in the very centre of the Palestinian town of Hebron. One example is a settlement in a Palestinian school where teachers and pupils were simply evicted to make room for Jewish settlers. These unofficial settlements are guarded by Israeli soldiers and the Israeli Army presence in their vicinity is of a highly conspicuous and active character.

The determination of those on the far Right in relation to the settlements is such as to have given rise to fears on the part of some in Israel that action to confront those concerned could in certain circumstances precipitate a condition of civil war in Israel. This would appear to have been a factor limiting the willingness of different Israeli Governments to prevent not merely the settlements themselves but even the more provocative aspects of some of these settlements.

Likud

This Right-wing viewpoint is reflected in the Likud Party as well as in several smaller Right-wing parties. There are, however, divisions in the Likud on this issue, with some more liberal elements, including a group of five who recently split away and formed a separate party, which take a somewhat more moderate position.

The decision of Prime Minister Shamir to launch in May 1989 his proposal for negotiations with Palestinians on the election by them of

representatives to negotiate on a possible settlement is open to different interpretations.

On the one hand, there are those who feel that this initiative was designed to alleviate an impression of Israeli intransigence with, however, the expectation that it would be turned down by the PLO. For those who take this position the collapse of the Israeli Government in mid-March 1990 was a result of a Shamir bluff being called by the Palestinians, the Americans, and the Israeli Labour Party. This interpretation sees Shamir as having been forced to make an excuse to get out of accepting the initiation of the dialogue, even if necessary at the expense of the collapse of his Government, although, perhaps, in the hope that he could take this position without actually precipitating such an event.

Another view of Shamir's position would suggest that in proposing this dialogue with a view to elections in the occupied territories he had initially been genuinely willing to enter into this dialogue if the Palestinians accepted his terms, and that he had continued with his intention until a late stage when pressure from within his own Party forced him to sabotage his own proposal by belatedly making an issue of the proposed presence at the dialogue of a representative from Jerusalem with a second address on the West Bank. This interpretation is clearly shared by some on the Right-wing in the Likud, who would admit that the Jerusalem issue was an excuse to cover a much more general concern on their part at the idea of commencing such a dialogue which, some fear, could undermine the longer-term objectives of the Right with regard to the occupied territories.

Whichever view is accepted—and there could be an element of truth in both, with Shamir initially expecting a PLO refusal, subsequently accommodating himself reluctantly to their acceptance of the idea of a dialogue, and in the end being forced by pressure from within his Party to find a reason to refuse to carry through his own initiative—the effect of these events was to bring about a new situation in Israeli politics. The initiation of a peace process became for the first time in Israel's history the major issue between the parties, causing the collapse of a Government.

Labour

Within the Labour Party also there are divided views on the best approach to adopt to the Palestinian issue, but the manner in which the National Unity Government under Shamir came to an end tended, in the short run at least, to consolidate support for a positive

approach towards a peace process. Earlier differences between Peres and Rabin, which at times had appeared to have an explosive potential, disappeared temporarily, with Rabin, despite his aggressive attitude towards the Intifadah, supporting Peres. The opportunity thus given to Labour to form a "Narrow Coalition" had a temporarily unifying effect on the Party, which may not survive the failure of this attempt at the end of April.

It should, perhaps, be added that most of the Labour Party, and also, of course, the Left, recognise that the handling of the Intifadah is damaging Israel's image world-wide as a democratic and progressive country, by making it appear increasingly as militaristic and repressive. There is growing concern amongst the section of Israeli opinion that supports Labour and parties of the Left at the loss of sympathy and support for Israel arising from this situation and a consequent sense of urgency about achieving a peaceful resolution of the Palestinian problem before Israel's position with world opinion deteriorates further.

The Religious Parties

The fall of the Government might not have taken place but for internal stresses within the religious parties, in particular the Shas Party. Following a visit to Egypt, Rabbi Ovadia Yosef, who is associated with this Party, seems to have become convinced that the preservation of a Jewish Israel would best be served by a policy of "Territories for Peace", an attitude that led five of the six members of the Party, other than its leader, Itzhak Peretz, to abstain on the crucial "no confidence" motion, thus providing Labour with the opportunity of forming a Government.

Subsequent intense divisions within this Party, and pressures from other religious leaders, confused this issue, with the religious parties seeming to revert to their support for the Likud. Nevertheless, the fact remains that the opening up of even a temporary division within the Shas Party on the issue of how best to secure a Jewish Israel contributed to the emergence of the peace process as the major dividing issue in Israeli politics at this point.

The Far Left

On the far Left there is a firm conviction that the only possible policy is one of "territories for peace" and that the tactics at present being pursued in the occupied territories are indefensible in human rights terms. There is also a feeling, shared by some Labour supporters, that

the U.S. approach, involving an attempt to make progress by small steps, is mistaken because it avoids the major issues which, it is felt, should be directly confronted. There is, moreover, strong criticism of the measures taken to counter the Intifadah, which are seen as damaging to Israel's reputation in the world and indefensible on human rights grounds. However, even amongst these groups the commitment of Jewish members to Jerusalem remaining the capital of Israel, under Israeli sovereignty, is strong. It is the one issue upon which virtually all parties seem agreed.

THE SECURITY ISSUE

There is, of course, universal agreement in Israel on the importance of ensuring the security of the Israeli State, but there are deeply divided views on how best this objective can be achieved in the medium and long run.

For those on the Right this issue provides an additional and separate reason for retaining the occupied territories, over and above the "Eretz Israel" argument. For the Left, by contrast, there is no hope of permanent peace without a settlement of the territorial issue.

There are, of course, two separate but closely linked security issues: first, fear that a Palestinian State not under Israeli military control would be a source of terrorist activities directed against the State of Israel; and, second, concern that the small size of Israel, and particularly its geographical narrowness at several points, would inhibit successful defence against a conventional attack by neighbouring Arab countries.

It may be that fear of terrorism looms equally large with the Israeli population, but concern about the strategic implications of loss of military control of the occupied territories may play a bigger role in the thinking of the politicians of the Right. In any event, the two elements are strongly mutually reinforcing.

Fear of Terrorism

The Palestinian answer to Israeli fear of terrorism emanating from a Palestinian State—an answer that is in some measure accepted on the Left in Israel—is that, once established, the Palestinian State would have such a vested interest in its own peaceful and successful development—apart from anything else, the West Bank would depend on Israel for access to a port, and communication between the two parts of the State would involve free access across Israeli territory—that its

leaders would not permit, nor would its people be motivated to tolerate, terrorist attacks on Israel. Obviously, this proposition is not open to proof, but, in the view of many on the Left in Israel whatever doubts may exist on this issue are outweighed by the much greater danger they see deriving from an indefinite continuation of the present unstable situation.

Fear of Attack by Arab States

The strategic issue is more complex. On the Right the view is held that until and unless a peace settlement is secured with the neighbouring Arab States together with a measure of disarmament, and possibly also some democratisation of their regimes, Israel could not risk withdrawal of its forces from the West Bank where in the hills above the Jordan, as well as in the Golan Heights, it has strong defensive positions. Given the present scale and equipment of the opposing Arab forces, the fact that Israel has been victorious in each of the past wars is not seen as any guarantee that in the future it would necessarily fare as well if its forces were to be confined within its own boundaries. The enormous size of the Iraqi Army and the equipment available to it as a result of assistance given to it by Western countries fearful of an Iranian victory in the ten-year war are cited as new and disturbing elements in the situation, making the need for an Israeli "defence in depth" seem greater than in the past rather than less important.

Many on the Right in Israel would hold that the security of the Israeli State in the face of this threat demands not only the continued occupation of defensive positions on the Golan Heights and above the Jordan but also military control of the West Bank itself. This is justified by some of those concerned on the grounds that many Israeli air bases are so close to the West Bank and Gaza that they would be vulnerable to attack by Stinger missiles with a three kilometre range which are readily available and would not be subject to verification in the same way in which larger missiles and other armaments can be verified and controlled. A fear is expressed that at the outset of a war the Israeli air force could effectively be grounded as a result of attacks on airbases and aircraft by Stingers in the hands of Palestinians in the territories at present occupied by Israel.

On the other hand, these air bases are also vulnerable to attack by short and medium-range missiles in the possession of neighbouring States, including missiles with a relatively high degree of accuracy in the hands of the Syrians, less accurate Chinese ones in the possession

of Saudi Arabia, and those available to Iraq which also have the potential to be used with chemical weapons. Even allowing for targeting deficiencies in the case of some of these missiles, it is difficult to see that the danger they pose could be greatly increased by the speculative possibility of simultaneous attack by Palestinians using secretly held Stinger missiles. The Left in Israel would judge this to be a very poor reason indeed for insisting on continued Israeli military occupation of the West Bank and Gaza.

At the same time, although some Western observers are inclined to regard the development of missile technology as invalidating the "defence in depth" argument for an Israeli military presence on the Jordan in Israel, on the Left as well as on the Right in Israel there is genuine concern that confining Israel's forces within its borders could leave it substantially more vulnerable to conventional attack by its heavily armed neighbours which is still seen as a principal danger despite the development of missiles. It is argued that in these circumstances, while Israel was seeking to mobilise in order to be able to move its forces forward to protect its territory, armies from neighbouring Arab States could move rapidly down from the Golan Heights and across the Jordan through the hills. Moreover, the chaos caused by missile attacks occurring simultaneously is cited as an additional reason for concern about the possible speed of mobilisation under such conditions in the future.

The genuineness of such concerns cannot be underestimated and strongly suggests that a piece-meal settlement of the problem of the Occupied Territories would be difficult to achieve without a simultaneous move to peace and disarmament with Israel's Arab neighbours.

The overwhelming military strength of Iraq would now pose a fresh difficulty to such an overall solution for Iraq, even if prepared to join in an overall settlement of the Palestinian issue, could be reluctant to reduce its military strength and armaments sufficiently in the face of what it may see as a continued potential threat from Iran—and Syria could in turn be reluctant to disarm sufficiently if Iraq's military strength is maintained at a high level.

THE PROPOSED ISRAELI/PALESTINIAN DIALOGUE

There are several procedural issues outstanding in connection with the dialogue which can probably be settled without too much difficulty.

PROCEDURAL ISSUES

The United States envisages that the dialogue would open under Egyptian chairmanship, and, to the extent that chairmanship may be needed thereafter, that it should continue under the same auspices. The PLO appears unhappy with this, preferring that the dialogue take place under U.N. auspices. This requirement could, perhaps, be met if the dialogue were to take place under a U.N. flag.

The United States also appears to envisage the presence of U.S. and Soviet observers. The PLO wants the five Permanent Members of the Security Council to be present. The omission of France and Britain as observers when the Soviet Union is to be present certainly seems strange.

The two elements of the Baker Plan which seem to have stood in the way of Israeli acceptance of it concern: (a) the Palestinian representation at such a dialogue, and (b) the question of whether the discussions should be confined—as the Israeli Government proposed—to the issue of elections in the occupied territories, designed to produce a negotiating team for a settlement, or whether, as the Palestinians propose, the dialogue should address the fundamental issues rather than, or at any rate in advance of, discussions on the holding of such elections.

Palestinian Representation at the Dialogue

It was on the issue of the composition of the Palestinian delegation that the Israeli Government fell. However, as indicated earlier, this issue may have been highlighted in order to provide an excuse to back away from the negotiations when Prime Minister Shamir found himself under pressure from hardliners within his own Party who were unhappy with the whole trend of the discussions leading to the proposed dialogue.

On the actual composition of the Palestinian delegation the only issue apparently at stake would seem to be whether it would include one person from Jerusalem with a second address on the West Bank. Prime Minister Shamir presented this in the final stages as raising the whole issue of Jerusalem's position as the capital of, and integral part of, the Israeli State. The Labour Party, on the other hand, dismissed this argument on the grounds that it is absurd to suggest that such an arrangement carries any such implications. A Labour-led "Narrow Coalition" would, therefore, presumably find no problem with this, and even a new National Unity Government should it emerge at some stage might be expected to find some way around it, if the will existed among the participants of such a Government to move towards a dialogue—which is, of course, the very issue that has been put in doubt by the fall of the last National Unity Government.

A further issue could perhaps arise in relation to the actual names to be put forward for a delegation composed in the manner just discussed. While the Baker plan proposed that the delegation be "approved" by Israel, the Egyptian proposal substituted the word "accepted" for "approved". Again, however, if the will existed in a new Israeli Government to pursue the dialogue, this problem could be overcome by careful diplomacy. The policy of the PLO hitherto has been to avoid raising an issue as to whether a Palestinian delegation emerging in this way would be a PLO delegation, thus respecting Israeli sensitivities on this point, despite the fact that all concerned know that what is involved here is a convenient fiction. The Palestinian delegation would in fact be in continuing contact with the PLO throughout the negotiations; otherwise, no agreement reached would be likely to stick.

Discussion of the Fundamental Issues v. Discussion of Elections

The second issue, that of the subject matter of the discussions to take place during the dialogue, raises broader issues.

The Likud position on this has been to confine the discussions closely to the issue of elections designed to produce what they would see as a valid delegation representative of Palestinians in the West Bank and Gaza. They appear to have accepted, however, an American/Egyptian proposal that these discussions on elections could be preceded by opening statements on behalf of the parties, in the course of which both sides could raise any issues they wished to bring forward. The original Baker proposal envisaged discussions on "negotiations" as well as on elections, a formulation later changed to "nego-

tiating process", without, in the U.S. view any change of meaning.

The American hope has been that these opening statements would lead to debate on the issues raised in them, thus bringing the two sides into informal discussion of some of the fundamental issues. Out of such informal debates the Americans hope that as each side came to terms with the other, discussions of a constructive kind could develop. Whether this hope would be realised were the Israeli delegation represented by a Likud-led Government is uncertain.

Would there be a better chance that the process might evolve in this way if the delegation represented a Labour-led Government? It would appear that this could be the case. A narrow-coalition Labour-led Government going into a negotiation of this kind would have a strong interest in showing that this negotiating process, over the initiation of which an Israeli Government had fallen, had serious potential. Such a government might see this interest being best served by engaging in constructive discussion on wider issues than that of an election in the Occupied Territories.

True, such an Israeli Government might have a limited mandate and might not be able, even if it were very anxious to do so, to bring these negotiations to an advanced stage without securing wider political backing. If the negotiations seemed to be making progress, however, a Labour-led Government might consider it to be opportune to seek such backing in a General Election, which it would thus contest on the issue of the peace process under what it might hope to be relatively favourable conditions.

Such a scenario would of course come up against the rigidity of the Israeli constitutional system under which, quite apart from the necessity to fulfil certain preliminaries in order to call a General Election, the campaign itself must last at least 100 days in order to provide an opportunity for members of the Israeli Army or civil service to disengage from their duties in order to contest the election. Thus, the opportunity does not exist in Israel to hold a "snap" election in order to take advantage of a favourable opportunity to secure increased support in Parliament. Nevertheless, despite this limitation a General Election might be felt by a Labour Government to be necessary before bringing a dialogue to an advanced stage.

All that is, however, based on an optimistic scenario. Clearly, the divergences between the position of an Israeli Government, even one led by Labour, and the Palestinians, with the PLO behind the scenes, are such that a breakdown in talks of this kind, even if they took place, is entirely on the cards. Indeed, one can perhaps even envisage

a series of breakdowns occurring over quite a period of time before the shape of any solution to the problem would emerge.

All that can be said at this stage, therefore, is that if an Israeli Government did enter into such a dialogue, then a totally new stage in the Israel/Palestine crisis would have been reached, making it much more likely that at some point in the future a negotiated solution might be found without a further renewal of the conflict that has flared up on so many occasions during the past 42 years.

On the issue of the elections in the occupied territories which has been the *raison d'être*, at least superficially, of the proposed dialogue, a little more needs to be said. These elections were visualised by Prime Minister Shamir, when he put forward this proposal in May 1989, as being designed to produce a negotiating team of, perhaps, 12-15 Palestinians who could then engage in discussions with the Israeli Government with a view, in his mind, to agreeing to autonomy for the Occupied Territories and holding discussions during the following three years on how the Palestinian question might eventually be resolved.

Pressed on this issue, however, Prime Minister Shamir makes it clear that he envisaged those elected in this way also being responsible for the running of the Occupied Territories during the initial three-year autonomy period. And pressed on whether, in view of the extreme legislative confusion in these areas (the legal systems of which in different areas derive from Jordanian/Egyptian/Syrian laws and may in a number of respects go back to the legal system at the time of the British mandate as well as to earlier Turkish law and Islamic traditional law), any such Palestinian Authority would not need a legislative power, he accepts that such a legislative function might be necessary.

The logical corollary of this, of course, would be that such an interim Palestinian Authority would need to be backed up by a Legislative Assembly, and this would suggest that these proposed elections would need to be on a much wider scale than merely to choose 12-15 people to negotiate and administer an autonomous territory. Prime Minister Shamir does not reject this conclusion out of hand.

On the other hand, apart from PLO insistence on the withdrawal of the Israeli Army before elections are held and on the need for international supervision of the elections as in the recent case of Namibia, it has been difficult to find evidence of serious thought being given on either side to the modalities of such an election including the electoral system to be employed. Doubtless this could emerge during the nego-

tiations if they, in fact, actually addressed themselves to the subject of an election. If, however, as was suggested above, a dialogue between a Labour-led Israeli Government and a Palestinian delegation developed into subsequent discussion on the fundamental issues, it is conceivable that the question of these elections, initially the primary purpose of the dialogue proposed by Prime Minister Shamir but probably never received with much enthusiasm by the PLO leadership, might never in fact be addressed. A new Likud-led Government, even if it were prepared to re-consider its attitude to the dialogue, would be likely to be resistant to discussions going beyond the issue of elections in the West Bank and Gaza.

Either way optimism in Washington about the possibility of elections taking place a few months after an initiation of the dialogue seems misplaced.

ROLE OF INTERNATIONAL CONFERENCE

An international Conference on this problem has for many years past been envisaged as part of the process of resolution of this problem. In April 1989 President Bush spoke of such a conference being held at an appropriate time after the dialogue. It seems likely that this Conference would have to consider, *inter alia*, guarantees for any settlement between Israel and the Palestinians and international supervision as well as moves towards disarmament and peace between Israel and the Arab States.

POSSIBILITY OF FAILURE OF BAKER INITIATIVE

It is far from clear that the Baker initiative will in fact succeed in initiating a dialogue let alone bring it to a successful conclusion, at any rate in the foreseeable future. Following the failure of the Labour attempt to form a Government the emergence of a "hard-line" Likud-led Government could block further progress with the dialogue and even if such a Government is not formed, a deadlock of many months could ensue before a General Election could be held. And it is far from certain that even an Election would produce a mandate for a Government committed to starting this dialogue.

If the attempt to initiate a dialogue were seen to have failed, the moderates in the Palestinian camp would come under increasing pressure because of what could be represented as a failure of their policy to produce any result—more especially as, in the meantime,

the caretaker Likud Government seems unlikely to modify its tough tactics vis-à-vis the Intifadah.

There are many in the Trilateral countries who fear the consequences of such a scenario for peace in the area; some, indeed, are inclined to see the consequences of such a breakdown in apocalyptic terms, although others are less pessimistic because they believe that none of Israel's neighbours want war.

New complicating elements, however, are the revelation that Iraq has been seeking to smuggle from the West a vital component for nuclear weapons and the Iraqi threat to deploy chemical weapons against Israel should Israel attack its presumed nuclear installations. These developments demonstrate the potentially explosive character of the Israeli/Palestinian problem and the extreme urgency of its resolution.

Even at best the situation that could flow from a prolonged deadlock in the preparations for an Israel/Palestinian dialogue is fraught with dangerous uncertainty. Faced with such a situation both the United States and Europe would need to be prepared, regardless of past inhibitions, to review existing policies with a view to exerting the pressure necessary to break such a dangerous deadlock.

A LONG-TERM SOLUTION: ISSUES THAT WILL ARISE IN SEEKING A PERMANENT SOLUTION

The issues that will arise in seeking a permanent solution of the Israel/Palestine problem include:

1. Israel's concern for its security vis-à-vis a Palestinian State and neighbouring Arab States.
2. The desire of some Israelis to extend their State to, and to settle, the whole of Palestine.
3. The more general concern on the part of Israelis that their State be a Jewish State and that Jews from other parts of world have the right to settle within it.
4. The concern of Arab States and of Palestinians for security vis-à-vis Israel.
5. The desire of some Palestinians to re-create a State comprising the whole of Palestine and to enable those who formerly lived in what is now Israel, or whose parents or grandparents lived there, to return there.
6. The more general concern on the part of Palestinians to have a Palestinian State comprising the West Bank and Gaza and for Palestinians who left their homes in or after 1948 to be able to return and live in such a State.
7. The desire of both Israelis and Palestinians that Jerusalem be the capital of each of their States under that State's sovereignty and the stance of other States in relation to an international status for Jerusalem or for a special regime in relation to the Holy Places.

It is clear that 2 and 5 are not merely mutually exclusive but are fundamentally unacceptable to the other State in each case and to the international community. There can be no negotiated solution involving either of these elements.

It is also clear that 7 poses grave difficulties, although, perhaps, the

only element for which a solution cannot be conceived would be a claim to exclusive sovereignty by either party. Both sides are, however, committed to the unity of Jerusalem.

1, 3, 4 and 6 are in principle capable of being accommodated with mutual goodwill.

SECURITY ISSUES

Israel and a Palestinian State

On the Right in Israel there are many who feel that security against the violence they fear might emanate from a Palestinian political entity in the occupied territories requires that there be an Israeli military presence within these territories, at any rate until such time as Israel is satisfied that no such threat exists.

On the Left many believe that such a threat would not materialise because the great majority of Palestinians in such an entity would be concerned to make a success of it, which given the land-locked character of the West Bank would be possible only with the co-operation of Israel. Rather than risk possible Israeli intervention, such as has occurred in the Lebanon for many years past, they would take any measures necessary to contain violence of this kind.

In so far as a need exists to reassure Israeli opinion on the one hand, and Palestinian fears of Israeli intervention on the other, an international policing arrangement could be made for such a period of time as may be necessary to reassure both sides. The arrangements to be made would, however, have to be such as to ensure no repetition of the unhappy situation that has existed for many years past in the border zone and UNIFIL areas of South Lebanon.

Such measures, together with the de-militarisation of the occupied territories and the Golan Heights (see below), could answer the concerns of many Israelis about this entity being a State rather than, for an indefinite period to be determined by Israel, an autonomous region under Israeli control.

Israel and the Arab States

Part of Israeli concerns about vulnerability to attack by Arab States could be met by the de-militarisation of the Palestinian entity and assurance of its neutrality, the concern of the Palestinians about possible Israeli military intervention being met in turn by international guarantees and by the presence of an international force policing the area.

It is in relation to these issues that an International Conference

could play a vital role, as well as providing a structure for development of proposals to ensure the mutual security of Israel and a Palestinian State vis-à-vis each other.

Disarmament

The problem of the mutually perceived threat posed to each other by Israel and the Arab States in the region requires much more extensive measures, however. The scale and equipment of conventional forces, especially on the Arab side, the existence of short- and medium-range missiles on both sides, the threat posed by chemical weapons—all the more real in view of their use by Iraq in the war with Iran and the open threat of their use against Israel in certain circumstances—and the existence of an Israeli nuclear capacity: all these would have to be brought within the scope of any security system designed to remove the threat of war from the area. These considerations imply measures of disarmament, including verification, for which a model is currently emerging in Europe.

Some might see the existing scale and variety of weapons in the hands of both sides as providing an adequate level of mutual deterrence. However, it is far from clear that this is in fact the case. Variations in the relative precision of missiles, questions about the deployment of chemical weapons away from the battlefield, the present inequality of the two sides in respect of nuclear weapons—Israel is now thought to have well over 100 atomic weapons—the possible counter-productiveness of such weapons when used within a small region, and, finally, doubts about the relative efficiency of each side's military capacity: all these factors render doubtful—perhaps to both sides—the mutuality of deterrence provided by this particular mix of weaponry. Secondly, it cannot be assumed that in a potential conflict situation in this region either side would necessarily carefully weigh and rationally calculate the consequences of deploying this range of armaments.

In these circumstances the reassurance needed could, perhaps, be provided only by a massive reduction in armaments to a level and mix that would on both sides be appropriate for defence and not for offence. Such a process would, of course, need to be subject to international control, verification, and possibly also guarantees.

As was mentioned earlier the reciprocal fears of Syria, Iraq and Iran may make it difficult to secure early agreement on a rapid de-escalation of armaments on the Arab side as part of a general peace process. This need not, however, necessarily stand in the way of a resolution of the problem of establishing an independent Palestinian

entity. Pending a peace agreement with Jordan (if this were not itself a part of a general agreement accompanying an Israel/Palestinian settlement), the security of Israel during an interim period could be achieved by the de-militarisation of the Palestinian State and the stationing of Israeli forces in the sparsely populated hills above the Jordan Valley. Such a transitional military arrangement, should the need for it arise as a result of an interval occurring between an agreement with the Palestinians and a peace treaty with neighbouring Arab States, would not prejudice the independence of a Palestinian State—any more than the retention by the United Kingdom of three naval bases in the Irish State (one of them in the populated Cork region) prejudiced the independence of the new Irish State in the period from 1922 until the bases were removed by mutual agreement 16 years later.

International Guarantees

International guarantees, as well as international supervision, may be needed, especially during a transitional period following agreement on peace. In the international situation now emerging it could be possible to visualise an agreement involving all arms-producing States guaranteeing that no replacement arms would be supplied to any party which committed aggression against the other or which employed chemical or nuclear weapons.

SETTLEMENT ISSUES

Another range of issues that arises in connection with any proposed Israel/Palestinian agreement concerns the settlement in the Israeli or Palestinian States of people now living elsewhere.

Jewish Immigration

Israel has always insisted on being a refuge for Jews wishing to settle there and for Jewish refugees who cannot secure entry to the country of their first choice. The last major Jewish settlement of this kind is likely to be that developing during the course of 1990 as Jews from the Soviet Union, including a majority with a preference for the United States, arrive in Israel in large numbers—an estimated 50,000 in the first half of the year and 180,000 in the second half—with, perhaps, up to a further 500,000 to come at a later stage.

This influx is a major cause of concern to the Palestinians and to neighbouring Arab States. At one level Palestinians see in it the

almost certain disappearance of any hope they may have had that demographic factors might have led eventually to the emergence of an Arab majority in the land of Palestine. More seriously, both they and the international community fear that this new influx may lead to an acceleration of Jewish settlements in the occupied territories, either by the direct installation there of Jewish immigrants from the Soviet Union—already some ten percent of the early arrivals seem to be in the process of being settled in East Jerusalem—or as a result of additional pressure on accommodation in Israel leading to an increased volume of movement of members of the existing population from Israel to the occupied territories.

On the wider issue of Jewish settlements in the occupied territories, Palestinians of course reject the idea that the 55 percent of the land of the West Bank which has been expropriated by Israel for the establishment of settlements should be retained for this purpose, but the continued residence of Jewish settlers within a Palestinian State as Palestinian citizens is not excluded. It might, moreover, be possible to secure agreement to the re-location of many settlers scattered at present throughout the West Bank into settlements nearer to the Green Line, with some accompanying adjustment of that line as part of agreed border rectifications.

The Palestinian "Right Of Return"

Israelis for their part express concern at the prospect of the return of Palestinians who left during the conflict surrounding the foundation of Israel or later, and of their children or grandchildren. The reason for Israeli rejection of the "right of return" of these Palestinians derives from the fact that for many of those concerned, originating from places now within the Israeli State, a "right of return" has in the past meant a right to return to their places of origin and, perhaps, a claim to the restoration of their former properties there.

If, however, the "right of return" were in fact to represent a claim to be allowed to come and live in a Palestinian State comprising the West Bank and Gaza, with, perhaps, provision for compensation for their former property in what is now Israel, this particular Israeli concern would be alleviated. And this is, in fact, what many Palestinians abroad, including the PLO, now appear to envisage by this concept.

Some Israelis object to the "right of return" by Palestinians on more broadly based grounds, however. They simply object to any increase in the number of Palestinians already in the land of Palestine. This is, of course, the mirror image of Palestinian objections to Jewish immi-

gration to Israel itself. Such an objection is scarcely sustainable, however. Palestinians will respond to it by asking why, if Jews have a right to return to part of the land they came from almost 2,000 years ago, Palestinians should not have an at least equal right to return to part of the land they left less than half a century ago.

Capacity of Palestine to Absorb Jewish Immigrants and Palestine Refugees from Abroad

A question may be posed to both parties, however: Is the land of Palestine capable of sustaining a major increase in population from these sources?

Given the extent to which previously infertile land has been brought into use during the past 40 years and the increase in living standards during this period in Israel itself, there seem to be some grounds for answering this question in the affirmative—but subject to one overriding problem—water.

Water

The supply of water in Israel itself is limited and the drawing-off of water by Israel in the Gaza area has already given rise to widespread complaints by Palestinians about damage to the productivity of their land through the depletion of water for irrigation purposes.

There is an obvious need for an impartial authority to manage the available water within the land of Palestine, the supply of which, if properly utilised, might be sufficient to cope with an increased population. A further possibility, as part of an overall peace treaty in the region, could be for some proportion of the waters of the Litani River in South Lebanon to be made available to Israel and the Palestinian State on a contractual commercial basis. The revenue from such an arrangement could assist the reconstruction of Lebanon should the appalling problems of that country—excluded from the compass of this report—move towards a resolution in the context of a settlement of the Israel/Palestinian problem.

A second longer-term possibility would be a major breakthrough in the technology of de-salination, which may be possible in the foreseeable future.

Rights of Jews in Palestinian State and of Palestinians in Israel

Any solution to the settlement problem must, of course, involve provision for the rights of Palestinians in Israel and of Jews in a Palestinian State. Each of these groups could simply be citizens of the

State in which they find themselves geographically, with adequate provision for protection of their minority rights. At present Arabs in Israel are citizens of that State with equal voting rights, and the Palestinian position with regard to Jewish settlements is that the Jews in these settlements could remain if they wished to do so, in the Palestinian State, with the rights of citizenship in such a State.

It would, of course, be possible to visualise a situation in which both Arabs in Israel and Jews in the Palestine State could opt for citizenship of the State in which they were not resident with appropriate voting rights, but this seems less likely to be acceptable to either side. This issue could in any event be settled by mutual agreement in the course of a peace negotiation.

BOUNDARIES

Israel would wish to see modifications in its favour of the Israel/Occupied Territories boundary for security reasons but also to bring within its frontier some of the settlements in the occupied territories that are located near to the existing Green Line. A need for boundary adjustments in order to protect Israel's access to subterranean water resources has also been suggested, but this problem would seem more appropriately dealt with by some joint or international water control arrangement. Palestinians are resistant to any further reduction in the territory available for a Palestinian State. The resolution of this issue will be difficult, but not perhaps impossible.

JERUSALEM

There is clearly no easy solution to the problem of Jerusalem. Whatever divisions exist amongst Israelis on the future of the West Bank and Gaza, there is something approaching unanimity amongst them on this question, that is to say on Jerusalem remaining the capital of Israel, and its remaining under Israeli sovereignty. On maintaining the unity of Jerusalem there appears to be agreement between Israelis and Palestinians—but on the issue of sovereignty over it, they are at opposite poles.

The concept of "sovereignty" raises very difficult issues in a dispute such as that between Israel and the Palestinians, not merely in relation to Jerusalem but also—as between Palestinians on the one hand and the Right in Israel on the other—in relation to the status of a Palestinian entity.

This issue of "sovereignty"—deriving historically from the post-feudal period of absolute monarchies in Europe—is becoming increasingly blurred within the European Community as the ultimate decision-making power over an ever-expanding area of policy is transferred from the national to the Community level. This phenomenon is not in itself immediately relevant to the Israel/Palestine issue, but it suggests that the concept of sovereignty as involving an absolute right by a political entity to order every aspect of its own affairs, may be less universally relevant than European history from the 16th to the mid-20th century might appear to suggest. If the issue of Jerusalem is approached on this basis, the apparent absolute opposition of views on its future may, perhaps, eventually prove less intransigent than appears at first sight.

The real issues may in time be seen to be what role Israel and a Palestinian State might appropriately play in relation to Jerusalem in the future, and what functions Jerusalem would have in relation to these two States. These are matters that might be addressed if and when the other complex issues in dispute are approaching resolution.

CONFEDERATION

Although the "Jordanian option" is no longer on the table, with the result that Israel now has to face negotiations with Palestinians rather than with Jordan, a Palestinian State could be linked in a Confederation with Jordan, freely entered into by both of these States. Such a Confederation is clearly a preferred outcome for many Israelis—some indeed would see it as essential. Palestinian acceptance of the concept in the 1983 Algiers Declaration has, of course, not been withdrawn, but only on the basis of an agreement entered into freely between a Palestinian State and Jordan. Such an agreement might, however, be pre-figured at a late stage in negotiations. A "hen/egg" problem should not be allowed to stand in the way of an agreement ending the conflict.

A Confederation involving also Israel has been suggested. Indeed, some Israelis—e.g., Ze'ev Schiff in his important "Security for Peace" Washington Institute Policy Paper—suggest that it should be a prerequisite of an agreement with the Palestinians. The PLO position as put forward by Arafat rejects this proposal, being willing to consider only a unified secular State in the land of Palestine. As this excludes a Jewish State it would not be acceptable to Israel.

However, close economic links between a Palestinian/Jordanian

Confederation and Israel, involving a Common Market or a Benelux-type structure, are acceptable to the PLO and Palestinians, and to many Israelis willing to contemplate the eventual emergence of such a Palestinian or Palestinian/Jordanian State; and the eventual development of this into some kind of three-State Confederation might ultimately be possible. The fruits of co-operation between Israel and a Palestinian State could be immense given the extraordinary capacity of these two peoples—by far the best-educated peoples in the Middle East. The benefits to Israel of securing free access to its natural hinterland cannot be under-estimated, and a Palestinian State would need access to a port in Israel.

SUMMING UP

The ideas set out above, which are not of course novel, represent an attempt to outline on what basis the Israel/Palestinian dispute might eventually be resolved, with due respect to the conflicting interests of the two parties to the conflict. A resolution of the issue on these, or any other, lines is almost certainly still a considerable distance away, but the fact that in the latter part of 1989 and the early part of 1990 there has been for the first time a real prospect of an actual dialogue taking place between Israel and representatives of Palestinians may be held to justify this attempt to suggest some ways in which elements of the problem might ultimately find resolution.

There remains the question of what the international community might be able to do in the meantime in order to encourage this process.

ROLE OF INTERNATIONAL COMMUNITY

The immediate task of securing the initiation of a dialogue between the parties is being tackled with skill by the United States and Egypt, working closely together. Taking this as given, and leaving on one side the major question of what action might be taken by the United States or Europe to resolve a deadlock arising from a collapse of the present attempt to initiate a dialogue between the parties, there are some other matters that might benefit from initiatives by the Trilateral countries, amongst which the European Community has a particular interest in playing a constructive role.

NON-PROLIFERATION AND DISARMAMENT

The Trilateral countries could assist a possible peace process, as well as helping to reduce the danger to their own interests deriving from a renewal of inter-State conflict in the Middle East, by pursuing issues of non-proliferation of chemical, biological and atomic weapons and of conventional disarmament in the region, as well as of limitation of arms sales to the area. The extent to which peace in the region is currently endangered by past sales, both legal and illegal, of armaments and of technology cannot be exaggerated. The arms producing countries in the industrial world as well as the Soviet Union, some of its former satellites, and China share responsibility for this. In particular, the development both of nuclear weapons and chemical weapons in the region would scarcely have been possible without access to Western materials and technology, and there has been a notable failure to face up to the fact of, and the implications of, these leakages both to Israel and to Arab States such as Iraq. Peace and stability in the Middle East will be difficult to ensure without a major international initiative designed to undo this damage—an initiative which may now be more readily achievable by agreement between East and West as a result of the greatly improved climate of international relations. Given the potential of China to de-stabilise the situation by selling more of its missiles to States in the area, the co-operation of that country would, however, be required in order to

achieve real progress in the area. It is, perhaps, worth remarking in this connection that for some years past a U.N. Resolution in favour of the establishment of a nuclear-free zone in the Middle East has been adopted without a vote by the U.N. General Assembly, Israel having refrained from voting against it.

Accordingly, urgent action should now be taken to initiate linked nuclear, chemical and biological disarmament, control and verification measures in the Middle East. This is a matter which might appropriately be considered by the U.N. Security Council in view of the serious threat to peace now posed by the proliferation of these weapons.

SYRIA/ISRAEL PEACE MOVES

The possibility of progress towards a peaceful resolution of Syrian/Israeli tension could usefully be explored in view of indications of a changed attitude in Syria, e.g., the re-opening of diplomatic relations between Syria and Egypt and the message from Assad that President Carter brought with him to Israel from Syria. *The United States and the Soviet Union are together well-placed to explore further this possibility.*

HUMAN RIGHTS ISSUES

A pressing immediate issue of concern to the international community is that of human rights in the occupied territories.

Reactions by Israeli Army to Intifadah

The Israeli Army response to the stone and bottle-throwing type of activity characteristic of the Intifadah has involved not merely injuries to some 75,000 Palestinians but the deaths of many hundreds including some 600 killed by live ammunition, about a quarter of them children and young people under 17 years old. By the standards of riot control in European countries this reaction is clearly inappropriate and excessive. The International Committee of the Red Cross has, most unusually, criticised "grave and repeated breaches" of human rights involving the "increasingly frequent use of firearms and acts of physical violence against defenceless civilians". Moreover, although the Intifadah started two-and-a-half years ago, there seems to be little indication of any improvement over time in the techniques employed; methods of riot control used elsewhere do not seem to have been attempted.

Independent observers report that the situation appears to be aggravated by what appear to be weaknesses in the disciplinary procedures of the Israeli Army vis-à-vis those of some other armies. It is, of course, true that even where such procedures exist, they are frequently seen by those concerned with human rights as operating in an unsatisfactory manner. Concern for the morale of the force in question is often a barrier to the effectiveness of such procedures, which frequently tend to exonerate the security force even in the face of clear evidence of over-reaction on their part. Nevertheless, the regular employment of such procedures generally has a restraining effect. Thus, for example, while in Northern Ireland there have been many criticisms of the manner in which the security forces have handled riot situations, deaths from live ammunition in such circumstances have been extremely rare.

Another issue that the international community could usefully pursue is the alleged noxious effects of what Palestinians claim is CZ gas used for riot control.

There is a strong case for *more concerted action by the United States, Europe and Japan through normal diplomatic contacts or through structures such as the G-7 meetings in support of less lethal methods of riot control in the occupied territories as well as far greater restraint in matters such as the blowing-up of dwellings alleged to have been used for attacks on Israeli soldiers.*

It may be noted that the European Community, many other States and the International Committee of the Red Cross all take the view that Israel is bound *de jure* by the Fourth Geneva Convention in relation to the occupied territories, and do not accept Israel's negative position on this important juridical issue.

Closure of Schools and Universities

More pressure could also be exerted on the Israeli authorities to re-open schools and universities. The scale, duration and incidence of such closures is seen by independent observers as difficult to justify in security terms and as representing a form of collective punishment that is counter-productive in anything except, perhaps, the very short-term. The impact on the Palestinian population of deprivation of education must have implications for future stability in the area, implications which could be damaging to the long-term Israeli interest.

Pressure by the European Community has proved largely successful in securing the removal of obstacles to the export of Palestinian products, which are now expanding rapidly. An opportunity exists to exert similar pressure for university re-opening

through a mechanism proposed by the European Parliament in its Resolution of January 18, 1990, involving the freezing of the Budget heading for co-operation with Israel. Some E.C. countries have resisted the employment of this kind of pressure but *if re-opening of the universities is not decided on next June, when the matter comes up for review again, the European Community should consider further the possibility of action of this kind.*

AID

The international community's willingness, despite new claims on its resources, to provide and to assist financially the implementation of a peace settlement may prove to be an important factor in the achievement and safeguarding of a settlement.

A ceiling has been put on the UNRWA budget, which, given the demographic growth in the refugee population in the occupied territories, reduces the real volume of aid per head. This seems to reflect in part at least the unwillingness of some countries to expand aid resources in face of new needs in Eastern Europe, and a consequent diversion of resources away from the Israel/Palestine problem.

This is a disturbing trend in view of the fact that progress towards a solution of the conflict would be likely to involve in the medium-term a requirement among other things for increased aid to settle refugees now resident within the territories and outside and to assist subsequent economic development. *There should be a clear willingness within the international community to face this issue in order to ensure the peaceful evolution of an eventual Palestinian State.*

U.S. IMMIGRATION LIBERALISATION

The heightened tension arising at present from the rapidly rising influx of Soviet Jews and the settlement of a proportion of them in East Jerusalem and in other parts of the West Bank is a negative element in the present situation. This could make progress towards peace more difficult and increase the risk of a breakdown if and when a dialogue starts.

This problem has been aggravated by the U.S. decision to limit the number of such refugees entering the United States. It appears that some 90 percent of the refugees prefer the United States to Israel as a destination, but are being forced by this restriction to go to Israel as a second choice—and are also under pressure to remain there subsequently

because of an Israeli requirement for a refund of fares and other costs should such refugees subsequently find it possible to move on from Israel to another country of their choice, such as the United States.

Positive action by the Supreme Soviet in response to recent European Community representations proposing modifications of laws requiring Jewish emigrants to specify their destination and depriving them upon departure of Soviet citizenship would help to reduce pressure on these refugees to go and to remain in Israel, whether or not this be the country of their first choice.

A decision by the United States on humanitarian grounds to reduce or eliminate limitations on Soviet Jews entering the United States would reduce significantly tension in the occupied territories and amongst neighbouring Arab States arising from the restriction to a single option—Israel—of Jewish refugees from the Soviet Union. European countries could also help by easing immigration restrictions for Soviet Jews.

SUMMING UP

Progress on non-proliferation and disarmament in the region, and between Syria and Israel, could facilitate Israeli agreement to a peace settlement involving a Palestinian State. There can be no doubt about the reality of Israeli concern over the scale and range of armaments available to its Arab neighbours and Israeli doubts over the wisdom of permitting the emergence of a Palestinian State in the absence of a peaceful settlement with nearby Arab States such as Syria.

Similarly, action on human rights issues, aid, and U.S. immigration liberalisation could reduce tensions in the occupied territories and create a much more relaxed climate for constructive Palestinian negotiations with Israel. However, should the present attempt to initiate a dialogue between the parties collapse, urgent consideration ought to be given to supplementing action along the above lines by a major international initiative directed towards a resolution of the basic problem itself. Given the scale of atomic and chemical weapons and delivery systems now available to one or other protagonist, it would be very difficult to justify a failure by the international community to address the resultant volatile situation by concerted action. Such concerted action is now becoming a real possibility in view of the radical change that has taken place in East-West relations. Moreover, in certain circumstances the prospect of action of this kind, making use of all forms of pressure available, could itself help to revive a failing dialogue.

The Author

Garret FitzGerald was Prime Minister of Ireland in 1981-82 and 1982-87, and served as President of the European Council in the second half of 1984. He was Minister for Foreign Affairs in 1973-77, and served as President of the Council of Ministers of the European Community in the first half of 1975. Dr. FitzGerald remains a member of the Dail, to which he was first elected in 1969 after four years in the Irish Senate. Educated at University College, Dublin, and the National University of Ireland (1946; Ph.D. 1969), he became Barrister-at-Law at King's Inn, Dublin (1947). After twelve years with the Irish national airline, Aer Lingus, he lectured in economics at University College, Dublin (1959-73). He was also Managing Director of the Economist Intelligence Unit of Ireland, and wrote on economic affairs at different times for the *Financial Times*, the *Economist*, and the BBC. He has written several books and numerous articles.

Dr. FitzGerald was one of the authors of the 1981 report to the Trilateral Commission entitled *The Middle East and the Trilateral Countries*. The other three authors were Joseph J. Sisco, Arrigo Levi, and Hideo Kitahara. Dr. FitzGerald is European Deputy Chairman of The Trilateral Commission.

Consultations

The discussions that preceded preparation of this report are described in general terms in the preface. More detailed information about the dates of these discussions and the persons consulted is presented below. Only the author is responsible for the analysis and conclusions in this report.

Persons consulted in Trilateral countries or otherwise assisting in these discussions included the following:

Jiro Aiko, *Managing Director, Sony Corporation, Tokyo*
Giovanni Auletta Armenise, *Chairman, Banca Nazionale dell'Agricoltura, Rome*
Anis Al-Qasem, *Chairman, Legal Committee of the Palestinian National Council, London*
Jean-Claude Amié, *Director, Executive Office of the Secretary General of the United Nations, New York*
Jacques Attali, *Special Advisor to the President of the French Republic, Paris*
Raymond Barre, *Member of the French Parliament; Former Prime Minister*
Bassma Kodmani-Darwish, *Director, Middle Eastern Studies, French Institute for International Affairs, Paris*
Bassam, *Deputy PLO Representative, London*
Lord Beloff, *Historian, London*
Georges Berthoin, *European Chairman, The Trilateral Commission*
Enrico Braggiotti, *Chairman, Banca Commerciale Italiana, Milan*
Zbigniew Brzezinski, *Counselor, Center for Strategic and International Studies, Washington, D.C.*
Stanley Clinton-Davis, *Former Member of the Commission of the European Communities, London*
Umberto Colombo, *Chairman, National Committee for Nuclear Energy, Rome*

- Alessandro Corneli, *Professor, LUISS University, Rome*
 Michel Debatisse, *Member of the European Parliament, Paris*
 Jean Deflassieux, *Chairman, Banque des Echanges Internationaux, Paris*
 Jean-Francois Deniau, *Member of the French Parliament; Former Minister, Former Member of the European Commission*
 Jean Dromer, *Chairman, Financière Agache, Paris*
 Laurent Fabius, *President of the French National Assembly; Former Prime Minister*
 Heinz Fiedler, *Federal Ministry of Foreign Affairs, Bonn*
 Israel Finestein, *Vice President, Board of Deputies of British Jews, London*
 Andrew V. Frankel, *Assistant North American Director, The Trilateral Commission*
 Giorgio Frankel, *Mondo Economico, Milan*
 Michel Gaudet, *Former Chairman, Court of Arbitration, International Chamber of Commerce, Paris*
 Lee H. Hamilton, *Member of the U.S. House of Representatives; Chairman, Subcommittee on Europe and the Middle-East, House Foreign Affairs Committee, Washington, D.C.*
 Theodor Hanf, *Arnold-Bergstraesser-Institut, Freiburg*
 Charles B. Heck, *North American Director, The Trilateral Commission*
 Charles Hernu, *Member of the French Parliament; Former Minister of Defence*
 Stéphane Hessel, *Ambassadeur de France, Paris*
 Helmut Hubel, *German Society for Foreign Affairs, Bonn*
 Martin Indyk, *Executive Director, Washington Institute for Near East Policy, Washington, D.C.*
 Yuzo Itagaki, *Professor, Institute of Oriental Culture, University of Tokyo*
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 Greville Janner, *Member of the British Parliament*
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 Shigeki Koyama, *President, Japan Institute for Middle East Economies, Tokyo*
 Ervin Landau, *Managing Director, Dare Estates, London*
 Anthony Leman, *Director of Research, Institute of Jewish Affairs, London*
 Arrigo Levi, *Senior Columnist, Corriere della Sera, Rome; European co-Author of the Trilateral Commission Task Force Report The Middle East and the Trilateral Countries (1981)*
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 Richard Murphy, *Senior Fellow, Council on Foreign Relations, New York*
 Sami Musallam, *Director, Cabinet of PLO Chairman Arafat, Tunis*
 Yoshiro Mutaguchi, *Professor, Seiki University; Former Editorialist, Asahi Shimbun, Tokyo*
 Makito Noda, *Senior Program Officer, Japan Center for International Education, Tokyo*
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 Stefan Wild, *Professor, University of Bonn*
 Tadashi Yamamoto, *Japanese Director, The Trilateral Commission*

Persons consulted in the Near East included the following:

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 Yasser Arafat, *Chairman, Executive Committee, Palestinian Liberation Organisation, Tunis*
 Fouad El Aref*, *Arab Studies Centre, East Jerusalem*
 Hanan Ashrawi*, *Dean of the Arts Faculty, Bir Zeit University, West Bank*
 Gabi Baramki, *Dean and Acting President, Bir Zeit University, West Bank*
 Mustafa Barghouti, *Head of Medical Relief Committees, East Jerusalem*
 Ze'ev Binyamin Begin, *Member of the Knesset (Likud), Jerusalem*
 Ivan Callan, *British Consul-General, East Jerusalem*

Mohamed Al Diwani, *Chef de Cabinet of the Minister of Foreign Affairs, Cairo*
 Abba Eban, *Member of the Knesset (Labour); Former Minister of Foreign Affairs, Tel Aviv*
 Alain Frachon, *Chief Correspondent, Le Monde (Paris), Jerusalem*
 Elias Freij, *Mayor of Bethlehem, West Bank*
 Haim Herzog, *President of Israel, Jerusalem*
 Faycal Hussein*, *President, Arab Studies Centre, East Jerusalem*
 Zahira Kamal*, *Head of Women's Work Committees; Representative of "War on Want in the Occupied Territories", East Jerusalem*
 Ghassan Al Khatib*, *Lecturer at Bir Zeit University, West Bank*
 Chedli Klibi, *Secretary General, League of Arab States, Tunis*
 Yeshaiahu Leibowicz, *Professor of Philosophy, Jerusalem*
 Riad Al Malki*, *Lecturer (Engineering) at Bir Zeit University, West Bank*
 Esmat Abdel Meguid, *Deputy Prime Minister and Minister of Foreign Affairs, Cairo*
 Father Jerome Murphy O'Connor, O.P., *Ecole Biblique, Jerusalem*
 Binyamin Netanyahu, *Deputy Minister of Foreign Affairs, Jerusalem*
 Robert H. Pelletreau, *United States Ambassador, Tunis*
 Avraham Poraz, *Member of the Knesset (Shinui-Centre), Jerusalem*
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 Yasser Abed Rabbo, *Member of the PLO Executive Committee (in charge of the dialogue with the United States), Tunis*
 Muna Rashmawi, *Administrator of Al Haq (Human Rights Organisation), East Jerusalem*
 Brother Anton de Roeper, *Vice Chancellor of Bethlehem University, West Bank*
 Leila Shahid, *PLO Representative (designate) in Eire, Tunis*
 Husni Shahwan, *Area Officer and Director, Dehaishe UNRWA Refugee Camp, West Bank*
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(*) Member of Palestinian "Consensus Group" around Faycal Hussein

The consultations in the Middle East took place in mid-March of 1990—March 15 in Tunis, March 17 in Cairo, March 18 and 20 in Jerusalem, and March 19 in Hebron, Bethlehem and East Jerusalem.

The consultations in Trilateral countries began on October 27-29, 1989, at the meeting of European members of the Trilateral Commission in London. The discussions in Tokyo took place on November 15, and in Paris on November 21-22. Dr. FitzGerald was in London on February 21, 1990, in New York and Washington on March 1-2, in Rome on March 16, and in Bonn on March 21.

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