THE MIDDLE EAST AND

THE TRILATERAL COUNTRIES

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A Report to

The Trilateral Commission
A Private North American-European-Japanese
Initiative on Matters of Common Concern
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 March 29-31, 1981. The authors, who are experts from Western Europe, North America and Japan, have been free to present their own views; and the opinions expressed are put forth in a personal capacity and do not purport to represent those of the Commission or of any body with which the authors are associated. The Commission is making this report available for wider distribution as a contribution to informed discussion and handling of the issues treated.

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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.

THE TRILATERAL COMMISSION

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Report of the
Trilateral Middle East Task Force
to The Trilateral Commission

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The Trilateral Process

The report which follows is the joint responsibility of the four authors. They have been aided in their work by extensive consultations in the Middle East and the Trilateral regions. Those consulted spoke as individuals and not as representatives of any institutions with which they are associated; and only the authors are responsible for the analysis and conclusions presented in the report.

The consultations in the Middle East took place in the summer and early fall of 1980. Those with whom discussions were held included a wide range of political figures and experts. Visits were made to Egypt, Israel, the West Bank, Jordan, Syria, and Saudi Arabia.

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July 9-11, 1980—Authors meet in Paris and Brussels to develop general framework of report and meet with various consultants.

Summer and Early Fall—Authors and Trink travel in Middle East.

Mid-November—Authors complete draft materials for first draft of report, which is then put together by FitzGerald and Levi.

November 20-23—Authors meet in Dublin to consider first draft and discuss their work with European Members of the Trilateral Commission, assembled for a regional meeting.

Mid-December—Sisco completes second draft of report.

Early January 1981—Second draft distributed for comment to various North American consultants.

January 12—FitzGerald and Levi meet in Paris to examine second draft.


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I. INTRODUCTION

The problems and conflicts of the Middle East, extending from the Mediterranean to the oil-rich Gulf and Arabian peninsula, may present in the 1980s the most serious challenge to the economic viability and security of the Trilateral regions and to the stability of the global balance of power. This brief study is timely, therefore, particularly as a new Administration has come to power in the United States and a number of European countries face elections of their own.

The governments and people of the Trilateral world, in considering the Middle East, have a keen perception of danger; and at times a disagreeable sense of inadequacy. Prompted by such feelings, various Trilateral governments have engaged in consultations, have devised strategies and proclaimed doctrines, and have taken a number of political, economic, military, and diplomatic initiatives, with the purpose of containing the existing conflicts, preventing greater disasters, and maintaining global peace. The Trilateral countries, all highly developed industrial democracies, share common basic interests and outlooks. Nevertheless, there has not been a common approach to the Middle East and the Gulf.

The stakes are very high indeed. Western Europe, Japan, and North America have a vital interest in stability and peace in the Middle East and the Gulf, in which: an overall Arab-Israeli settlement is achieved assuring Israeli security and survival and satisfying legitimate Arab interests and rights; a workable balance in the area is struck between modernisation and the Islamic Movement; the sputtering conflict between Iran and Iraq is resolved peacefully; the integrity of Lebanon and Iran is maintained; the internal stability and security of Saudi Arabia is enhanced; the forces of moderation and progress in the area are strengthened; continuing access to the area’s oil resources is assured; Soviet opportunities for expansion are constrained; and a confrontation between the United States and the Soviet Union is avoided.

The promotion of such a matrix of interests will require great understanding of the complexities involved; and a diplomacy of imagination, subtlety, and sensitivity, coupled with firmness, resolve, and influence. There would be little quarrel among European, Japanese, or North American officials over the parallel, often common objectives cited above. But the interests of each Trilateral country in the Middle East are not identical,
and different assessments and approaches are likely to continue. For example, while all Trilateral powers recognise Israel’s existence and statehood, and share a commitment to Israel’s survival and security, there are divergences on the Palestinian question—both with regard to the appreciation of the interests and rights of the Palestinian people and with regard to the extent to which the accommodation of these interests and rights is essential to and can be reconciled with the long term security of Israel. While North America gets much oil from the Middle East, the dependence of Western Europe and Japan is greater. While the Trilateral regions have a common interest in deterring U.S.S.R. expansionism, only the United States has the strategic capacity to make this a practical reality. While Western Europe seeks a role in the diplomacy of the Arab-Israeli conflict, only the United States is at present accepted by both sides and carries the weight to bring about mutual concessions.

It is not in the interest of any of the Trilateral partners to under-estimate their common objectives or any difference in approach; since to do so gives rise to unrealistic assessments, expectations and perceptions, contributes to confusion of roles, and could in the long run undermine the common interest in matters of security that binds us. Close and regular consultations between the United States, Europe, and Japan on Middle East and Gulf matters is of high priority in the years ahead with a view to developing complementary policies if possible, or at least avoiding divisions which could weaken relations between partners.
II. SETTING THE CONTEXT:
THE CHANGING SITUATION IN THE MIDDLE
EAST AND GULF

A. MAJOR CHANGES

In recent years the political, diplomatic, military, and economic landscape of the Middle East has undergone dramatic change. These major changes will have great impact on the risks to the Trilateral world’s security and viability, and on the opportunities that exist for the countries of Western Europe, North America, and Japan to promote their individual and parallel national interests in the area during the decade of the 1980s.

First, the long period is over when “the Middle East issue” meant only the Arab-Israeli dispute. Western Europe and North America were deeply involved in this dispute, both politically and emotionally, due to their sensitivity to the survival of the Jews and to Western Europe’s post-colonial conscience towards the Arabs. Today there is greater awareness that the instabilities arising from the Arab-Israeli dispute, while still formidable, are not the only root of the difficulties in the area. For example, the Iranian revolution and the Iran-Iraq war, not Arab-Israeli hostilities as in 1973, have caused the latest disruptions of oil exports.

Second, developments in the Gulf and in the area of the “front line” states of the Arab-Israeli dispute (Israel, Egypt, Jordan, Syria, and Lebanon) are likely to interact more in the next five years than they have in the past. Policy makers have tended to look at these two sub-regions separately. In fact, there may have been some advantage in pursuing a diplomacy which sought to limit the spillover effect of the Arab-Israeli conflict on the Gulf area. A number of developments, however, have underscored the need to look at the main issues in a broad overall regional context: the ascendance of the Khomeini regime in Iran and his announced policy of encouraging Shiite elements within Arab countries; the Soviet aggression in Afghanistan; its presence in South Yemen and its active emergence in the area more generally; the use or potential use of the oil weapon by local Arab powers to try to influence U.S. policies and those of other Trilateral countries on the Arab-Israeli dispute; the process of modernisation that marks both the Mediterranean and Gulf States; the
Arab Summit decision in 1974 in Rabat designating the PLO as sole representative of the Palestinian people; the unsuccessful attempt of the PLO to mediate between Iran and Iraq; the Iraqi military action against Iran; Col. Muammar Qaddafi’s penchant for intervention in a multitude of States by supporting violence and terrorism; and Saudi Arabia’s dual concern and involvement in Gulf security and the Arab-Israeli dispute.

Third, there has been an intensification of the clash between modernisation and Islam which carries with it the potential of change by convulsion and revolution rather than by evolution. This was one factor in the demise of the Shah of Iran, and has become a more current issue in certain other countries. The rulers of a number of countries—such as Saudi Arabia, Kuwait, and the Gulf States—face a dilemma to which we will return later: the process of developing and managing modernising economies with large oil resources tends to set in motion revolutionary demands, to fracture the social structure, and to upset traditional sectors of society, lending strength to the possibility of an Islamic revival as a reaction against the changes brought about by modernisation. The Trilateral countries believe that development and Islamic values can be nurtured in a complementary way; and this proposition will be further tested in the years ahead. Helping to find the proper balance between the modernisation of ancien régime and the maintenance of fundamental values of Islam will require Trilateral diplomacy and assistance and support policies of great sensitivity.

Fourth, the regional strategic setting has changed as non-alignment of Iran has replaced alliance with the United States. The Shah’s essentially hands-off policy vis-à-vis the Arab-Israeli dispute has been replaced by one of involvement, though Iran’s capacity in this regard will be limited until such time as near-anarchy is replaced by a regime fully able to govern, and the further deterioration resulting from the Iran-Iraq war is stemmed. Iran cannot be expected to play a stabilising role militarily or otherwise in the Gulf in the foreseeable future; and in fact, the potential remains for the country’s dismemberment and fractionalisation. In sum, a change in the local balance of power has taken place, adverse to Trilateral interests.

Iraq has strengthened its position militarily in the Gulf, but no Iranian regime can accept indefinitely the changed status quo in the Shatt el Arab River area. Thus a new irredentism has been created in the Gulf, increasing the possibility of renewed warfare between Iran and Iraq in the next several years, particularly if Iran is able to develop its full military capacity, which is at least equal potentially to that of Iraq. This added instability provides opportunities and risks for both the United States and the Soviet Union as local balances continue to shift. Divisions and temporary alliances within the Arab world, which became evident in the aftermath of Camp David, have become even more pronounced in the context of the Iran-Iraq war.
There is an opportunity for realignments in the Arab world which would strengthen the moderate Arab regimes and the forces for peace.

Fifth, the Soviet aggression in Afghanistan has stimulated great concern in the area. It was roundly condemned by the Moslem world. Soviet occupation is likely to be long and drawn out. In these circumstances, there has begun to develop some proclivity and receptivity towards a stronger Western presence than has existed for many years past.

Sixth, the Egyptian-Israeli treaty has altered the military balance between Israel and the front line Arab States. It has reduced the likelihood of war between them because the use of force is not a viable Arab option in the foreseeable future as long as Egypt remains part of the peace process. The diminished probability of war between the Israelis and Arabs, coupled with Iran's internal difficulties and the war between Iraq and Iran, have tended to shift the focus of interest and concern towards the Gulf; but it should not be ignored that these developments may have the additional effect of offering a window of opportunity for renewed efforts to achieve additional progress towards resolution of the Arab-Israeli dispute.

Seventh, the cycle of violence and counter-violence has continued sporadically in Lebanon, and it continues to carry with it the potential for direct military confrontation between Israel and Syria, even though both have seen such a renewal of hostilities between them as not being in their respective interests. The continued weakness of the central Lebanese government, the differences between Lebanese Moslems and Christians, the jockeying of Iraq and Syria to achieve the upper hand with the Palestinians within and outside Lebanon, the continuing differences between the Lebanese and the Palestinians, the dangers of possible partition of the country, the need for a fundamental adjustment politically and economically between Lebanon's haves and have arts—all indicate the importance of a comprehensive Arab-Israeli peace settlement, including the resolution of the Palestinian question, for the return of Lebanon to peace and stability.

Eighth, the partial oil embargo of 1973–74, and the quadrupling of oil prices at that time, have underscored the economic dependence of the Tri-lateral countries on the oil-exporting States of the Middle East; as has the second "oil shock" in 1979—with the dramatic fall in oil production in Iran sparking off a further oil price explosion that raised oil prices in 1980 to the level which some experts had been predicting for the year 2000. At the same time, however, the continuing pace of development and modernisation in the Middle East has enhanced the area's need for Tri-lateral imports and technology paid for with petro-dollars. Oil remains an element of leverage in the Arab-Israeli dispute; it has become a significant factor influencing the policies of the Tri-lateral countries and has added measurably to the instabilities in the area.
**Ninth**, the period of the last eight years has been marked by the increased centrality of the United States as diplomatic go-between in the Arab-Israeli conflict—in bringing an end to the 1973 War, in achieving the two disengagement agreements between Egypt and Israel in 1974 and 1975 and the one between Syria and Israel in 1975, and in negotiating the Egyptian-Israeli peace treaty and the Camp David accord. Viewed against the background of the prior 25 years of no progress between the Israelis and the Arabs, these latter developments represent major advances to build upon. The key problem is to make the process essentially irreversible, leading eventually to an overall peace.

For a quarter of a century following the establishment of the State of Israel there were no official contacts or negotiations between it and the Arabs. The inconclusive military result of the October 1973 Arab-Israeli War, in sharp contrast to the overwhelming Israeli victory in the June War of 1967, changed this state of affairs significantly. For Egypt and Syria it meant that negotiations, even though indirect, were a possibility now that the ignominy of defeat in the June 1967 War had been erased in substantial measure, at least psychologically. The Arabs had launched a successful surprise military attack which narrowly missed proving disastrous for Israel; they had shown they could use modern weapons effectively; and they had added a new dimension, an oil embargo, underscoring the dependence of the Trilateral regions on the energy resources of the Middle East. For Israel, the intelligence failure, the tremendous expenditure of men and materiel, and the near defeat averted at the last moment in part by a massive U.S. airlift to bolster its armed forces, also proved to be an incentive to negotiations. All this led to the unprecedented involvement of the United States in highly visible step-by-step shuttle diplomacy, resulting in the various disengagement agreements. These agreements in turn laid the groundwork for the Egyptian-Israeli peace agreement and the Camp David accord.

**Finally**, developments in the Middle East and the Gulf, and the promotion of Trilateral interests in the region, have become even more intimately linked with the overall global military balance between the United States and the Soviet Union. With the achievement of U.S.–U.S.S.R. strategic nuclear parity, there has also developed a new and menacing Soviet capacity to project its power into Third World areas, such as Angola, Ethiopia, and South Yemen. Any overall Trilateral strategy for the Middle East and the Gulf cannot be successful unless the reality and perception of increasing Soviet strength relative to the Trilateral regions is stemmed, if not reversed.

Some positive and negative aspects of the aforementioned changes can be elaborated somewhat further:

- While the Egyptian-Israeli treaty has diminished the chances of an early war between Arabs and Israelis, it may have reduced the pressure
on Israel for concessions necessary to achieve success in any next negotiating phase, and it has contributed to President Anwar el-Sadat's isolation in the Arab world.

• While President Sadat has felt the pangs of isolation in the aftermath of Camp David, the economic impact on Egypt has been marginal and there is opportunity for redress in relations with certain Arab States, particularly if the slow moving, if not stalemated, Arab-Israeli negotiations get going.

• While the Iranian relationship with the West has been seriously undermined, Khomeini's regime, preoccupied with internal divisions and with its inability to run the country, is seriously circumscribed for the indefinite future in its ability to export and stimulate Islamic revolution elsewhere in the region.

• While the flag of Islam has sent shock waves throughout the Moslem world, it has stimulated a new recognition in Saudi Arabia and the Gulf States that internal contradictions cannot go unattended.

• While Iraq can rightly claim a modest military victory by winning control of the Shatt el Arab area, its economic, military, and political capacity to play a leading radical role in the Arab world is limited in the period immediately ahead. Iran and Iraq have tended to offset one another, diminishing any possible near-term threat to Saudi Arabia from either of these countries.

• While the Soviet aggression in Afghanistan is a clear signal of its military reach in the area, the concern this has aroused provides a more positive environment for the Trilateral countries to develop a credible military deterrent in the Mediterranean and the Gulf (including in the latter case prepositioned materiel and manpower offering a more rapid deployment capability) as well as bringing to life greater local resistance to the Soviet challenge.

• While American, Japanese, and European responses to the invasion of Afghanistan and the Iran hostage crisis diverged, a more compact reaction was evoked by the emerging possibility of Soviet moves in relation to Poland; and this could facilitate a more unified approach in strategic matters, including Middle Eastern policies.

B. COMPLEX DANGERS AND TASKS

As a result of the interplay between the many crises of the Middle East, the perception of danger to vital interests of Trilateral countries has become stronger. In addition to the continuing Arab-Israeli differences, the danger can be defined as follows: In an area of great political instability, due to the inter-action between numerous local disputes and tensions, to the revolu-
tional impact of the process of modernisation, and to conflict between the superpowers, Trilateral access to vital energy supplies has become threatened, while the dangers of local and global wars have increased. The loss of freedom of access to Middle Eastern oil could endanger, for at least one more generation, the economic prosperity and political stability of the Trilateral regions. So, it has long been the policy of the Trilateral regions to protect and maintain this freedom of access to Middle Eastern oil, though by no means to exclude others, including the Soviet Union, from a similarly free commercial access.

The task ahead is to define how such vital Trilateral interests can best be assured, how progress towards an Arab-Israeli settlement can be promoted, how the danger of the Soviet Union acquiring political control over the Middle East and the Gulf can be prevented, and how the inevitable process of political change in the oil-exporting nations can be helped and guided onto paths not irreconcilable with vital Trilateral interests.

A great debate is going on in the Trilateral world over these problems, and it shows how complex is the challenge to be faced. We strongly believe that only a variety of co-ordinated actions and initiatives, by many different Governments in different fields, can offer us some hope of really stabilising the rather fragile political structure of the Middle East and protecting our interests.

* During a discussion of Middle East problems at the London Conference of the Trilateral Commission in 1980, a clash of views occurred on the “centrality” of the Arab-Israeli dispute and its relations with the other problems existing in the area. On the one hand stood those Commissioners who believed that “there is no way to solve the problems of the Middle East unless the Palestinian problem is solved first”. On the other hand stood those Commissioners who emphasised that the “resolution of the Israeli-Palestinian conflict will certainly not make the other problems disappear”.
III. PROGRESS IN RESOLVING THE ARAB-ISRAELI DISPUTE, INCLUDING THE PALESTINIAN QUESTION

The Arab-Israeli dispute is not the only cause of Middle East tension, but its ultimate solution is nevertheless essential if the overall interests of the Tri-lateral regions are to be protected. The parties are now concentrating on the Palestinian question and the future of the West Bank and Gaza. This chapter focusses on this aspect. After some discussion of the principal alternatives and of the Camp David process and European soundings, we survey the attitudes of the principal parties, as reflected primarily to the European and Japanese members of the panel, and indicate what we consider to be a number of requirements for progress in the major diplomatic effort which will be needed over the coming years.

It is noteworthy that the Reagan Administration has committed itself to carry on the Camp David process. The 1978 Camp David accords include the Egyptian-Israeli treaty and the "Framework for Peace in the Middle East" addressed to the West Bank and Gaza. The Camp David "Framework" does not determine the final status of the West Bank and Gaza: The final status of the West Bank and Gaza, the location of boundaries, and the nature of the security arrangements are to be determined by Egypt, Israel, Jordan and elected representatives from these territories after a five-year transition period. During the transition period, there is to be "autonomy": An elected self-governing authority is to replace the existing Israeli military government.*

* The other key provisions of the Camp David "Framework for Peace in the Middle East" of September 17, 1978 are as follows:
• Israeli armed forces will be withdrawn to specified security locations as soon as the self-governing authority is elected.
• Jordan will be invited to join in negotiating the details of the transitional agreement.
• The "modalities" for admitting Palestinians displaced from the West Bank and Gaza by the 1967 War will be decided by a committee of representatives of Egypt, Israel, Jordan, and the self-governing authority.
• Arrangements for internal and external security will include a strong local police force which may include Jordanians.
• The United States is invited to participate in negotiating the implementation of the agreement.
A. PRINCIPAL APPROACHES
FOR THE WEST BANK AND GAZA

The principal approaches for the West Bank and Gaza are indefinite continuation of Israeli occupation, "autonomy" as in the transitional period under Camp David, or a territorial approach (the core of the "Jordanian option") which would involve return of territory as part of a peace agreement. The latter two approaches are not necessarily alternatives nor ultimately incompatible.

1. Indefinite Continuation of Israeli Occupation

Indefinite continuation of Israeli occupation of the territories is an untenable alternative. It would increase the isolation of Sadat imposed by fellow Arabs after Camp David. It would bring some measure of Arab unity in an increasingly intense anti-Israeli mode, strengthen the forces of radicalism, and weaken the position of the United States and the other Trilateral regions in the Arab world, particularly among the moderate Saudi and Jordanian leaders. Moreover, indefinite occupation would not assure Israeli survival and security. There is awareness in Israel of the increasing political, economic and social costs of an occupation without end. Support by the United States of such a policy would cause serious cleavage in the Trilateral partnership and give the U.S.S.R. an opportunity to exploit the situation both between allies and in the region. In short, such an approach is not in the interests of Israel, the Arabs, or the Trilateral countries; and ultimately it would be a prescription for war, not peace.

2. Autonomy and Territorial Approaches

In the long run, "autonomy" under Israeli control is probably not a tenable alternative as an end result. But "autonomy" is not incompatible—as a transitional arrangement—with an eventual territorial approach. Autonomy arrangements could be a useful bridge to an ultimate overall solution.

Unfortunately, it has not yet proved feasible to achieve an autonomy agreement between Israel and Egypt (or to include any other local parties in the negotiations). Current differences between the Begin and Sadat Governments relate primarily to their views on the ultimate disposition of the West Bank and Gaza as well as differing perceptions of the nature of self-government. Egypt views autonomy as an intermediate stage leading to the establishment of a Palestinian State connected with Jordan, whereas the present Israeli view, as reflected in Menachem Begin's policy, is that "foreign sovereignty" in the West Bank and Gaza must be prevented, leaving open the opportunity for Israel to claim sovereignty within five years or to continue the undefined provisional, interim status for an unlimited period,
which the Arabs feel would lead to *de facto* annexation. Egypt views autonomy as a stage towards a solution of the Palestinian problem; Begin sees autonomy primarily as the price Israel is having to pay for peace and normalisation with Egypt. Begin favours minimum and limited autonomy for the West Bank and Gaza; Egypt wants an "elected self-governing authority" with the broadest possible powers in order to influence the Palestinian Arabs to participate and to enhance the chances of a transition from autonomy to statehood at the end of the five year interim period. *

The dilemma is clear. Egyptian agreement is unlikely unless there is a reasonably broadly defined autonomy and the options for the post-interim period are not rigidly prejudiced. On the other hand, any substantial change in Begin's position before the election is considered by most observers as unlikely. A shift to a territorial approach could become a realistic possibility only if there is a change of Government in Israel.

B. ROOM FOR MANOEUVRE
IN THE CAMP DAVID PROCESS

Camp David has its supporters and critics. The major criticisms have been that it has reduced pressure on Israel to negotiate future concessions; that it has isolated Sadat; that it deals inadequately with the Palestinian issue (and failed to involve the PLO or the West Bank/Gaza Palestinian leadership); and that it has left the Arab world divided. Amongst the Arabs there is a deep fear that the Egyptian-Israeli accord is a separate treaty, and that the peace process will stop or remain indefinitely stalemated. This serious concern has been reinforced by the failure to achieve an autonomy agreement, by the Begin policy of increasing settlements in the West Bank, by the esca-

* As they now stand, the outstanding issues in the autonomy negotiations between Israel and Egypt are as follows:
  - How to assure the security of Israel.
  - How to assure fair and equitable distribution of water between the Palestinians and the Israelis and more broadly in the region—a reference to the continuing dispute between Israel and Jordan over this issue.
  - What will happen to the public lands on the Israeli-occupied West Bank of the Jordan River, taken over by the Israelis and used in some cases as sites for the establishment of Israeli settlements?
  - What will be the nature of the administrative and legislative powers of the self-governing authority, an issue that will define in fact the degree to which the Palestinians will be able to rule themselves?
  - Should the Arab Palestinian residents of East Jerusalem be permitted to vote in the elections of the self-governing authority?

Ambassador Sol Linowitz, upon conclusion of his mission as U.S. Ambassador to the Autonomy Negotiations in January 1981, reported progress on four of the above five points.
lating dissatisfaction of the Palestinian Arab residents with the Begin policy, and by the stronger military measures taken by the occupying authorities.

Camp David has also been criticised by some who have favoured over the years a comprehensive peace settlement negotiated in one overall process rather than by a step-by-step approach, although there has been increasing recognition that progress could be made only in stages—that this is the only method that has thus far achieved progress in a most complicated skein of issues, differences, suspicions and problems.

While in hindsight it can be argued that Camp David would have been less imperfect if there had been a closer, formal legal nexus between the Egyptian-Israeli treaty and the key points of autonomy and self-determination for the Palestinians, the fact is that politics is the art of the possible and the Accord was the most achievable at the time. Camp David can be seen as the first major advance towards an eventual overall settlement in the tragic history of the Arab-Israeli dispute. As a practical test of each side it is unparalleled, and the fact that it involves direct interaction between Israel and its most powerful Arab antagonist has created a new set of conditions, which, while carrying the seeds of new tensions if not built upon, provides new opportunities for further progress.

Moreover, Camp David does enable, for the first time, an Arab country to regain all its territory (a major Israeli concession, the importance of which has been underestimated throughout the world primarily because of Begin's widely-criticised settlement policy); it does begin the process of normalisation and mutual co-operation between Israel and an Arab neighbour, embryonic though this be; it does create a practical, though not legal, link between the pace of Egyptian-Israeli normalisation and West Bank/Gaza negotiations; and it does put off, if not defer indefinitely, a major Arab-Israeli war, giving additional time in which to pursue the next phase. Had there been no Egyptian-Israeli treaty, it is hard to see how the parties could be addressing today the current more difficult Palestinian phase.

Camp David is a reality, in both its constructive and imperfect features, and can be a useful bridge to an ultimate overall settlement. Any strategy must build upon this achievement and there is no realistic alternative to the step-by-step approach. An overall settlement is an indispensable goal but the basic notion that it is achievable in one leap goes against the experience of the last few years.

There are ways to build upon the Camp David principles by a broad and generous interpretation of their terms. What is unwritten or left ambiguous allows for fresh augmentations both to the process and the substance. Whether the parties would be acting "literally within the legal framework of Camp David" or "in the spirit of it" can be relegated largely to the tac-
tical considerations of negotiation rather than raised as a fundamental question of principle which could result in consolidating a stalemate.

In short, Camp David is not a straitjacket, for it does not bar fresh approaches based upon it. Indications are that under the Reagan Administration, the United States may view the Camp David framework as susceptible to pragmatic adaptation. Such an approach is positive. The attitude of the parties will be influenced primarily by underlying power realities in the area and the substantive prospects for progress in the next phase of negotiations rather than perceived legal confinements of the Camp David "Framework".

C. EUROPEAN SOUNDINGS

From the outset, many in Europe have been concerned lest Camp David, for all its benefits, lead into a cul-de-sac. Expression of this fear was muted at the outset in response to the courage shown by President Sadat in initiating this development, the importance of not undermining his position, and concern also not to weaken solidarity with the United States on the Middle East issue. As time passed, however, and the autonomy negotiations appeared to become bogged down, worry about the danger of a stalemate spurred Europe into a modest action. This action, following the Venice Declaration of June 1980, has taken the form of the initiation of soundings in the Middle East by the current President of the Council of Ministers of the European Community—first Gaston Thorn of Luxembourg and then Chris Van der Klaauw of the Netherlands. These soundings were designed in part to fill the vacuum arising from the American election and subsequent transition to a new Administration; and they followed consultations with the Carter Administration. In these consultations, the Europeans were asked to refrain from their initiative until the April 1980 "deadline", which the Europeans did. In view of the fact that no significant progress was made by that time, the U.S. Administration no longer interposed an objection.

These soundings have been designed to explore the possible shape of a solution under four headings:

• Withdrawal of Israel from the occupied territories.
• Arrangements for security following such a withdrawal.
• Provision for self-determination for the Palestinian people.
• The problem of Jerusalem.

The European effort is not conceived by them as an effort at mediation, and does not involve the development of a "European Plan" for an overall solution. Its aim is, by making use of the goodwill towards Europe in Arab countries and of the greater flexibility of Europe in relation to contacts with the PLO, to prepare the way for later negotiations in which the Europeans
recognise that the United States must play the principal role, as the only power which is in a position to influence Israel towards a compromise solution. While part of the inspiration for these European moves lies in the different European perception of the potential of Camp David as a basis for further negotiations leading eventually to an overall solution, the European action, being concerned with the eventual shape of a solution and not with the path towards such a solution, is not intended by Europeans to prejudice the Camp David process. There is continuing scepticism in the United States regarding the European initiative. We shall discuss the European role in more detail later in this chapter.

D. ATTITUDES OF PARTIES IN THE REGION

1. Egypt

The Egyptians reject as offensive any question on whether they might give up the policy of "peace with Israel" after the full return of the Sinai peninsula in 1982. They indicate that their interest in peace with Israel is a permanent one. In the Egyptian view, full "normalisation" of relations between the two countries will remain difficult, however, if Israel is seen as trying to assert its full sovereignty over the occupied Arab territories. At the same time, in the words of a very senior Egyptian personality: "We are not the guardians of the Palestinian people—we only open doors." Egypt is, in the words of one European Foreign Minister, "very positive" towards the European action, so long as it is co-ordinated in advance with Egypt, Israel, and the United States, and provided it is clearly understood that only America in its mediating role has the wherewithal to bring about the necessary Israeli concessions.

While President Sadat has received no significant support for the Camp David accords from any key Arab leaders, none were or are in a position to reverse his policy. His policy of peace and food security has broad support in Egypt, and there is hope it can become sufficiently well-rooted in the country that a successor would seek to continue it. While Egypt has ongoing economic problems, a 9% GNP growth in 1979, increased Suez Canal tolls, remittances from Egyptian workers abroad, revenues from oil, and substantial aid from the West are hopeful, though not conclusive, indicators of a gradual improvement. Moreover, there are some signs of a less confrontational and more accommodating Arab view towards Sadat, arising from the shifts brought about by the Iran-Iraq war, the relative ineffectiveness of the Arab sanctions against Egypt, and the fact that without Egypt the Arab front against Israel is fundamentally weakened. The Egyptians seem to feel that their "isolation" in the Arab world is more apparent than real.
2. Saudi Arabia and Its “Moderate” Neighbours

With Egypt’s military strength improving qualitatively and quantitatively, as a result of a U.S. policy to replace outmoded Soviet equipment, and with the weakening militarily of warring Iran and Iraq, Saudi Arabia could well take a more realistic view in due course of the parallelism in Saudi-Egyptian policies. These factors might also encourage Saudi Arabia to take a more accommodating attitude to the phased establishment of a credible Western military deterrent in the area, on condition that progress is being made in the next stage of negotiations. There is increasing awareness in Saudi Arabia and elsewhere in the Arab world that Sadat has done more for the Arab position in American public opinion than any other leader, and that if in the future some substantive proposal develops which the Arabs feel is reasonable, Sadat’s influence with the United States will be indispensable in pressing not only the Egyptian position but that of the Arab world generally. In such circumstances, the Arabs may very well need Sadat more than Sadat needs other Arabs.

As for their own relations with America, some leading Saudis have said to European representatives (undoubtedly presuming that this view would be relayed to the Americans): “We have been trying to pressure our American friends without threats, with a policy of moderation, and we still have not lost hope that such a policy may succeed. But we are members of the Arab League and of the Islamic Conference: If these bodies were to take a decision on reprisals against the friends of our Israeli enemy, we would have to abide by it. Of course, we do not want to, but we may have to.” Another view expressed by some Saudis and other Arabs, who are themselves deeply concerned about a Soviet threat to the region, concerns what they regard as “double standards” in the Trilateral world applied to Israeli occupation of Arab territories and the Soviet occupation of Afghanistan.

At the same time, there is awareness in Saudi Arabia and amongst its “moderate” neighbours that the value of American support has increased for them after the Soviet aggression in Afghanistan and the Iran-Iraq war. This could reduce their leverage on U.S. policy on the Palestinian question.

Most of these rulers still believe—for reasons of principle and self-interest—that they cannot abandon support for the Palestinian cause. They continue to believe, nevertheless, that there is now “an occasion for peace”, based on mutual recognition of Israel and a Palestinian State, after full Israeli withdrawal from occupied territories (including East Jerusalem). Neither the Palestinians nor the Arabs, certain Arab rulers say, now deny the right of Israel to exist; but they contend that there is no assurance that this state of affairs will continue. They believe that the present juncture may offer Israel a real possibility for recognition and co-existence in peace with the Arabs. They underscore that today moderate Arabs are in power; but
ask whether they will still be in power in five or ten years' time if this occasion to make peace is lost?

3. Jordan

Jordan has adopted a wait-and-see posture with regard to the Camp David process. The Jordanians say they are not ready “to commit themselves in a flawed context”, and in present circumstances will remain on the sidelines despite the fact that in the long run Jordan is no more interested in a PLO-dominated Palestinian State in the West Bank than is Israel. Israel and Jordan share one common outlook regarding the West Bank: The solution must not be a threat to either side. Regardless of the overt evidence of some public accommodation between King Hussein and Yassir Arafat, the near Palestinian takeover of Jordan in 1970 has not been forgotten there. Jordan will not subordinate its influence and interest in the West Bank to the PLO. It cannot be emphasised enough that Jordan continues to view its influence over the West Bank as the best assurance for the continuing survival of the Kingdom. Giving up the West Bank is an option which Jordan has reviewed and continues to reject. Jordan has a much greater interest in a territorial solution for the West Bank than in “autonomy” because it fears that the latter, as enunciated in Begin’s 21-point proposal, is an end in itself and would lead to a de facto Israeli annexation. At the same time, Jordanian leaders acknowledge that Israel has legitimate security concerns.

Jordan is manoeuvring to strengthen its position as both an Arab and Palestinian spokesman with the United States, and it ought to be possible to encourage further the continuing interest of the Hashemite King in the West Bank without Sadat being made to feel there has been a major shift of emphasis in U.S. policy from Egypt to Jordan. Egyptian-Jordanian competition in the area is of long standing, but ultimately, Egyptian, Jordanian, and Saudi interests are parallel, not contradictory.

The European and Japanese members of the panel met with high-level Jordanian representatives in connection with this report. They found the language used in reference to the Arab-Israeli dispute moderate. President Sadat’s “courage” is readily recognised. The reality of Israel is admitted without reservations; so is the value of Camp David within its own limits. The choice with regard to Camp David is not necessarily “either-or” but possibly “either-and”. It is admitted that the Israelis were right in saying before 1967 that the Arabs did not want peace, but war. Now, the Jordanians maintain, the Arabs are for peace and Israel refuses it and is as isolated as the Arabs were before 1967. Then the Arabs were against the birth of a new Israeli nation and were “out of tune” with world opinion; now it is the Israelis, the Jordanians argue, who are against the birth of a new nation and are “out of tune” with that world opinion. The Jordanians say that the
Arabs now have only one option left, peace, while the Israelis may still have two options open, peace or war. However, the Arabs can always deny Israel what it really needs: ultimately not security, but acceptance by the "alien" Arab world in which it exists. The Jordanians repeated their oft-stated view that Israel would have to recognise two principles to secure such "acceptability": Israeli withdrawal from the occupied territories and Palestinian self-determination.

Only a change in Israeli policy leading to recognition of these two principles, the Jordanians say, would make new negotiations possible and would facilitate any potential move on their part to convince the PLO and the other Arabs that a negotiation is possible. If this new road is not opened soon, the Jordanians contend, there will be a radicalisation in the Arab-Palestinian world, and finally even some unavoidable "penalisation" of Israel's main supporter and friend, the United States of America. On Jerusalem, the Jordanians agree it should remain administratively united but reject any idea of an "Islamic Vatican". It is not only the "Holy Places" in Jerusalem which must be taken into account, they say, but the "Arab region" of Jerusalem. The city might indeed be envisaged as remaining united at the municipal level but it will have to hold two capitals, under two sovereignties.

4. Syria

Insofar as Syria is concerned, President Assad is preoccupied with the survival of his regime, and has indicated no interest in becoming involved at this point in the peace process. At the same time, while bitter in his opposition to Camp David, and deeply suspicious of Israel, he is uncomfortable with his exclusive reliance on the Soviet Union. He is a strong Syrian nationalist unwilling to be a satellite of either the East or the West. While he continues to favor the infeasible proposal of a Geneva conference with Soviet and PLO participation, he nevertheless has been careful not to slam the door shut to ultimate Syrian participation in the peace process. He would like to get out of Lebanon, but cannot out of fear that another civil war would embroil him in a one-front war with Israel he cannot win.

5. Israel

There are probably at least three Israelis today. There is an Israel which is deeply worried and anguished over the economic situation in the country, over the slow pace of normalisation with Egypt, over the increasing uncertainty of the American partnership due to the relative decline of American power, and over Israel's isolation in the world community. There is a defiant Israel reflected in Begin's policy of "creation of facts" in the West Bank by extension of settlements and its no-negotiation posture with
respect to Jerusalem as its capital. Finally, there is the third Israel, the majority of which eschews both of the aforementioned. It accepts the view that the Egyptian-Israeli treaty cannot stand on its own, but must be built upon. It believes that autonomy for the West Bank and Gaza is acceptable and probably necessary as a phase but not as a permanent end in itself, because this would really mean adding over a million Arabs to an Israeli state, altering fundamentally its Jewish character and leaving the Palestinian national aspiration unresolved. Autonomy must be a phase towards an ultimate territorial solution; security and not history must be the main criteria for Israel's policy vis-à-vis the West Bank, Gaza, and the Golan.

a. Different Attitudes of Begin and the Labour Party

1981 will see a vigorous political struggle between Begin and Labour Party leader Shimon Peres for leadership in Israel. The European and Japanese members of the panel met with Israeli leaders from both sides with respect to this report. The following reflects their impressions.

In Prime Minister Begin's view, the peace treaty with Egypt "is no mere scrap of paper: It is logically safe to say we have real peace, and so will it be". This confidence in the Egyptians' good faith, and in the strength and permanence of their interest in peace with Israel, is shared by the Labour Party leaders. Begin and the Labour Party also share the view that the explosion of other crises in the Middle East has reduced the "centrality" of the Arab-Israeli issue.

Begin expressed the hope to the European and Japanese interlocutors that there will be an agreement with Egypt and the United States upon administrative autonomy for the Palestinian Arabs; but he feels that if no agreement on autonomy is achieved, the status quo will remain. *Pacta sunt servanda* and peace with Egypt is a fact—a momentous, revolutionary development—which will stay in existence. Begin strongly opposes a Palestinian State because it would be a mortal danger to Israel: No State, he says, can be asked to commit suicide and he cannot negotiate what he feels would be Israel's self-destruction. Moreover, he judges that a Palestinian PLO State would become a Soviet "trojan horse" in the Middle East. Begin is categorically opposed to any PLO contact. The Labour leaders share such refusal of contact with the PLO, though they used less categorical language in their talks with the European and Japanese members of the panel.

Begin wishes to leave open a long run solution to the West Bank after the interim period called for by Camp David. He wants to be in a position to maintain the status quo or to assert Israeli sovereignty. A number of the Labour leaders expressed the view that permanent occupation is incompatible with long term Israeli security. To rule over a foreign nation, over a
sizeable foreign population, is also morally and politically unacceptable in their view, some even going so far as to say that Israel could not then remain both democratic and Jewish.

The Labour leaders are thus disposed to the territorial approach. They consider changes in the 1967 borders indispensable for Israel’s security, however, changes which in their view should affect a very limited number of Palestinians—although they could affect a relatively large proportion of the West Bank/Gaza area. Agreement on such new borders can be reached only through negotiation. Their ideal negotiating partner would be King Hussein, though they would not question the identity of Arab delegates within Jordan’s delegation at any peace negotiation.

As far as Jerusalem is concerned, Labour leaders seemed more open-minded in their conversations with European and Japanese representatives—but only to the extent that Islamic and Christian “Vaticans”, enjoying extra-territorial or diplomatic rights, would clearly be acceptable, the city remaining the one and indivisible capital of Israel, even if the Palestinians living in “annexed” Jerusalem might, apparently, enjoy alien citizenship rights.

b. Outlook for Israeli Policy

While a Labour government may open new negotiating paths because of its emphasis on a territorial solution (with adequate guarantees for Israel’s security), it is essential to bear in mind that the parameters of flexibility for any Israeli Government are limited. While not immutable, there is a broad consensus today in Israel on two basic propositions that transcend political parties: Jerusalem as its capital, and no PLO-dominated Palestinian State. In addition, no Labour Government has ever talked in terms of relinquishing the West Bank territory on the basis of only minor border rectification. On the other hand, for Jordan to contemplate becoming involved in a negotiation about what Israelis call the “Jordanian option”, it would be necessary (quite apart from the intractable problem of Jerusalem, which might be left till the end) that Israel offer the prospect of much less drastic border changes than have been proposed by Labour over the years.

But the attitude to the Palestinian issue within Israel is not frozen. There is now a broader recognition in Israel than is realised elsewhere that peace is unattainable without a resolution of the Palestinian issue. The recognition in Camp David of “Palestinian rights” is a step forward. A recent hopeful augury is the Labour Party security and foreign policy document endorsed by the Party’s Convention in December 1980, which will be the party platform on which Labour will pursue its electoral campaign. Several features merit particular attention as evidence of possible evolution in Israeli policy: a specific endorsement of a willingness to negotiate an auto-
nomical agreement for the West Bank and Gaza Strip "with Palestinian personalities and factions recognising Israel" and rejecting the "method of terror"; a Palestinian exercise of "self-determination" in a Palestinian entity linked with Jordan; and a renunciation of any further building of settlements. While the platform formulation rejects both the PLO and an independent Palestinian State, it nevertheless adds new elements to the Israeli starting position in future negotiations, which may not be lost on moderate Arabs.

6. The Palestinians

Today the Palestinian issue is no longer the refugee question of the past referred to in UN Security Council Resolution 242 of 1967. While there have been ups and downs in the fortunes of the Palestinians, the resolution of this problem remains a key to further progress in resolving the Arab-Israeli dispute. There are two trends discernible within the Palestinian movement — involving the PLO on the one hand and the Palestinian leadership within the West Bank and Gaza on the other.

a. The PLO

The PLO remains a political force which cannot be disregarded in any peace settlement. Today, however, it finds itself fractionalised and in disarray. In part, this is a microcosm of the divisions in the Arab world. The PLO is caught in crossfire between its political benefactor, Syria, and its financial supporter, Saudi Arabia. The history of the area reminds us cogently that the national interests of individual Arab States have tended to predominate when there has been a clash between such interests and those of the Palestinians. Ten years after the death of its would-be unifier, Gamal Abdul Nasser, disunity, not unity, still marks the Arab world. It is not Pan-Arabism or Islamic fundamentalism which is to the fore but the nationalism of individual Arab States. The Iran-Iraq war is a full scale war between two Moslem States; for the first time the oil producing capacity of a Moslem State has been destroyed by another Moslem State, a possible future lesson for the Saudis and Kuwait. Virtually no two Arab States have close bilateral relations; the practical impact of Pan-Arabism is negligible; and ambition for Arab primacy of one State or another continues — Egypt, Jordan, Syria, Iraq, Libya. It is within these limits that traditional Arab State nationalism continues to recognise the political force of Palestinian Arab nationalism overtly, while each State determines concrete policies and support in light of its own individual national interests.

The PLO is not and has never been a monolith. Some Palestinians within and outside its umbrella are willing to pursue negotiations looking towards co-existence with Israel; others refuse to engage in a dialogue based
on recognition of Israel’s right to exist. Arafat’s goal of a “secular democratic State” of all Palestine excludes by definition a distinctive Jewish state and raises continuing fears in Israel, rooted in the belief that an independent Palestinian State limited to parts of the West Bank and Gaza sooner or later would revive claims to all of Palestine. Israel knows that history indicates that “autonomy” for an area generally leads to some more independent status (which raises the question whether the Arab States have underestimated the advantage of autonomy for the West Bank and Gaza from their point of view).

Contacts with the PLO have convinced some observers and Trilateral statesmen that Arafat and others representing the present less radical leadership of the PLO would now be ready to recognise and co-exist in peace with Israel, if only Israel would recognise the PLO and Palestinian rights to self-determination, which could in principle lead to an independent State. If the PLO still refuses to recognise Israel and to modify its charter, these observers argue that this is because the PLO cannot play too soon the “only remaining card” in its hand.

On the other hand, most Israelis and many other observers consider the PLO’s statements of moderation in recent years to be purely tactical, contradicted by the fact that the Organization’s charter still stands, with its declared aim of the destruction of Israel. These same aims were indeed reaffirmed in a document presented to, or adopted by, the May 1980 Damascus Congress of el-Fatah, the fighting arm of the PLO. Only at the end of July 1980 did Mr. Arafat deny that the el-Fatah guerrilla group had reaffirmed in Damascus its intention to “liquidate the Zionist entity politically, economically, militarily, culturally, and ideologically”. He claimed that a draft to such effect had been “put forward by a small group, but never adopted by the Fatah Congress”. What actually happened at the Damascus Congress is still unclear. What is clear is that there was no change possible in the PLO Covenant at that stage, largely because of internal divisions.

The PLO is a federation of organisations with widely different objectives and tactics. Even leaving aside the extreme rejectionists, there is a most relevant division between those willing to negotiate through Jordan, or at any rate to accept a Palestinian-Jordanian entity as the possible final outcome of such a negotiation, and others who do not accept negotiations on their behalf by a third party and who insist on achieving independence before considering an institutional link with Jordan, if any.

The divisions in the Arab world over the Iran-Iraq war have weakened the PLO. Its attempt to mediate between the two Islamic States was rebuffed by Iran and bitterly opposed by Syria and Libya. Syria prevented the PLO from attending the December 1980 Arab summit in Amman. The
PLO, while remaining a major factor among Arabs and Palestinians, may remain, in the foreseeable future, under tight rein from Syria, counter-balanced to some extent by its financial dependence on Saudi Arabia. This has engendered some doubts as to whether the “moderates” in the PLO have the determination and strength to control the variegated elements within its overall framework.

The European soundings might usefully clarify some basic questions here. Can any person or group within the PLO or the Palestinian movement speak or act with authority for the Palestinians as a whole, and could such a leadership conclude, or join with others in concluding, an agreement with Israel falling short of the PLO’s declared aims — and could they make such an agreement stick? Would the Palestinians be willing to participate in negotiations with Israel as part, for example, of an Arab delegation (as is already the case in the Euro-Arab Dialogue, now being revived) or under Jordanian auspices — arrangements which might facilitate the opening of negotiations with an Israel which remains, for the time being at any rate, committed not to negotiate with the PLO as such.

In this connection, it may seem unlikely that King Hussein would be willing to “stick his neck out” by entering into a negotiation without the consent and/or participation of the PLO. On the other hand, it is at least worth speculating whether Jordan’s closer relationship with Iraq — which Jordan has openly supported in its conflict with Iran — might lead ultimately to Jordan having a freer hand in dealing with the Palestinian issue in the event that some proposal is developed with regard to the West Bank which Jordan might find at least minimally worthy of exploration, however gingerly.

b. The West Bank Palestinian Leadership

There is a second element in the Palestinian leadership: the elected leaders of the Palestinians in the West Bank and Gaza. Many of these leaders are quite ready to admit that the Palestinians and other Arabs were unrealistic between 1948 and 1967 in their refusal to accept the state of Israel. Now they openly declare that they are finally ready to make peace with Israel, and believe in a future of co-operation between Palestinians and Israelis, with “open boundaries” and a “double” Jerusalem (divided between the sovereignties of Israel and whatever sovereign government rules the West Bank, but under undivided municipal control), on the condition that Palestinian rights to self-determination and independence are also recognised. They also want to maintain strong institutional ties between any new Palestinian State and Jordan. Their links with Amman remain very powerful, even though their declared representative body, as Palestinians, is the PLO.
Palestinian leaders of the West Bank and Gaza are very bitter about Israeli military occupation, which they see as deliberately strangling their development, and aimed at pushing the Palestinians out of what they consider their own country. They see growing frustration among their people, leading to despair and to more violence. They say: We are weaker today, but time is on our side, and Israel will not be able to remain in this part of the world unless it makes itself finally acceptable to the Arabs. They are fully confident that the Palestinians will never give up their claim to a country of their own, and that finally Israel will have to come to terms with them, in order to make peace with the Arab world. They hope and expect that Israeli policies may become more open to compromise, and that Israel will accept the principle of withdrawal from the occupied territories; but they fear that any new Labour Government may merely pursue "the same policy as the Begin Government but with cleverer tactics". They are greatly interested in economic support for their administration of the occupied territories—from Arab, European, and U.S. sources—in order to allow them to develop an independent and flourishing economy, instead of one that is totally dependent on the Israeli economy.

The principal mayors today have in lesser or greater degree espoused the PLO cause; but there is no real evidence to support the view that, despite deep criticism of Begin's policy of settlements, they have given up hope for a fair solution for the West Bank and Gaza. Even more important, they do not wish to give up their power and leadership positions in the West Bank and Gaza to PLO leaders residing in Lebanon, Syria, Iraq, and other parts of the Arab world. Jordanian and Saudi support in the context of a West Bank solution would be welcomed by much of the West Bank Palestinian leadership. Moreover, a power struggle cannot be excluded between West Bank and PLO elements over ultimate leadership within the territories should autonomy or return of territories become a reality. The terms Israel is willing to offer could be decisive in influencing such a leadership struggle.

E. EUROPEAN AND JAPANESE ATTITUDES AND ROLES IN RESOLVING THE PALESTINIAN QUESTION

1. Europe

In the June 1980 Venice Declaration the Nine asserted that "the Palestinian people...must be placed in a position...to exercise fully its right to self-determination." After stating that the achievement of this and other objectives "requires the involvement and support of all the parties concerned in the peace settlement which the Nine are endeavoring to promote in keeping with the principles formulated" in Security Council Resolutions 242 and
338 and in earlier statements by the Nine, the Venice Declaration continued as follows: "These principles (which include full acceptance of the State of Israel) must be respected by the Palestinian people and by the PLO which will have to be associated with the negotiations."

How is the European role seen by the protagonists? As seen by the Arabs, Europe's function is in particular to "exert pressure upon the U.S." by public shows of solidarity and understanding for the rights of Palestinians. Some Arabs hope, moreover, that Europe's pressure on Israel, by making Israel feel more isolated, will be conducive to a more conciliatory Israeli position. In Israel, on the other hand, even the political forces more favourable to a new negotiation fear that any European "pressure on Israel" may produce a result exactly opposite to that desired, by strengthening Israel's "Masada complex": that feeling of isolation which may make Israel's position more intransigent.

In comparing Europe's possible contributions with America's, the most relevant fact is that Israel's security depends upon American military support and subsidies, and does not depend to anything like the same extent on anything that Europe is doing now or has done in the past. The Israelis feel that it is not without significance that in 1973, at a time when European sympathy with Israel's situation (and lack of appreciation of the Palestinian issue) were much more marked, Europeans did not assist in the provision of American military help to Israel during the October War. Thus past history has weakened the "credibility" of Europe in Israel.

One hears frequently in Israel that "Europe is no longer interested in the survival of Israel," and is ready to "sell Israel for a few barrels of oil". Europeans feel strongly that such a judgement is harsh, simplistic, and overdrawn; and it is a matter of deep concern that this judgement has been allowed to spread. Nevertheless, if the European powers want to have real influence in resolving the Arab-Israeli dispute, they must face, and try to solve, the preliminary problem of regaining credibility with the Israelis. Otherwise, any European initiative is likely to be counter-productive, or marginally useful at best.

Europe's potential contribution as an adjunct to an overall peace settlement is not inconsiderable. Europe has declared in the June 1980 Venice Declaration of the European Council that "they are prepared to participate within the framework of a comprehensive settlement in a system of concrete and binding international guarantees, including on the ground". In addition, Europe is in a position to provide economic incentives to cooperation with and between all the States of the area. If one key problem is that of avoiding the danger that undue "pressure upon Israel" reinforces the "Masada complex", then it may be of vital importance for Europe to accompany any criticism of Israel (about the inevitably damaging
consequences of an Israeli policy leading to her isolation from her own friends) with the strongest possible positive incentives and reassurances of a political, economic, and military nature. Even if projected towards the "post-peace" period, such incentives and reassurances can be of value. Israel has shown a consistent interest in co-operation with the European Community.

In recent years the Arabs have also shown a corresponding interest in the "Euro-Arab" Dialogue, and not just (even if mainly) for the political reason of obtaining European recognition of the PLO. Even though the Arab nations have access today to "oil money" in amounts which go far beyond what Europe could provide for development, European economic-technical know-how is of importance for the difficult process of modernisation now going on in the Arab world.

EEC officials who have been involved in the Euro-Arab Dialogue have no doubt that, once the Palestinian "obstacle" is removed, there is a great future for Euro-Arab co-operation, just as there is a definite possibility of strengthening European co-operation with Israel. The Israelis constantly seek an extension of such co-operation. Indeed, Israel would probably be quite happy to "join the Community" were this not precluded by the fact that it is geographically part of South-West Asia, and not of Europe—whatever the origins of many of its citizens.

The European Community feels it can therefore offer much to both the Israelis and the Arabs. Beyond a certain threshold, agreements on institutionalised economic co-operation become political agreements, carrying within themselves, de facto, the nature of a political "guarantee". If the European powers really want to influence the peace process, before peace is achieved, they ought to pursue this line of policy, with imagination and vision. A special relationship could be envisaged and proposed between the EEC and a future "Community" of Israel, Jordan, and any Palestinian entity which might come into existence, expressed in such a concrete way as to demonstrate a definite European political commitment to the stability and security of the area, going beyond the Lomé Convention already existing between the Community and various African, Caribbean, and Pacific States.

Europe must prove its vital commitment to the existence of Israel and to peace between Israel and the Arabs (including the Palestinians) within the framework of any future peace process and during a possible transitional period. European economic support for the occupied territories, if paralleled by stronger ties with Israel, could be a token of the seriousness of European commitments for the future.

At the same time, Europe has an important potential role to play in using such credibility as it may possess in the Arab world to influence the
Palestinian leaders towards an evolution of their policies that would facilitate a modification of the PLO charter.* A quiet diplomatic role by a representative of the Nine to this end offers a better prospect for doing something meaningful and avoiding strains with the United States than declarations which do not have a positive, practical impact on the substantive negotiations or the mediator. The danger must be avoided that the prospect of a European initiative give the impression of an alternative which might undermine the U.S. mediatory role.

For its part, the United States would do well to share regularly with its European and Japanese partners, on a timely basis, the substantive positions it is taking as a mediator, and to seek concretely the substantive views of its partners within diplomatic channels in order to make them as much de facto participants as possible and to give them the opportunity to put forward proposals, assessments, and judgements.

2. Japan

Japan believes that the solution to the Palestinian problem is not only important for the destiny of the Palestinian people, but also for the peace and security of the Middle East region, and for the interests of the Trilateral countries in the global balance of power in the world. Japan considers that the right of self-determination cannot be denied to the Palestinian people, including the right to have their own independent State. In pursuit of the above mentioned policy, the Japanese have de facto contacts with the PLO, trying to induce them to recognise the existence of Israel and to join the eventual negotiation amongst the parties concerned, in return for recognition of the PLO by Israel. Japan continues this effort according to its "peace diplomacy" and as a newcomer in the Middle East region, free from any record of past involvement.

*The United States has no official contacts with the PLO. The current U.S. position regarding such contacts can be traced back to the commitment made to Israel in September 1975 as a corollary to the second Egyptian-Israeli disengagement agreement. This agreement has been subject to different interpretations, but former Secretary of State Kissinger has insisted that the commitment did not preclude unofficial contacts with the PLO, and there have, of course, been unofficial talks for specific purposes, particularly within the context of civil war in Lebanon. The Carter Administration position was that there had to be PLO acceptance of Israel's right to exist and of Security Council Resolution 242 before official contact could be considered. In some interviews, President Carter went further in giving a positive indication that the United States would definitely re-assess its non-contact inhibition if the PLO agreed to the U.S. conditions. In 1977 and 1979, Syrian influence torpedoed some signs of PLO movement in this direction.
F. MAJOR DIFFERENCES REMAIN
—BUT THE WILL TO NEGOTIATE NOW EXISTS

The opposite sides of the Arab-Israeli conflict, even in their more “moderate” and conciliatory expressions, remain quite distant on a number of fundamental points: on the future of Jerusalem; on border changes; on self-determination for the Palestinians; on a “Palestinian entity”; and on Palestinian involvement in the negotiations. While these differences are obviously great, the idea of a negotiated solution has gained wider acceptance in recent years, on both sides. There seems to be sufficient “mobility” in the stated positions of each side to offer ground for further mediation efforts by third parties—America being the most commonly mentioned, both by the Israelis and by the Arabs, as the best intermediary, due to its recognised influence upon Israel and its strong links with some influential Arab countries such as Saudi Arabia, and of course Egypt. Nothing allows exaggerated hopes of quick success to be entertained, but nothing justifies a mood of despair. The many uncertainties of the wider Middle Eastern scene suggest a need for unflagging efforts.

It is not impossible, but certainly most unlikely, that a negotiation aiming at an immediate global, comprehensive solution to all the key issues would succeed. Peace between Egypt and Israel (a posteriori a less difficult matter than the Israeli-Jordanian-Palestinian problem) was preceded by two disengagement agreements. The fundamental idea of the Camp David agreements—that a “transitional” period be agreed upon during which no actions would be taken which might prejudice the ultimate solution of existing disagreements—still appears valid, though the “framework” for such a transitional solution may have to be augmented to resolve the outstanding issues.

G. REQUIREMENTS FOR PROGRESS

Based on the assessments contained in this study, the panel has set down a number of requirements it believes necessary for future progress and for consideration by official policy makers.

First, the Egyptian-Israeli treaty must be accepted as a major first step towards an overall peace settlement, which must remain the ultimate goal of Middle East diplomacy.

Second, the normalisation process between Egypt and Israel should be effectively implemented to the satisfaction of both sides in accordance with the Egyptian-Israeli treaty, including total Israeli withdrawal from the Sinai by April 1982 and normalisation of relations.

Third, the autonomy arrangements called for in the Camp David
agreement, whatever doubts there may be about their feasibility in the light of the present stalemate between Israel and Egypt, should be pursued—at least pending possible progress along different lines (such as through a territorial negotiation between Jordan and Israel, which is a possibility, for example, if the Palestinians are prepared to accept Jordanian leadership in the negotiation). In view of the difficulty of achieving a major breakthrough in the autonomy negotiations in the next months, this process should be low key and guided primarily by the judgements of Egypt and Israel as to how much progress, if any, can be made.

Fourth, as an inducement to ultimate participation by the Palestinians and Jordan in the peace process, the possibility should be explored of linking more closely the autonomy option and the so-called Jordanian territorial approach, with a view to intensifying negotiations after the Israeli elections. More explicitly than is the case in the ambiguous Camp David language, this would involve connecting a broadly defined autonomy plan with post-interim period arrangements—in closely integrated, phased steps within an agreed specific timetable including the following: any Israeli plans for further settlements would be frozen at the outset so as to leave all future negotiating options open; the West Bank would be returned in substantial measure to Jordan subject to agreement on final borders; territory returned to Jordan would be linked to the East Bank confederally or federally as part of a Jordanian-Palestinian State under the Hashemite Kingdom; the West Bank would be demilitarised under Israeli-Jordanian peace-keeping arrangements; Jordan would be expected to provide the opportunity for the West Bank Palestinian Arabs to exercise the right of self-determination after an appropriate period of years, provided the basic agreement has been implemented and tested on the ground to the satisfaction of Israel and Jordan and is consistent with the security interests of both; a role for the PLO or individual members of the PLO or Palestinian Arabs from the West Bank and Gaza in the negotiating process would be kept under active review in the light of their willingness or unwillingness to recognise, in appropriate ways, Israel’s right to exist.

Fifth, any shift to a territorial approach for solving the West Bank/Gaza problem should preserve the Egyptian-Israeli treaty, including total Israeli withdrawal from the Sinai by April 1982, continuation of the normalisation process, and strict adherence to the no-war features of the agreement.

Sixth, the current balance must be maintained in supplies of arms to Israel on the one hand and to Egypt, Saudi Arabia, and Jordan on the other.

Seventh, the door should be kept open to possible opportunities for negotiations between Israel and Syria under the auspices of the United States regarding the Golan.
Eighth, such Trilateral nations as deem it useful should undertake quiet diplomatic efforts to encourage the strengthening of a moderate Arab axis, including Egypt, Jordan, Saudi Arabia, and constructive change in Iraqi policy, to the degree possible.

Ninth, it does not appear feasible to propose a course of action for Jerusalem at this point. This remains the most difficult of issues and should await practical progress on other matters before it is tackled in a concrete way.

Finally, the timing of Middle East diplomatic efforts should take into account several considerations which limit the possibilities for rapid progress in the next months, but may offer more positive opportunities later in the year—e.g., the constraints in the Israeli position due to the 1981 election; the need for a peaceful resolution of the Iran-Iraq war; and the need for the new U.S. Administration to assess the situation and to develop its position. The new Administration has indicated that its prime concern in the first instance will be to focus on the Soviet strategic threat in the Middle East and the Gulf, rather than pressing for early resumption, before the Israeli election, of Egyptian-Israeli negotiations on Palestinian self-rule in the West Bank and Gaza. It views the Middle East and Gulf challenge as part of the global problem facing the United States and its Western partners, and Europe will be asked to join in this consideration of overall strategy. This does not mean, however, that the new Administration has decided not to play a continuing central role in helping achieve further progress in resolving the Arab-Israeli dispute. It is a matter primarily of timing, and its views take into account the need for time to explore opportunities and to decide on its policy.

We wish to add two last points. First, the amount of weapons being accumulated in the Middle East is frightening. These weapons have a bad habit of being used (vide the Iran-Iraq war). The main Arab countries hold a total of around 9,000 tanks, more than those held by NATO forces in Europe. But tanks are not the last word in war horrors: “At the end of this decade we may see the entry into this region of a nuclear capability,” according to Shimon Peres. “We have only ten years to defuse this issue.... We cannot stop it technologically, so we must change the political basis of the whole situation by making peace.”* We know that this conviction (and this fear of a nuclear war in the region) is shared by President Sadat. Those nations technically advanced in nuclear matters should pursue policies which do not contribute to proliferation, particularly in such a volatile area as the Middle East.

*Given indications of a possible already-existing Israeli nuclear capability, Mr. Peres may here have been referring to the possible emergence of a capability on the Arab side.
Second, the Soviet presence in the region is substantial. Although the United States, Egypt, Jordan, Saudi Arabia, and Israel are opposed to Soviet involvement in the Arab-Israeli diplomatic process, ultimate Soviet acquiescence in peace is required. In these circumstances, within the overall context of Soviet-American relations, the United States is likely to exchange views with the Soviet Union from time to time. The conditions for complementary or parallel policies between the United States and the Soviet Union, however, or for a more direct Soviet diplomatic role, do not exist. Soviet diplomacy is a diplomacy with one arm behind its back since its relations are largely limited to one part of one side—the radical fringe in the Arab world.
IV. OIL DEPENDENCE AND INSTABILITY IN THE GULF

Trilateral dependence on Middle Eastern oil helps charge the tensions and conflicts of that region with explosive potential. For Japan in 1978, net imports of oil (crude oil and petroleum products) provided almost 75% of total national energy requirements, and almost three-fourths of Japan’s imported oil came from the Middle East (OAPEC countries plus Iran). For the countries of the European Community in the same year, net imports of oil constituted about 50% of total energy requirements, and almost two-thirds of oil imports came from the Middle East. North American dependence in 1978 was lower, but still considerable, at least for the United States. Net oil imports represented more than 20% of total energy requirements in the United States and about 5% in Canada. And almost half of North American imports came from the Middle East. Overall, in the late 1970s, more than a third of the oil consumed in the Trilateral regions came from the States around the Gulf, most of it carried out on tankers through the Strait of Hormuz.

The dangers associated with this dependence were mercilessly exposed by the tremendous “oil shocks” of 1973-74 and 1979. Further upheavals and shocks — though they may take different, unexpected forms — seem almost inevitable in the coming years.

A. TRILATERAL ENERGY POLICIES*

There is much that the Trilateral countries can do on their own to meet the oil challenge and reduce their vulnerability to Middle East developments. The possibility of “shocks” bringing major supply shortfalls ought to be built into the energy planning of the Trilateral countries to a greater extent, through more adequate stockpiling, emergency sharing arrangements, and

*This report on the Middle East does not present a detailed review of the overall energy outlook and energy policies of the Trilateral countries, though this is not to diminish their importance in coping with challenges in the Middle East. This chapter concentrates primarily on instability in the Middle East and Trilateral ties with the region. A 1978 report to the Commission discusses the broader energy outlook and Trilateral energy policies as of that time. See Energy: Managing the Transition, by John C. Sawhill, Hanns W. Maull, and Keichi Oshima.
reserve production capacity. The two "oil shocks" of 1973-74 and 1979 each revealed the inadequacy of arrangements and outlooks in existence at the time. The reduction in oil exports that came with the outbreak of war between Iran and Iraq in fall 1980 has been handled much more successfully so far. Somewhat ironically, the rapid build-up of stocks in the Trilateral regions that did so much to propel the great price rise in 1979 has helped cushion against similarly heavy pressure on prices in late 1980 and early 1981; and co-operation among the IEA countries, with memories of 1979 still fresh, was improved. The Iran-Iraq war drags on, however, and still represents an important danger.

At the same time as improved emergency arrangements are put into place, continuing priority must be given to reducing Trilateral demand for Middle East oil over the long term. The share of oil in total energy consumption of the industrialised countries is already past its peak; but further reduction of demand for oil will only be accomplished by persistent effort over many years. At their Venice summit meeting in June 1980, the seven major industrialised countries declared some targets: "(W)e expect that, over the coming decade, the ratio between increases in collective energy consumption and economic growth in our countries will be reduced to about 0.6, that the share of oil in our total energy demand will be reduced from 53 percent now to about 40 percent by 1990, and that our collective consumption of oil in 1990 will be significantly below present levels...."

The earnestness of present and planned efforts of the Trilateral countries is undeniable. But are they adequate to our real needs and to the seriousness of future crises? The Venice strategy was put together as a necessarily hasty reaction to the second oil shock, and included drastic upgrading of former targets, particularly in the field of coal production.* Unfortunately, the credibility of these commitments cannot but be somewhat diminished by the swiftness with which they were undertaken. Great political efforts will have to be undertaken in order to avoid failure. Also, the long term plans for greater energy independence adopted by the Venice Summit do not adequately take into account the inevitability of some "unexpected" political convulsion in the Middle East in coming years. One such "convulsion", the Iran-Iraq war, began soon after the Venice Summit was concluded.

IEA Executive Director Lantzke, as he told the members of this task force, expects that Trilateral dependence on Middle Eastern oil will become

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*IEA Executive Director Lantzke has pointed out that after the second oil shock the tripling of coal supplies in the next twenty years suddenly appeared necessary to avoid serious shortfalls, while just one year earlier the IEA would have advised only the doubling of coal supplies by the year 2000.
much less of a stranglehold sometime during the 1990s. Between now and the mid-1990s, closure of the Hormuz Strait would force the industrialised countries to move to a war-type economy; after the mid-1990s, if savings in energy consumption and increased production of coal, gas, and nuclear energy go ahead according to the Venice plans, the closure of the Hormuz Strait would have a major impact on the transportation system, but not as severe an impact on the industrial economy itself. Other experts are much more pessimistic, with regard to price trends, the duration of our period of maximum dependence, future trends of production, and the implications for the overall fabric of Trilateral co-operation. They expect a series of dramatic “emergencies” of a political nature which could even endanger the economic and political stability of the Trilateral regions. Even Dr. Lantzke, with his fairly optimistic long term projections, did not hide his conviction that we could not really hope to get out of the “shock pattern” in the development of the oil market for many years to come.

There obviously are limits to what the Trilateral world can do about this unstable international energy system, in order to guarantee adequate supplies of oil at reasonable prices through the next two vital decades. The present multifaceted strategy of the Trilateral countries correctly aims at substantially improving those factors which depend exclusively on our own actions and decisions, such as savings in consumption and development of alternative energy resources. While some external variables cannot be fully controlled, it is at least in our power to shorten the period of our maximum dependence upon imported oil and to limit to some degree the bad effects of possible emergencies at any given time. Having these aims in mind, it is disturbing to find that the plans of Trilateral countries still seem to be based on the hope for a gradual and for the future relatively “shockless” passage to economies less dependent on Middle East oil. The expectation of emergencies, beyond existing IEA plans adapted to relatively brief crises, ought to be built into the medium and long term energy strategies of the Trilateral countries.

B. DEVELOPMENTS IN THE MIDDLE EAST

Success in handling the oil challenge will also depend on the course of events in the oil-exporting countries of the Gulf area. Better access to Middle East oil can be maintained if the oil-exporting countries in the Middle East remain politically independent and relatively stable, and if friendly relations prevail between them and the Trilateral democracies. The strategic aspects of this problem will be dealt with in the next chapter. Here we consider some political aspects of great relevance to the Trilateral countries.
1. Instability in the Gulf Region

The instabilities of the Gulf societies are of a structural character—the result of their historical heritage and an inevitable process of social, economic, and cultural change. The rulers of these countries face uncomfortable dilemmas. They cannot stop economic development, but they are aware that such a process is in itself the main impetus behind those rapid social and cultural changes which tend to make their political systems more and more archaic. They cannot stop the political development needed to face these difficulties, but they are aware that this process is bound to engender new and greater demands for political participation and power which will not easily be satisfied. Political change in turn makes the more traditional sectors of society unhappy and angry, lending strength to the “Islamic revival” which has proved its revolutionary potential in Iran. The modernisation of these ancien régime may be one of the most difficult political enterprises in today’s world. The Gulf rulers continuously risk encouraging too much or too little modernisation; too much or too little cultural innovation; too many or too few political reforms.

Some negative aspects of development tend to be more pronounced when development is delayed, too quick, and artificially imposed from above. The inevitable concentration of resources in the modern sector of the economy makes the more traditional sectors relatively poorer in a context of rising expectations throughout the society. “Bad quality development” has been more common in oil-exporting countries due to the absence of certain checks and balances present in most other developing countries. While in most developing countries the capacity to make money is itself a sign of development, in most oil-exporting countries oil-money is almost a gift of God, which falls into the hands of a largely unprepared society. “Bad quality development” was particularly conspicuous in the Shah’s Iran, and is certainly present, though hopefully to a lesser extent, in other oil-exporting countries. Trilateral policies could have an important influence in making “bad quality development” less prevalent and in assisting, through a regional system of economic co-operation, the oil-producing countries to prepare for their inevitable, difficult transition to an economy no longer so exclusively based on oil and gas production.

The success of the Islamic Movement in defeating the Shah has left the Trilateral regions astonished, puzzled and shaken: The liberal, tolerant character of Western civilization has given us a deep confidence in our superiority (as compared with intolerant, totalitarian Communist governments) in dealing with traditional, anti-modernistic movements or cultures. This confidence has been shaken and the search for a new policy that will allow the normalisation of relations with new leadership is still going on. Having for a long period under-estimated the strength of traditional ideolo-
gies, the Trilateral regions must not, however, fall into the opposite mistake of over-estimating it. Recent events prove that an extreme Islamic Movement of the Iranian type provokes great internal and external resistance and sets in motion processes of rejection. Still, Islamic fundamentalism, largely hostile to the West, represents a new ideological challenge, even though it is still of somewhat uncertain significance. The Trilateral regions have sometimes seemed to lack even the theoretical tools needed to understand such a novel political challenge.

Another important factor with negative effects on the internal stability of the Gulf societies is the continuation of the Arab-Israeli dispute, increasing the likelihood of convulsions and revolutionary change. The continuation of the Arab-Israeli conflict complicates the attempts of Western powers to develop close and strong relations with the Gulf countries. Some important Arab rulers, in talks with authoritative Trilateral visitors, pressured them on the Arab-Israeli question by warning them that, unless this dispute is settled now, in five years' time, they (the moderate rulers) may no longer be in power.

Another element is the continuing division within the Arab world. Unity has been a goal, but remains elusive. The Arab States, pursuing their own individual interests, continue to be disunited, and this contributes to further instability and unpredictability in the area.

2. Ties with the Gulf States
In seeking to improve Trilateral strategies in the Middle East, a comparison can usefully be drawn between the nature of our "Middle Eastern problem" today and that of the "European problem" in the immediate post-World War II period. It is easy to prove that the recipes tried out with success in Europe at that time—which can be summed up in the "NATO-EEC formula"—cannot be simply re-applied to the Middle East today. Some elements are, however, common to both historical situations: the fear of outside intervention by an ambitious nearby imperial power, exemplified in the Middle East by the Soviet invasion of Afghanistan; the existence of strong domestic structural instabilities in the area itself (in the Middle East today as in Western Europe in the late 1940s); the general feeling of kinship, in spite of divergences, between the nations of the area (in the name of the "European heritage" and, in the Middle East, of the "Arab nation" and of "Islamic unity"); and the presence—however distant—of another superpower, America, profoundly concerned in its own interest (which is indeed a very credible reason) for the political stability of the threatened area and its development and prosperity.

The differences between the two situations are, of course, also great, and well known. The Arab-Israeli dispute is undoubtedly a disturbing fac-
tor, as noted above, which had no counterpart in the Europe of the late 1940s. Also, in Western Europe after World War II, the outside, remote "supporting power"—in economic, political, and military terms—was just one State, the United States. Today, it is the "Trilateral" countries—America, Japan, and the nations of Western Europe—which must together face the responsibilities and undertake the tasks which earlier fell exclusively on the United States, with its great capacity to undertake a global foreign policy as the one world superpower of that age.

Thus the problem of co-ordinating the Middle Eastern policies (including the energy strategies) of the major Trilateral powers is a matter of priority. Without such co-ordination, the resources and policies of the Trilateral States may be employed at cross purposes instead of working together for what is, quite clearly, the pursuit of a common interest. It is not difficult at all to see that national policies could be pursued with much greater effectiveness if they were parts of a comprehensive Trilateral strategy, co-operatively planned among the participating nations.

The awareness of the remarkably complex nature of the "problem of the Middle East" is relatively new, and it is therefore understandable that the policies being followed today are, in varying degrees, inadequate and unsatisfactory. Many theoretical and practical problems await solutions before an overall strategy for the Middle East—covering all the interested areas of "domestic" and foreign policy—could become a reality, if at all. Nevertheless, most of the individual elements of an overall approach are already known: The Trilateral countries must prove themselves strong and reliable allies; energy policies must be pursued that will visibly reduce Trilateral dependence on Middle Eastern oil in the not too distant future; bilateral and multilateral economic and financial co-operation between the Trilateral countries and the oil-producing countries must be strengthened; the Trilateral countries must lend their full support to qualitatively good development of the economies and societies of the oil-producing countries; the Trilateral countries must help find a solution to the Arab-Israeli dispute; and a basis for an ideological understanding between the Islamic Movement and the Trilateral countries must be found. The ultimate aim, though it may appear today, could be the creation of a regional security system and a regional development plan, both supported by Trilateral resources, know-how, and political-military power. Progress towards a more structured relationship between the Trilateral countries and the countries of the Middle East, though obviously not so close as NATO or EEC ties, must be pursued over the coming months and years. We can define our aim perhaps as that of a comprehensive system of political and economic co-operation between the Trilateral regions and the Middle East nations, useful to them as much as to us, and to world peace.
V. STRENGTH AND NEGOTIATIONS: FACING THE CHALLENGE FROM THE SOVIET UNION IN THE MIDDLE EAST AND THE GULF

A. GLOBAL AND LOCAL BALANCES

During the 1970s many political analyses predicted that the peace of the world would be seriously threatened in the “dangerous Eighties” by the explosive instability of the Third World, the serious domestic deficiencies and expanding military might of the Soviet Union, and the dependence of the industrialised democracies upon foreign resources which they could no longer control. The Middle East was pointed to as the region in the world where the combination of these three factors would produce the most dangerous political “cocktail”. Moreover, the nearness of the U.S.S.R. and the remoteness of America further complicated the problems of the area. The Soviet Union, beset by its own gigantic economic and political failures, would inevitably be tempted in the Middle East to try to settle accounts through expansionism and the use of that military force which it had acquired at such a high cost. World peace would then be endangered.

Such forecasts were quickly proved right. The Soviet invasion of Afghanistan came just days before the “dangerous Eighties” began, and it gave the world a feeling of fear unprecedented in recent years—years of a détente now seeming to have been once more superceded by a renovated Cold War.

There has been a long debate in the Trilateral countries about the motivations of the Soviet Government in invading Afghanistan. Were Soviet actions the result of an aggressive and expansionist strategy or, on the contrary, the expression of a “defensive” policy, motivated both by the awareness of Soviet economic weaknesses and by the local, increasingly untenable position of the Soviet-backed Communist rulers? This debate has been to some extent a futile one. Whatever the motivations of the Soviet leadership, changes in the global and local military balance of power—obtained by the Soviet Union at a very high cost—allowed the Soviet leadership policy options which did not exist before. The perception that the
Soviet Union now has both the military power needed for the support of its global ambitions, and the resolution to use it when necessary, is bound to have profound influences upon the behaviour of all the nations of the Middle East.

The increase in the military strength of the Soviet Union is due primarily to fundamental Soviet choices in the allocation of resources to the military over the last few decades. Some analysts also argue that the Carter Administration shoulders much responsibility for the decline of American power, the end of "Pax Americana", the aggressiveness of the Soviet Union and the new-found assertiveness of the Third World. Others conclude that the age of "American omnipotence" had come to an end well before Carter, that no power on earth could have stopped the Soviet Union from acquiring global strategic parity, and that America and its Trilateral partners will have to become adjusted to living in an age of "limited power". In any case, wherever the responsibilities lie, the Trilateral regions are now faced with the problem of "what to do", both globally and in the threatened and vital area of the Middle East, to re-establish the "shattered balance".*

It is widely agreed in the Trilateral regions that the Middle East, from the Mediterranean through the Gulf, is a region of vital interest whose protection depends both on maintaining global nuclear parity between the United States and the Soviet Union (including progressive reduction of the nuclear and conventional disparity in the European theatre) and on establishing a credible military balance between the U.S.S.R. and the West in the Mediterranean and the Gulf.** The obstacles to such policies are felt to be considerable, but can be overcome.

In the United States, the Soviet aggression in Afghanistan has modified much of the psychological constraints resulting from the searing Vietnamese experience. While the United States is no longer disposed to the role of world policeman, and its policy is not based on the assumption that there is a Washington blueprint for every conflict, the Presidential campaign of 1980, the overwhelming election of Ronald Reagan, and the early beginnings of the new Administration reflect a broad and deep support by the American people for a strong defence; for steps to assure against nuclear vulnerability; and for a greater insistence that Europe and Japan


**The views expressed on strategic matters in this report by Garret FitzGerald and Hideo Kitahara are of course without prejudice to the special positions of themselves or their respective countries in relation to international defence commitments.
share increasingly the burdens of common security. The Reagan Administration intends to meet more vigorously military support by the Soviet Union of Marxist elements in other countries. The United States is moving to establish a credible military presence and quick response capacity in the Gulf.

One obstacle to effective Trilateral co-operation has been disagreement about the implications of recent events for overall strategy vis-à-vis the Soviet Union. Some argue that the Trilateral regions should "welcome" the Soviet-created crisis as an opportunity to get rid of the illusions of détente, "isolate" the Soviet Union, and engage in redressing the military balance unhindered by negotiations. Others believe that, while the détente of the 1970s has shown its weaknesses, a pure and simple return to the Cold War is too dangerous. If the old détente has proved inadequate, it is necessary, according to this view, to try to work for a new, better, global détente, on the basis of new, more precise understandings and commitments. These could be achieved, however, only if the Trilateral regions re-establish unilaterally some of the necessary conditions for maintaining the balance of power — itself a premise of any détente.

Many Americans fear that the Europeans are seeking to enjoy the illusion of their own separate "little détente" with the Soviet Union in Europe, while leaving to the United States alone the task of resisting Soviet expansionism elsewhere in the world. This could "finlandise" Europe, these would argue, with the result of breaking up the great North Atlantic Alliance and allowing the Soviet Union to "win the Third World War without making it".

Many Europeans contend that the Alliance would also be in danger if the United States committed itself unilaterally to a policy of total confrontation with the Soviet Union, including the abandonment of arms control negotiations and all other negotiations until the military balance has been "redressed" by a new unlimited arms race. Those persons who hold this view are convinced that détente has usefully spread the seeds of change within the Soviet bloc. It provides the international framework which encourages the "forces of history" once again working for the transformation of the Soviet system (as the Polish events seem to indicate). The perceptions of détente between Western Europe and the United States differ considerably.

**B. STRENGTH AND NEGOTIATIONS**

In spite of these disagreements, during the course of 1980 a substantial consensus has slowly emerged among the Allies on the middle-of-the-road strategy based on the need to acquire more strength without closing the
door to negotiations with the Soviet Union on arms control and without putting a stop to the "Helsinki process". Western Europe confirmed its aim of a global détente relationship with the Soviet Union at the Madrid review conference following from the 1975 Helsinki agreement. In the United States, the new Administration has placed primary emphasis in its opening days on redressing the global and strategic balance; and while keeping the door open for possible ultimate negotiations, it has made it clear that early SALT talks should not be expected. Moreover, the détente lexicon is not used at all. The stated objective is to create conditions that will encourage the Soviet Union to act on the basis of the code of conduct expressed in the U.S.-U.S.S.R. principles of 1972, in which restraint and reciprocity are principal earmarks. It has been noted that President Reagan stated in his message to Congress of February 18 that "we remain committed to the goal of arms limitation through negotiation". Whatever divergences of emphasis or of usage of the word détente may exist, the Trilateral countries are aware that they cannot blindly rely upon Soviet restraint, and that they have to create once more the economic, political, and strategic conditions that assure their own independence and self-sufficiency.

This is going to be a difficult task in a world which has drastically changed since the time of the Nixon-Brezhnev détente agreements of the early 1970s. Then, there was one global power; now there are two; and détente between equals seems to be more difficult to achieve, especially since it would require additional restraints on the behaviour of the Soviet Union in the Third World. In particular, the Soviet Union will have to recognise, as Italian Communist Party leader Enrico Berlinguer pointed out after the invasion of Afghanistan, that it can no longer claim the right to indulge in its "internationalist duty" through the use of force and aggression. The Soviet Union will have to recognise, through an ideological revision comparable with that achieved by Nikita Khrushchev when he proclaimed the doctrine of peaceful co-existence between East and West, that its "revolutionary" world policy is just as incompatible with the maintenance of peace as the old revolutionary challenge to the Western "capitalist" powers. Such "revolutionary" world policy creates too many risks of a confrontation between the great powers, which could lead to a great, perhaps final war. President Reagan’s insistence on linkage, as well as President Giscard d’Estaing’s and Chancellor Schmidt’s demand for a new "stabilisation" of East-West relations on a global scale are parallel moves by Western leaders along these lines.

As far as the Middle East is concerned, this was also the message conveyed by President Carter to the Soviet Union through the proclamation in January 1980 of the "Cartier Doctrine", itself similar to the much older
"Eisenhower Doctrine" of the 1950s.* But to be credible, such a message and warning has to be accompanied by a recognised Western capacity to protect its vital interests. The Soviet leaders can be brought to accept the need to sacrifice their cherished ideological principles and imperial ambitions only if they become convinced that aggressive expansionism offers them no way out of their economic or political difficulties, and cannot reduce the Trilateral partners to a position of inferiority. Before the first détente came into existence, the West had demonstrated its capacity to contain Soviet expansion in Europe. In order to re-establish a stable, predictable East-West relationship, the industrialised democracies will have to prove that they are able also to contain the potential Soviet menace in the newly threatened areas of the Middle East, and to strengthen their position in the European theatre. While co-operative relations remains the goal, adequate Western strength is the means to reach it, now as 30 years ago.

The danger exists in the Middle East that the Soviets might hope, under favourable circumstances, to gain further positions with a quick coup de main, trusting and believing that, at the moment of truth, when faced with a choice between a new "partition" of the region (more favourable to the Soviet Union) and a nuclear war, America and its allies would step back from the final confrontation and bow to the "new Yalta" and to Soviet local superiority.

The Trilateral countries are, of course, aware that the simple threat of Armageddon, at a time when American vulnerability to nuclear attack is more or less equal to that of the Soviet Union, is of debatable credibility: The threat might work, yet some believe that it might not. So, the problem to be faced by the Trilateral regions is a double one: to maintain and strengthen the global balance of military power (in both nuclear and conventional weapons, especially on the European front) and also to create conditions of greater stability and of reduced military inequality in the Middle East, where some vital interests of the Trilateral countries are threatened by Soviet local superiority. These two policy aims are inter-connected: Both

*In March 1957, President Eisenhower signed into law a Joint (Congressional) Resolution, subsequently known as the Eisenhower Doctrine, which stated that "the United States regards as vital to the national interest and world peace the preservation of the independence and integrity of the nations of the Middle East. To this end, if the President determines the necessity thereof, the United States is prepared to use armed forces to assist any such nation or group of such nations requesting assistance against armed aggression from any country controlled by international communism ...." The "Carter Doctrine" of January 1980 went perhaps further in a more vaguely worded warning. President Carter declared that "an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such assault will be repelled by any means necessary, including military force."
can be accomplished only on the basis of a common Trilateral geo-political assessment of the existing dangers and a common Trilateral will to pursue agreed policies, and if necessary, to initiate new ones with determination and within the framework of a co-ordinated strategy.

1. American Military Standing in the Region

Events in the first few weeks of the Iran-Iraq war brought to light the fact that, however distant, the United States is still capable of "projecting power" across the globe in a crisis, and of offering useful and appreciated military protection (for instance, through its AWACS planes) to the States of the Gulf; and its very substantial naval armada protects passage of vital oil resources through the Strait of Hormuz. During 1980, from the Carter Doctrine forward, the United States has developed a realistic, though limited, security theory concerning the Middle East and has set in motion the political initiatives necessary to implement it, while communicating in the clearest terms to the Soviet Union a warning that any open Soviet move against these primary sources of Trilateral energy would be considered as an attack on the Trilateral allies themselves. These warnings have been forcefully repeated by the Reagan Administration, bulwarked by already announced policies to raise defence expenditures and establish a credible military presence in the Gulf.

Something similar to the "trip-wire" strategy once followed by NATO in Europe is being implemented in the Gulf. Although it may be somewhat less credible now than at a time of total American strategic superiority, its credibility is undoubtedly still quite substantial, both in its effects upon Soviet calculations and perceptions and in its influence on the perceptions and political behaviour of the local powers.* The present American strategy in the Middle East seems to be the only possible answer to a situation of inferiority on the ground due to the nearness of the Soviet Union to the region: Whatever the United States does, the Soviet Union will maintain an unavoidable superiority in "getting there the fastest with the mostest". Even on-station U.S. naval forces, despite the enormous military punch that they possess with their carrier-borne nuclear-capable aircraft, would have a limited effectiveness in case of a direct military confrontation, where numbers count. For this reason, any American conventional option in this area is viewed by American policy makers as requiring a nuclear backing.

*We owe particular thanks in this part of the report to Col. Jonathan Alford, Deputy Director of the London-based International Institute for Strategic Studies, who presented his personal views in a paper upon which we have heavily relied for clarifying our own views on these problems. Col. Alford, of course, carries no responsibility for our views as here presented.
and the new Administration has also hinted that any U.S. response to Soviet expansion in the Gulf will not necessarily be limited to the Gulf.

We must, however, assume that, in any calculus of risks and benefits, the Soviet Union would draw back from a direct military confrontation with the United States for fear of escalation and loss of control: The rapid introduction of some American power may therefore suffice to maintain a credible balance and to deter potential Soviet aggression. Still, the improvement of the American military standing in the region is vital in order to influence the "perceptions" of the regional powers: If they see one superpower as being close, determined, and not afraid to use military power when necessary, and the other as being distant, hesitant, and unable or unwilling to deploy military power in the region, the consequences for their political allegiance might be profound. This can be avoided by the new American strategy, which is taking shape through the setting up of a Rapid Deployment Force and is likely to be strengthened by the Reagan Administration, while at the same time taking into account sensitivities in the moderate Arab States.

2. European and Japanese Contributions
The section above has referred primarily to U.S. initiatives. As a matter of fact, the military situation in the Middle East has been thoroughly discussed in NATO, and this discussion has produced some results. The number of French and British (and Australian) ships present in the area, after the start of the Iran-Iraq war, dramatically increased: On such an occasion, facts were indeed more relevant than words. The European members of the alliance have also accepted the implications for their theatre of the changes in the deployment of American forces and reserves necessary for the creation of the Rapid Deployment Force. But what has been done, and what has been accepted, does not go as far as it could and should so as to strengthen, militarily and politically, the presence of the Trilateral countries in this unstable area.

Europe and Japan must not only become accustomed to fewer naval units in their waters (two American carrier task forces in the Indian Ocean will mean one less in the Mediterranean and one less in the Pacific until the additional aircraft carrier called for in the 1982 U.S. defence budget becomes available); they must also ask themselves if they should not replace some of that lost capacity. Equally, until such time as the proposed increase in U.S. defence expenditures begins to make its impact, it is difficult to see how U.S. military reserves can be committed to two places at once, which could be dangerous at a time of "double" crisis. In addition to this question of Allied "substitution" in Europe and around Japan for re-deployed American forces, the question must be asked whether the Europeans and
Japanese, who depend upon Middle Eastern oil to a much greater extent than the United States, can indeed leave it mostly to the United States to defend their interests there or whether they should do something themselves by assuming a greater burden of defence in the Middle East itself.

In principle, this need is not denied by some of the allies. The British Defence Paper declares that "the Government believes that the services should also be able to operate effectively outside the NATO area, without diminishing our central commitment to the Alliance." This, due to present economic constraints, could only mean an increase in the number of temporary naval deployments to the Indian Ocean, or, where the political circumstances are favourable, the readiness to exercise modest land and air forces in the region. As far as the French are concerned, it is a fact that historically their forces have been more active in the region than those of either superpower, at least until last year. France, with basing rights in Djibouti, has demonstrated a continued willingness to project power overseas although it is not realistic to suppose that there is much scope for increase. Only one or two European countries have overtly recognised the fact that new resources might and possibly ought to be brought to bear upon the Middle Eastern scene, as a reaction against the new dangers to a fundamental interest of the Trilateral regions. There has not even been an adequate discussion in either Europe or Japan, discussions one would have expected, in reaction to such a clear threat to their economic independence and prosperity. The problem of whether NATO or NATO members ought to confirm their interest in the maintenance of a military balance outside the Alliance's original area of responsibility (a principle already approved in the past by NATO), and the general question of what the Europeans and Japanese can do in order to strengthen the security of the Middle East, have not been the subject of that great political debate which the seriousness of the crisis surely demands. While there is a rough "master plan" for an energy policy (elaborated over time through the annual summit meetings and the IEA), there is no such "master plan" for the political and strategic actions which may be necessary to set up a credible regional security system, and to direct to that end the immense resources of the Trilateral powers.

Americans cannot but find "unnatural" the fact that the Europeans in particular should exclude themselves from the physical, military protection of their vital interests outside Europe. The reduction—or inadequate increase—of financial resources for security purposes in a number of European countries cannot but be of deep concern to the United States, at a time of expansion of the U.S. military effort. The negative effects upon the solidity of the Alliance would be serious if Europe and America were seen to be following diverging or opposite paths. A huge effort will be needed to re-establish a common political assessment and a common military strategy
in the first year of the new Reagan Administration.

Even a modest European assumption of responsibilities in the Middle East would be useful, in order to indicate solidarity and interest: If there is no tangible evidence that the whole West is crucially concerned with the stability of the region and any encroachment of Soviet power and influence, regional powers may come to question Western interest in their security. Europeans have an important political strategy contribution to make in this field, even though the main burden and responsibility will continue to rest with the United States. The effectiveness of a military presence would be enhanced if it were collective in nature. Europeans ought to respond to the increasingly strong feelings in the United States that other NATO members should recognise more explicitly the vital nature of the Gulf and assume a more substantial direct or indirect role, within the limits of their capacity. Likewise a re-assessment is being undertaken of the current NATO policy limiting its security concerns to the immediate geographic perimeter of the Alliance.

Equally, in Japan, there is a need to encourage further the broadening political acceptance among its people of a greater share of the burden in common global security problems. The continuing Soviet encroachments in the islands north of Japan have helped to promote this evolution in public opinion.

C. OVERALL TRILATERAL POLICY IN THE REGION

Such suggested military moves are not a substitute either for diplomacy or for resolving the problems related to internal instabilities of the countries of the Middle East, stressed in a preceding chapter of this report. The strategy to be followed by the Trilateral regions in the Middle East cannot be less complex than the strategy which, in the 1950s and 1960s, succeeded in stabilising power relations in Europe and in opening the road to a period of co-existence and détente. Many elements were then brought into play: domestic policies which helped to create prosperous and stable democratic societies; a world economic policy which provided the international framework for the development of trade and technological interchange; a military policy which maintained balance and stability in spite of a determined effort by the Soviet Union (at great domestic cost) to achieve parity and, in some respects, even superiority; a foreign policy which pushed the Soviet bloc, with firmness as well as inducements, along a path towards ever greater contacts with the West, spreading vital seeds of change in the captive societies of Eastern Europe and the U.S.S.R. itself; an institutional policy which created the great international and supranational organisa-
tions necessary to co-ordinate the efforts, resources, and interests of many proud nations.

The problems of the Middle East, although they now appear to us to be uniquely dangerous, are certainly not more so than the problems which the industrialised democracies faced in the first two post-war decades. They are to some extent new problems, and we may still lack some of the knowledge needed to devise and carry out a complex strategy—a strategy whose aim must be to strengthen the independent political structures of the Middle East and to organise a credible response to the Soviet challenge, while bringing back to life the policy of co-existence and co-operative relations.

The actors in this new international game are many, and they cannot and should not be manipulated by the power of the Trilateral regions. Many creative efforts were required in order to set up the great international institutions of this era. They were the creation of the political vision of statesmen. Such vision is equally needed today if we want to avoid the risk that a strategy of expansion in the Middle East should become "compellingly attractive even to a relatively prudent (Soviet) leadership".* Only a credible and determined Trilateral presence and policy today can avoid future fatal choices between war and surrender.

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VI. ROLES OF UNITED STATES, WESTERN EUROPE AND JAPAN: NEED FOR COMPLEMENTARY APPROACHES AND CLOSE CONSULTATIONS

The relationship among the Trilateral partners is never easy and cannot be taken for granted, regardless of the fact that what binds us far outstrips our differences. A priority item on the agenda of the 1980s is to stem the deterioration in relations and restore a greater parallelism in our policies. The Middle East-Gulf policies of the United States, Europe, and Japan offer both an opportunity for strengthening the partnership and a risk for further misunderstanding.

A. MUTUALLY SUPPORTIVE APPROACHES IN THE MIDDLE EAST

Differences of attitude between the United States on one hand and Europe and Japan on the other have been particularly noticeable in relation to the Arab-Israeli problem. At the time of the 1973 War friction arose because of what the United States saw as European reluctance to co-operate in the provision of arms and equipment to Israel, and what Europe saw as an American attempt to impose its view of the situation unilaterally and without consultation. Some European reactions to the 1973-74 “oil shock” were seen by the United States, with some justification, as weak and over-influenced by Arab pressure. This assessment has coloured some subsequent American reactions to European views or initiatives with regard to the Arab-Israeli issue: America has sometimes reacted sceptically to Europe’s insistence that it is motivated by a genuine belief that a solution to this problem is being impeded by a failure to tackle adequately the Palestinian question, and is not motivated rather by self-interest in relation to oil.

American concern with the preservation of the achievements of Camp David, and consciousness of the fact that only the United States possesses the means of influencing Israeli policy towards a moderate solution, led to
concern in the United States about European soundings in the Middle East during the period of the 1980 U.S. election, even though these soundings followed consultation with the State Department and the Carter Administration. In Europe, on the other hand, there are fears lest the U.S. commitment to Camp David contribute to unnecessary rigidity in U.S. policy. There is also a widespread European belief that U.S. policy in relation to the Middle East has been and is excessively influenced by domestic political considerations which have impeded a clear view of the interests both of the United States in its relations with the Arab world and of Israel itself in the longer term.

In these circumstances, it is essential that all three partners seek to reduce the likelihood of fissures on this issue so that the elements of common interest are not weakened. A clear perception among all of the allies that we are likely, on certain aspects of or approaches to the Arab-Israeli dispute, to continue to "agree to disagree" can reduce any potential damage, and indeed help to secure mutually supportive, though not necessarily identical approaches.

Aside from the Arab-Israeli dispute, the Trilateral countries saw the Soviet aggression in Afghanistan with different emphases. They assessed responsibility differently for the setback in Iran. There has been understandable worry in Europe and Japan over the relative decline of American military and economic strength, and over apparent past fluctuations in American policy. On the American side, the more cautious European approach to the U.S.S.R. (there are much stronger pulsations towards détente in Europe than in the United States) is seen as flirting with neutralism. If Europe feels there have been deficiencies and uncertainties in U.S. leadership in recent years, Americans do not view European leadership as superior, steadier, or wiser. If Europe is worried about diminished American military strength, the United States has been dissatisfied with signs that European defence budgets have not increased according to agreed plans and that the NATO decision of December 1979 to modernise Europe's nuclear capacity is meeting with new difficulties in certain countries.

Some differences cut across Trilateral regions as much as they divide one region from another, such as different perceptions of the weight to be given to considerations of human rights in sensitive areas of the world: Whereas some would give total precedence to immediate strategic considerations, others are concerned with the weakening of the West's moral position vis-à-vis the Soviet bloc in Arab countries and the Third World, if insensitivity is shown to human rights issues, and they stress the negative practical consequences of taking an unduly short term view. Some on both sides, from their different perspectives, see Iran as a case in point.
B. MORE COMPREHENSIVE POLICY CO-ORDINATION

Perhaps with greater clarity than former similar meetings, the June 1980 Venice Summit of the seven largest industrialised countries of the free world recognised that there exist no separate ways out from the many crises which the alliance is facing: "We are all in the same gondola." The Summit recognised that the problems we face now are more inextricably interconnected than at any other time in recent decades. All the problems of the Trilateral partnership—economic as well as political, domestic as well as international—had to be discussed at the Venice Summit, which indeed had a more political character than former Summits amongst the Seven.*

Although the various crises we face obviously demand separate sets of actions, success in settling any of them would probably help with respect to others. There might be less alarm regarding a Soviet threat southwards if the Trilateral regions were less dependent on Middle Eastern oil through the development of alternative sources of energy and the reduction of consumption. Nor perhaps would crises in the Middle East look quite as menacing if there were developed a more stable and predictable relationship with the U.S.S.R. based on reciprocity and restraint, if there were signs of Soviet withdrawal from Afghanistan, of a less menacing Soviet posture towards Poland and a backing off of its support of proxies for purposes of seeking unilateral advantage in volatile developing areas. And all these problems would not look so terrible if our three Trilateral areas were able to more wisely manage our domestic economic and social problems.

The institutional structure of the Trilateral world, which was set up one piece at a time to face problems of a world of separateness, has not been able to cope with a number of issues as effectively as one might have hoped. The imbalance between the major institutions existing in certain areas (NATO, EEC, IMF, OECD, IEA, etc.) and the almost total lack of institutional structures dealing with the central task of co-ordinating across these areas becomes quite obvious when a Summit—by its nature a "systemic" exercise—is to be prepared. There is no comprehensive preparation, but rather a series of separate actions by different groups of people, through different channels and for quite different periods of time.

A speech by Kiichi Miyazawa at the London Conference of the Trilateral Commission, in March 1980, gave voice to the opinion of many in

*The wide range of the Venice Summit is indicated by its agenda: 1) inflation; 2) energy; 3) the financial imbalances connected to the recycling of petro-dollars and the insolvency of the non-oil developing countries; 4) the many problems of South-West Asia; 5) the growth in Soviet military power and the resulting threats to the political, economic and strategic stability of the world.
his analysis of what the trilateralism of the 1980s ought to be. The following are key passages from his analysis:

We no longer live in a world in which America occupied the dominant position and exercised her leadership..., though she is still by far the greatest power among the industrialized democracies and the stronger of the two superpowers.

The power structure of the world has undergone a profound change. The Soviet Union has established herself as one of the two superpowers after two decades of persistent efforts to build up an enormous military might... The Soviet Union continues to pursue an aggressive policy and to use her military power... to expand her area of political influence, whenever opportunities present themselves.

America in the 1970s began to assume a more modest role in global political and economic issues... It was only natural for America to ask her alliance partners to take up that part of responsibility which she now felt neither able nor appropriate to shoulder.

If Europe and Japan are unwilling to share the global responsibilities with America in a way commensurate with their respective powers, because their conceptual understanding of their own roles remains local or at best regional, the alliance will not be able to serve its objectives.

Whether or not we succeed in this untired and yet crucial undertaking, to initiate concerted efforts to establish an effective political deterrence against a further Soviet expansion, will depend on (various) factors, (including) the willingness of Western Europe and Japan to perceive the global implications of the Afghanistan issue and to assume accordingly their respective shares of the common global responsibility with America, ... (and) the need for America to acknowledge the plurality of interests of her allies and accept its consequences... Definition of the interests of the alliance on any issue has to become a collective exercise... Consultation and coordination must become an integral part of the established working relationship among the industrialized democracies.*

How can the Trilateral world better accomplish this unprecedented "collective exercise"? It is especially when faced with the problem of policy consultation and co-ordination in the Middle East that one realises there is a need for more effective diplomacy and a careful look at the adequacy or inadequacy of existing institutional structures. Although there is widespread and understandable diffidence in government circles about the usefulness of creating new institutions (not the least important reason for this diffidence being that the people who would have to be involved in this exercise are already overworked by the innumerable meetings typical of

*The entire speech—"To Meet the Challenge"—can be found in Triadogue 23 (Spring 1980), pp. 6–9. The speech was later reprinted in Asian Survey (July 1980) and The Atlantic Community Quarterly (Fall 1980).
multilateral diplomacy), the feeling of disarray in the alliance, the mutual suspicions and misunderstandings, are too recurrent and widespread not to demand some new effort at policy co-ordination.

Some interesting developments are already underway. The newest Trilateral institution for policy co-ordination is, of course, the annual Summit meeting of the seven major countries. These Summits provide today, better than anything else, that central forum for the co-ordination of the whole range of Trilateral policies which is so badly needed. Existing Summit arrangements are deficient in some respects, however. First of all, their planning remains imperfect. The economic aspects of the Summit—however meagre their results may sometimes appear—are seriously planned, for months in advance, by a special ad hoc team of seven high-level officials, who can count on the assistance of powerful international organisations like the EEC, OECD, and IEA. By contrast the planning of the political side of the Summit remains an almost improvised affair, which does not begin until within a few weeks or a few days even of the meeting. A second deficiency is that the Summits involve only the seven major countries (with the limited presence of the European Commission through its President) and represent a form of Directoire, with all that this implies in terms of the absence of, and lack of effective consultation with, other Trilateral countries. Moreover, these Summits of the Seven last only a few days, and take place only once a year: What happens in between? In Venice, for the first time, the decision was announced that, in the energy area at least, “a high level group of representatives of our countries and of the EEC Commission will review periodically the results achieved”. Co-ordination of “political policies” is left to much older mechanisms: to the Council of NATO, whose regional and institutional limitations are known; and to normal diplomatic contacts between the foreign ministries of the interested countries, plus some low-level meetings between officials engaged in “European Political Co-operation” and local American diplomats (a different American embassy having to keep in touch for six-month periods with the Chairman pro tem of European Political Co-operation). The present set-up, which includes sporadic special missions across the oceans, has clearly proved to be insufficient, since it has not prevented almost constant tensions and misunderstandings.

The problem of co-ordinating efficiently the foreign policies and differing interests of so many nations has been made more difficult by other factors: the inability on occasion of the Carter Administration to carry the Congress; inadequate consultations from time to time by U.S. policy makers; the narrow-sightedness of individual European partners; the lack of sufficient communication and contact with Japan. It is difficult for a genuine global power like America to share its world-wide responsi-
bilities with a diversified array of regional, medium and small sized partners, quite a few of whom may seem to Americans sometimes to have lost their taste for foreign policy. At the same time, Europe's propensity for a "separate identity" is viewed in the United States as having complications.

It would be easier to co-ordinate policies if Europe spoke with one voice. At the moment, the slow, multilateral decision-making process of the Community, with its constant elaborate search for unanimity, turns Europe into a very difficult partner. It often appears (rightly or wrongly) that Political Co-operation is an excuse and an alibi for European inaction. This tempts other Trilateral countries into separate approaches to individual European powers or leads them to act alone, without consulting anybody. It is also very difficult to co-ordinate policy between a relatively "unstructured" political society like America, with its highly centralised Presidency which often allows a single leader to make swiftly the most momentous decisions, and a complicated, multinational, highly politicised society like Europe—with its innumerable parties, its various parliaments, its diversified interests. The fact that political and institutional difficulties are real explains the difficulties of the present set-up. A fresh effort now needs to be made with some urgency if better co-ordination is to be achieved.

Among suggestions more frequently mentioned are the following: regular meetings of the Political Directors of Foreign Ministries of the Trilateral world, in preparation for periodical meetings of their Foreign Ministers, and institutional strengthening of existing links between the U.S. State Department, Japanese Foreign Ministry and European Political Co-operation group; institutional recognition of the political as well as economic character of the annual Summits of the Seven; creation of follow-up mechanisms establishing a certain continuity between one Summit and the next, or of special task forces to deal with one particular problem or set of problems like those of the Middle East.

It is not the purpose or intention of this study to make definite proposals on suggested institutional changes. The panel believes that this ought now to be the subject of a separate Trilateral Commission report.* The difficulty with the Middle East, as we have said more than once, is that so many different actions in so many different fields by so many different actors are in need of constant co-ordination. But there are immense resources in the Trilateral alliance which should be urgently called into action in order better to face a challenge of almost unprecedented complexity.

*The authors welcome the task force project now beginning on "Sharing Responsibilities among the Trilateral Countries". See also the earlier task force report to the Trilateral Commission by Egidio Ortona, J. Robert Schaetzel and Nobuhiko Ushiba, The Problem of International Consultations (New York: The Trilateral Commission, 1976).