
Enrique Sebastian Arduengo, B.A.

Thesis Prepared for the Degree of

MASTER OF ARTS

UNIVERSITY OF NORTH TEXAS

August 2009

APPROVED:

Nancy L. Stockdale, Major Professor
Denis Paz, Committee Member
J. Michael Grieg, Committee Member
Richard B. McCaslin, Chair of the Department of History
Michael Monticino, Dean of the Robert B.
Toulouse School of Graduate Studies

The administration of President George H. W. Bush from 1989 to 1992 saw several firsts in both American foreign policy towards the Middle East, and in the Palestinian-Israeli conflict. At the beginning of the Bush Presidency, the intifada was raging in the West Bank and Gaza Strip, and by the time it was over negotiations were already in progress for the most comprehensive agreement brokered in the history of the conflict to that point, the Oslo Accords. This paper will serve two purposes. First, it will delineate the relationships between the players in the Middle East and President Bush during the first year of his presidency. It will also explore his foreign policy towards the Middle East, and argue that it was the efforts of George H. W. Bush, and his diplomatic team that enabled the signing of the historic agreement at Oslo.
ACKNOWLEDGEMENTS

Thanks to Nancy Stockdale, Liz Myers, Jackie Fleming, mom, dad, and the gang; you guys were wonderful. Special thanks to Jim for helping to push my car out of the snow.
LIST OF FIGURES

Figure 1 - Jewish Population in the Occupied Territories, 1970-1992..........................23

Figure 2 - Casualties Resulting from the Intifada, December 1987-1990......................27

Figure 3 - US Total Aid to Israel, 1948-1966.................................................................34

Figure 4 - US Aid To Israel by Type, 1967-1980..........................................................36

Figure 5 - Israel Gross Domestic Product (GDP) Growth and US aid as a Percentage of GDP, FY 1981-1988......................................................................................38
PREFACE

The administration of President George H. W. Bush from 1989 to 1992 saw several firsts in both American foreign policy towards the Middle East, and in the Palestinian-Israeli conflict. The Persian-Gulf War saw the first large scale deployment of American troops to the Middle East. The Madrid Peace Conference of 1991 was the site of the first face to face diplomatic negotiations between the Palestinians and Israelis in the nearly 50 year long history of the conflict. American military aid to Israel spiked to record levels, and American troops were stationed in the Jewish State for the first time, to man Patriot missile batteries. Top Israeli and Arab leaders became household names in American homes, especially Binyamin "Bibi" Netanyahu, Saddam Hussein, and Saudi King Fahd. Similarly, the prospects for a somewhat lasting peace in the region grew exponentially. At the beginning of the Bush Presidency, the intifada was raging in the West Bank and Gaza Strip, and by the time it was over negotiations were already in progress for the most comprehensive agreement brokered in the history of the conflict to that point, the Oslo Accords. This paper will serve two purposes. First, it will delineate the relationships between the players in the Middle East and President Bush during the first year of his presidency. It will also explore his foreign policy towards the Middle East, and argue that it was the efforts of George H. W. Bush, and his diplomatic team that enabled the signing of the historic agreement at Oslo.
In order to understand the context in which President George H. W. Bush and Secretary of State James Baker saw American Middle Eastern policy, it is necessary to examine the enormous shift in the global balance of power between 1979 and 1989. The late seventies saw a concerted effort to achieve peace on the part of President Jimmy Carter. It was an effort that, to some degree, cost him reelection in 1980. This peace had been achieved after nearly 20 years of constant war between Egypt and Israel. In the framework of the superpower rivalry of the Cold War, the Israelis had been getting weapons from the United States since their lightning victory over the Egyptians in 1967. The Egyptians, with no recourse from the Western powers, looked to the Soviet Bloc to supply the material needed to take the Sinai and Gaza back from Israel by force of arms. This situation led to a protracted war of attrition along the Suez Canal in which Egyptian artillery shelled Israeli fortifications along the canal, and in turn were attacked by Israel Defense Force (IDF) pilots flying American-built fighter jets, which were checked by a network of Soviet manned surface-to-air (SAM) missile emplacements. The situation seemed to prove correct an 1958 National Security Council (NSC) report that Arab nationalism would leave “Israel as the only strong pro-Western power left in the Middle
The nightmare scenario for American strategists during the seventies was a Soviet backed invasion of Israel that would force American intervention which could provoke a larger conflict. It was in this environment that George Bush spent his formative years in government, and as Samuel Segev noted, a peace treaty then was seen as “contributing to the security and stability of the entire region.”

That statement probably underscored how Bush and Secretary of State James Baker felt about achieving a lasting settlement in the region, it was good for everyone, and if it meant that the Israeli right had to give up their dream of territorial depth then so be it. According to Segev, by 1986 Vice President Bush had taken enough of a negative stance towards Israel that his Likud Party dossier labeled him a “pro-Arab.” His crimes included a distrust of the America-Israel Public Affairs Committee (AIPAC), the main lobby for the state of Israel on Capitol Hill, because he thought that they wielded undue influence. Bush had called for punitive action against Israel after its attack on the Osirak Nuclear Reactor in Iraq, and again, joined by Secretary of Defense Caspar Weinberger after the Israeli invasion of Lebanon in 1982. In both instances President Reagan refused to carry out the sanctions. He was also accused of supporting Iraq when he gave his assent to a decision to allow Egypt to sell Saddam Hussein arms. Far from being a Jew-hater, it was far more likely that Bush made each of those decisions out of a sense of public sentiment.

3 ibid., 116.
pragmatism, e.g. it was better for everyone to have the Palestinians in Lebanon than to have a generation of Lebanese grow up resenting Israel and the United States.

In his memoirs, *The Politics of Diplomacy*, Secretary Baker underscored the ‘peace enables mutual security’ directive that was at the heart of Bush-era foreign policy, by emphasizing his non-political background. His family had been lawyers in Houston, Texas for four generations, and James Addison Baker III continued in that tradition, with the ambition to be nothing more than a good lawyer. When he did get involved in politics under the wing of George Bush, who had recruited Baker to run his campaign for President in 1980, he divided the political spectrum into idealists and realists. Being the lawyer he was, Baker classified himself as a realist, whose philosophy was that “common sense was an effective guide to action.”

To Baker, the common sense of the situation was that the world was changing in a radical way, which meant that the fundamental strategies and assumptions that had worked in the past would have to change radically as well. Baker also had the asset of enjoying the total confidence of George Bush; the President never publicly scolded or censured Baker, even when there were serious disagreements. This would become an important factor in US policy regarding Israel and the Palestinians, as both parties could be assured that Baker’s word carried the imprimatur of the President.

Another factor in the relationship between America and Israel and Palestine, is what the interlocutors perceived and expected of each other in the course of diplomatic relations and negotiations. In their article “Political Expectations and Cultural

---

Perceptions in the Arab-Israeli Peace Negotiations,” Israeli scholars Shaul Mishal and Nadav Morag attempt to explain the expectations and perceptions that the Israelis, Arab States, and Palestinians have for each other when negotiating for peace. Their main point is to explain how the hierarchical nature of the Israeli state has made it difficult for the more decentralized and ‘networked’ Arab states to develop a relationship of mutual trust. They argue that the Israeli and American states are based on a rigid hierarchy of government wherein the people normally take their cues on how to perceive outsiders from the government, usually with little or no question.

According to them, hierarchical states, usually negotiate towards a concrete goal, which is usually thought about in stark ‘yes or no’ terms, leaving very little room for abstraction. On the other hand, networked states have a horizontal structure of government, where the different authorities are locked in a balance of power dynamic. Also, and this is especially the case with the Arab states, societies tend to be fragmented, with each faction taking their own cues on how to perceive outsiders. The authors include a table noting the differences between hierarchical and networked states that seems especially poignant to the US/Palestinian/Israeli relationship. For example, it notes that, networked states are usually externally imposed, and hierarchical states rely on clearly defined rules and procedures. The authors include a small scale example of how relations between networked and hierarchical states play out. It involves a Saudi company negotiating with a Swedish one. When a deal was reached, the Swedes promoted their negotiators to a higher position. When a new team came in to close the deal, the Saudis threatened to break off negotiations.
As regards to the peace process, the nature of the states involved sheds some light on the progress on how the peace process had involved thus far. They argue that Egypt has been able to attain peace, and normalize relations with Israel because they have the most hierarchical society in the Arab world. Egypt as a political entity has existed for thousands of years. They also enjoy a fairly compact and homogenous population. Those factors, in the view of the authors, bind the people to the state to an extent found in no other Arab state. This allows for the government to make highly unpopular decisions without putting itself at mortal risk. This is not to say that the Egyptians do not have the same sort of dual loyalties that are found in the other Arab states. There are prominent groups of Coptic Christians, and Egypt was the center of the pan-Arab movement for twenty years. What it does say is that Egyptian leaders, such as Anwar Sadat, have much more political leeway than Palestinian leaders, or even American and Israeli leaders.

The authors argue that the nature of the factional, and supra-national relationships in the other Arab states makes negotiating with Israel and the United States difficult. In Syria and Jordan, for instance, the governments are weak, and there is a high degree of factionalism within society. The authors argue that the notion of Arab unity is most of what holds Jordan together at the national level. In this situation many problems are dealt with on a communal level, without relying on the state apparatus in an official form. As far as Israel’s relationship with the Palestinians is concerned these problems are magnified because Palestine has no state apparatus. Even a quasi-state apparatus like the Palestinian Liberation Organization (PLO) was problematic because they did not by any means represent all Palestinians. This matter became a huge issue during Bush’s
presidency because it became difficult to find Palestinians who were internationally acceptable and reasonably representative. The Israelis have had to respond to this by conducting relations with the Palestinians on a more networked level. The authors note that while the Israelis have been able to form something like a trusting relationship with their neighbors, because their foreign policy does not undergo radical shifts with each new government; It has been extremely difficult for the US to do likewise because of the shifting partisan nature of American politics and foreign policy. Even though the actors and issues in the Middle East remain fairly static, every four or eight years the winds of change blow into Washington, and whatever trust has been built up in the region is undercut. They cite the example of Syria’s President Assad slowing down the Washington peace talks, between the US and Syria, after the election of George H. W. Bush because he said he needed time to assess the character of the new administration. The partial loss of trust with each new American administration means that by the time an administration has built up enough of a rapport to make real progress, it is already on its way out. This was exactly what happened to President Bush in 1992.

Four years earlier, in his inaugural address, President Bush described the winds that brought him to Washington as a new breeze of freedom that was blowing across the world, that would lead to a new age of peace and prosperity for all. Israeli historian Benny Morris wrote, “President George Bush,…and James Baker, his Secretary of State,

---

had set their minds on achieving a breakthrough towards peace in the Middle East.” To use Baker’s view of politics to analyze the situation: The Bush administration wanted to enter the cauldron of Middle East diplomacy as the idealists, who were attempting to move the realists in Israel and Palestine. Achieving such a breakthrough would probably have been seen as a far flung goal by observers of the conflict in early 1989. In the weeks leading to Bush’s inauguration *The Washington Post* reported on American diplomatic efforts to keep a Palestine Liberation Organization (PLO) delegation from addressing the United Nations (UN) Security Council, in spite of an official American dialogue with the PLO in Tunis. While they were the most well known international representatives of the Palestinian people, many Americans including the President, associated the PLO with the violence of the intifada, or uprising, against Israel, which had claimed hundreds of lives.

Officials in the Reagan administration’s last days reassured conservative members of Congress, and their Christian Zionist support base, who believed that the State of Israel was tied to the second coming of Christ, that the security of Israel was America’s highest priority in the region. A week before the inauguration, *The Jerusalem Post* published an article written by Shlomo Gazit in which he argued that there was no guarantee of reaching a settlement and avoiding future wars. He wrote, “no attempt to make our security borders identical with our political borders will guarantee our existence.”

Though the new administration represented an largely ideological continuation of the

---

previous eight years, the new President wanted to take much bolder action than his predecessor towards a peace in the region, that would guarantee Israel’s existence and provide a home to the Palestinians. Despite the wishes of the President, events during his first year in office actually resulted in a regression of the peace process, especially with regard to America’s relations with the Palestinians. This was largely because his policy was unduly harsh on the Palestinians, holding them largely responsible for the violence of the intifada.

According to Kathleen Christison, who was a Middle East analyst for the CIA during this period, the reason that Bush’s policy differed so greatly from Reagan’s was that the new team of appointees developing foreign policy were not as staunchly pro-Israeli as their predecessors. Christison is careful to point out that this pragmatism was not because of any sympathies for the Palestinians suffering in the intifada, but because the Bush foreign policy team had no “strategic vision” for what they wanted the Middle East to look like in a post Cold War world, at least not initially.  

Another factor in the neutrality of the Bush administration, according to Christison, was that many in Secretary of State James Baker’s close circle of aides had strong ties to Israeli political lobbies. These aides feared that “Arabist” elements within the State Department and government bureaucracy would shift United States policy in a way which would favor the Palestinians. The result of all this was an unwillingness on the part of the United States to apply the pressure on Israel, specifically Israeli Prime Minister Yitzhak Shamir and the


11 ibid., 251.
ruling ‘unity coalition,’ consisting of the right-wing Likud and left-wing Labor parties, that was necessary for them to give up their dream of a ‘Greater Israel.’ Which is to say that no action was taken to encourage steps against settler expansion in the Territories. For example, even though Bush thought that the settlers were an impediment to peace, Bush did not even openly threaten any sort of diplomatic sanction until after the Persian Gulf War.

Although the Bush administration did not have a strategic vision for the Palestine situation right away, one was outlined by Secretary Baker over the first ninety days of the new administration, which he delineated in a 12 April 1989 memorandum to the President, responding to his request for a “where do we go from here” statement. The actual contents of that memo are still classified, but its National Security Council cover sheet revealed that the new administration’s policy in the region would be “largely consistent with what Dennis [Ross, Director of Policy Planning – State Department] and Jim Baker are thinking.” Baker must have done this with some degree of trepidation, as he wrote in his memoir; “I was determined to resist the siren call of Israel and its Arab neighbors-particularly when it seemed that neither side was interested in considering the delicate political choices necessary to create a real peace process.” During his transition, he even suggested to his staff that the whole of the Middle East was a quagmire that every Secretary of State had been dragged into since World War II.

12 Memorandum, Richard N. Haass to Brent Scowcroft, April 12, 1989, ID# 8902602, OA/ID CF00890, Richard N. Haass files, George Bush Presidential Library.
However, it was that same staff that convinced Baker of the need to make at least an initial foray into the diplomacy of the region.

In his memoir *The Missing Peace*, the most prominent member of Baker’s staff, Dennis Ross, wrote that Baker wanted his style of diplomacy to be fundamentally different from that of Henry Kissinger or George Shultz. The new Secretary had no taste for jetting to all of the capitals in the Middle East in an effort to persuade leaders to step up their efforts. Another Baker aide, Aaron David Miller, echoed that sentiment, writing that Baker perceived shuttle diplomacy as a sign that he was not serious. Baker, himself, credited his diplomatic style to the complete confidence he enjoyed from the President, the product of a thirty year long friendship, and his Middle East team at the State Department.

This team, led by Ross, and his deputies Miller, Bill Burns, and Dan Kuttzer had a great interest in pursuing American diplomacy in the region, and thought that the international developments in the late 1980s created the biggest opportunity for peace in two generations. However, since the end of the Bush administration, Ross has developed into a controversial figure in the annals of the conflict, primarily because he has always, in his speeches and writings, placed the security of Israel above Palestinian rights. Israeli historian Avi Shlaim wrote a 2004 article in *The Nation* arguing that “it is difficult to think of an American official who is more quintessentially Israel-first in his outlook than Dennis Ross.”¹⁴ That being said, Ross’ writings indicate that he supported self-determination for the Palestinians, and his views were consistent with American foreign

---

policy in the region. As far as that policy was concerned, Ross had told Baker, “you need ‘heroes for dramatic breakthroughs’ – Sadat, for example – and there were no heroes in the region.” 15 A ‘hero’ was necessary because, as noted earlier, American Presidents come and go, so only an Israeli or Palestinian with lasting influence could be the face of the process.

Thus, Yitzhak Shamir and Yasir Arafat, the chairman of the PLO, had to be the central players for any progress to be made, but neither had the political will that made the Camp David accords work ten years earlier. The two leaders each had pasts that were marked by guerilla violence. Arafat had fought the Israelis and Royal Jordanian Army in Jordan during the late 1960’s, fought in the Lebanese Civil War during the 70s, and fought the Israelis again in Lebanon during the early 1980s. Shamir had been a fighter with the Stern Gang prior to Israel’s War of Independence, which mounted a campaign of assassinations, bombings, and intimidation against the British and Arabs during the 1940’s. And, as 1989 progressed it became apparent that “Yitzhak Shamir was going to be either the central player or the obstacle. He’d have to be engaged, or confronted, or both.” 16 In the first months of 1989, Baker and his team chose to engage Shamir with a peace proposal.

Where Do We Go From Here?

A little over a month after the “where do we go from here” memo, Baker revealed the outline of his peace proposal. It was in a speech, given on 22 May 1989, before the principal lobby for the Israeli state in Washington, the American-Israel Public Affairs Committee (AIPAC) entitled “Principles and Pragmatism: American Policy Toward the Arab Israeli Conflict.” Despite the setting, and the authors, the speech was not what one would expect in front of the biggest Pro-Israeli group in the country. He wanted to send the message to Israel supporters that the United States would act as an “honest broker” in the peace process.  

Baker opened the speech by saying that the United States wanted a peace based around the framework of UN resolution 242, which called for Israel to renounce all territory claimed in the aftermath of the 1967 Six-day war. In other words, “land for peace” was again the official negotiating position of the United States regarding the West Bank and Gaza Strip. Baker then said that “for negotiations to succeed they must allow the parties to deal directly with each other, face to face.” He added that there would need to be a transitional period between the conclusion of negotiations and a final settlement. Also, while he said that the United States did not support Israeli annexation or permanent control of the Occupied Territories, it would not support the creation of an independent Palestinian state in those territories. In Baker’s view, any final settlement would include democratic Palestinian self-rule, with security managed by the UN or some other international force. Except for his last point, which received a

---

standing ovation, his outline for a settlement received polite applause. The reaction from high Israeli officials was much more curt. He was especially frustrated by a letter sent to him by Moshe Arens, the Israeli Foreign Minister, which expressed “grave” disappointment with the “content and tone” of the speech.\footnote{Letter, Moshe Arens to James A. Baker, 25 May 2009. quoted in Baker, The Politics of Diplomacy, 122.}

At that point Prime Minister Shamir had already visited Washington and put forth his own government’s proposal for a peaceful settlement. The proposal was based on a suggestion from Ross to Eli Rubenstein, who was a top aide to the Prime Minister. In February 1989, Ross suggested that no progress could be made unless there was a “political pathway” towards a final settlement.\footnote{Ross, The Missing Peace, 55.} On 14 May, the pathway that the Israelis came up with was approved by the Israeli Cabinet and transmitted to the world’s wire services “informally translated” from the Hebrew, using the biblical place names Judea and Samaria to refer to the Occupied Territories.\footnote{Memorandum, White House Situation Room to David C. Welch, May 14, 1989, Folder “Middle East Peace Process – Working File #2”, OA/ID CF01096-013, David C. Welsh files, George Bush Presidential Library.} As one might have expected, the proposal was in line with the right-wing principles of the Shamir government. The Israelis, too, favored direct negotiations for peace, but they refused to negotiate with the PLO, even if Yassir Arafat was not present at the discussions. They also refused to entertain the idea of an independent Palestinian state in the area between Israel and Jordan, noting that “There will be no change in the status of Judea and Samaria and Gaza other than in accordance with the basic guidelines of the government.”\footnote{ibid., 2.} That is to say, that the Israelis envisaged a peace wherein the security of the Territories was Israel’s
responsibility, but the inhabitants would be under some form of civilian self-rule, rather than Israeli military occupation. Israel also called for an international effort to be made in improving the living conditions of the Palestinian refugee camps and “rehabilitating” them to lead normal lives. In whole, the Israelis proposed a process that would take 5 years from beginning to end, including time for elections, so the Israelis could avoid talking with the PLO, in the Territories and a transitional period between military and self-rule. Only at the end of all this could final status negotiations even begin.

Baker acknowledged the Israeli plan in his speech before AIPAC, noting that it was a starting point, and it deserved a response from both Palestinian and the leaders of the other Arab states. While he said that the current status quo was unacceptable, the Bush administration did not think there was a viable alternative to the outline presented earlier in the speech. He concluded by affirming that the United States was on a course of peace with Israel, and that the country would take steps crafted to help the belligerents make the decisions necessary for peace. In the New York Times overview of the speech, Thomas L. Friedman noted that “Although the Secretary of State’s remarks were consistent with longstanding American policy in the Middle East, they nevertheless were a departure from the Reagan administration in both tone and structure.” He went on to note that many of members of the audience were dismayed by the speech, as they were expecting a continuation of Reagan-era policies of unabashed and unwavering support for Israel, seemingly no matter what they did. The Palestinians were also dismayed by the tone of the speech, especially the parts where Baker reassured the audience that America

---

was not in favor of the idea of an independent Palestinian state. The next day, President Bush met with Israeli Defense Minister (and former/future Prime Minister), Yitzhak Rabin. In their half-hour long meeting the President reassured Rabin that that the United States was determined to provide the Jewish State with the resources necessary for its security. The President praised the Israeli peace proposal, noting that the “proposal gives us something to work with, and we are now looking for a constructive Arab response to it.”

Rabin was so reassured of Israeli security that the next day, he revealed to the Times that the US military had conducted over 30 military exercises in Israel from 1984 to 1989.

The constructive response that the President hoped for never materialized. The Arab states and the Palestinians balked at an Israeli Plan that offered much for Israel, and little for the Palestinians. There was also the problem of finding Palestinians who would be acceptable to both Israel and the Palestinian people. Ross noted that the PLO would accept the validity of elections only if Israel withdrew from the Territories prior to those elections, which was clearly untenable to both Washington and Jerusalem. Nevertheless, American officials were confident that the Israelis were prepared to move on this issue. Before they could do so, however, the Egyptians acted. The other Arab States, like Saudi Arabia and Jordan, were involved in this diplomatic foray, but it was Egyptians who assumed the leading role. Egyptian President Hosni Mubarak offered a 10-point peace plan that differed from that proposed by the Israelis principally in that it called for direct negotiations between Israel and the PLO before holding elections in the Occupied

---

Territories, and adopted an independent Palestinian state as an end goal. A press briefing prepared for David C. Welch, the Assistant Secretary of State for Near-Eastern Affairs, stated that the PLO was attracted to the Egyptian plan because they wanted confidence that the process was actually leading somewhere, and the PLO wanted at least an indirect role in the process. This meant that the PLO leadership in Tunis might be willing to sit out the talks, if Israel talked with PLO representatives from the Territories themselves. The brief also advised the Assistant Secretary to assure the press that the Egyptian plan was just a move to engage the Palestinians.

To get the peace process firmly under American guidance, Secretary Baker unveiled his five-point framework:

1. The United States understands that because Egypt and Israel have been working hard on the peace process, there is agreement that an Israeli delegation should conduct dialogue with a Palestinian delegation in Cairo.

2. The United States understands that Egypt cannot substitute itself for the Palestinians and Egypt will consult with Palestinians on all aspects of that dialogue. Egypt can also consult with Israel and the United States.

3. The United States understands that Israel will attend the dialogue only after a satisfactory list of Palestinians has been worked out.

4. The United States understands that the Government in Israel will come to the dialogue on the basis of the Israeli Government’s May 14 initiative. The United States further understands that Palestinians will come to the dialogue prepared to discuss elections and the negotiating process in accordance with Israel’s initiative. The U.S. understands, therefore, that Palestinians would be free to raise issues that relate to their opinions on how to make elections and the negotiating process succeed.

---

5. In order to facilitate this process, the U.S. proposes that the foreign ministers of Israel, Egypt, and the U.S. meet in Washington within two weeks.\(^{26}\)

The plan represented something of a compromise between the Egyptian and Israeli positions. The Americans wanted the Israelis to talk with Palestinians, but were willing to wait until the Israelis found Palestinians whom they wanted to talk to. The plan also respected Israel’s idea to hold elections in the Territories as the centerpiece of the plan. The last point was an effort on the part of the United States to assert leadership over the entire endeavor.

To get an idea of how this plan represented a subtle, yet fundamental shift in the way America envisioned the Middle East, it is necessary to examine the plan put forth by Reagan, which was broadcast to the nation while he was vacationing in California during the summer of 1982. He opened by saying that he hoped that US Marines would be out of Lebanon within two weeks, but Lebanon only represented a small fraction of the problems in the region. His plan only featured three points. First, that any peace had to be a genuine peace, achieved through “magnanimity, vision, and courage.”\(^{27}\) Secondly, that the Palestinians had to recognize that the security of Israel was the basis for their political ambition. Finally, Reagan called on the Arab states to accept that Israel was here to stay and that the only way they could find peace was from negotiation. Reagan’s language regarding Israel was very emotionally charged. He described how Israel was only 10 miles wide at its narrowest point. He described how the entire country was in artillery range of the Egyptian, Jordanian, Syrian, and Lebanese armies. He did not

\(^{26}\) Five Points, undated, Folder “Middle East,” Category Code CO001-07, Document Number / Range 004273 to 049849, David C. Welsh files, George Bush Presidential Library.

describe how the Israel Defense Force (IDF) had thoroughly trounced those armies in 1967, 1973, and 1982. Reagan’s vision for peace in the region was a total reversion to the status quo before the 1967 war; The West Bank would revert to Jordanian control, Gaza would revert to Egyptian control, and Palestinian refugees would be allowed to return to those territories. Surprisingly, the Arab States, especially the Jordanians and Egyptians, reacted positively to this plan, because it would again force the Palestinians into Jordanian suzerainty. The Israelis rejected the plan because it “contradicted and deviated from the Camp David Accord.”

Baker’s people were substantially more confident that the Israelis would acquiesce to the five-point plan, since it was an adaptation of their own plan. They thought it would be instead the Palestinians and Egyptians who would decide if the Baker plan would die stillborn. However, both the Egyptians and Israelis wanted modifications to the plan, and Ross feared that Bush and Baker would give up on the plan out of frustration with Shamir. He communicated this to an American named Max Fisher, who raised large sums of money in the United States for projects in Israel, and also happened to be a confidant of Shamir. On 5 November, the Israeli cabinet approved of the five-points, albeit with reservations. Ten days later Shamir was in the United States on a “private visit,” and President Bush took the opportunity to thank him for this goodwill, along with the customary assurances about the security of Israel. Bush used the meeting to praise the five-points as “a framework which will allow Israel and the

Palestinians to engage on the substantive issues of elections and the negotiating process, while safeguarding the legitimate interests of all involved.”

In December, the Egyptians followed in endorsing the points, along with the PLO, though not without some hand-wrangling about who would assume responsibility if the Palestinians were unacceptable to the Israelis.

The fears of the Egyptians were not unfounded, as the PLO insisted that both members of the external PLO, and a delegate from East Jerusalem be on hand for the negotiations with Israel. A solution was worked out in private between Ross and Rabin in which the Israelis agreed to talk to a Palestinian who maintained an address both in East Jerusalem and somewhere else in the West Bank. The striking feature of these discussions is not the diplomatic progress being made but intimacy of the brokering. Ross frequently recounts about how he used his home for private meetings with top Israeli envoys. He noted, “Somehow it was impolite to be combative in someone’s home – both for the guest and the host.” It was also likely easier to discuss sensitive issues off-the-record in an informal locale. Ross primarily used this avenue to persuade lower level officials to persuade their bosses without direct talks between the high-level players, an example of an official in a hierarchy networking to build trust.

Ross’ efforts were only partially successful; Many Israeli leaders were convinced of the need to deal with the PLO in order for the dialogue to proceed, including two of the three leaders in Israel’s unity government, Rabin and Shimon Peres. Rabin had

---

30 Statement by the Press Secretary, 15 November 1989, Folder “Middle East,” Category Code CO001-07, Document Number / Range 004273 to 049849, David C. Welsh files, George Bush Presidential Library.
31 Ross, Missing Peace. 63.
convinced all of the other Labor ministers to agree to a dialogue with the Palestinians, and Arens was able to do likewise with about half of the Likud bloc. Shamir, however, could not be moved, and Peres then moved for a motion of no confidence against him in the Knesset (the Israeli Parliament). The motion passed, but Peres could not form a government, and to the surprise of many in both Jerusalem and Washington, Shamir was able to put together a stronger coalition consisting of smaller right-wing and religious parties. Though he sent cables to Washington assuring Bush and Baker that he was serious about pursuing a dialogue based on the five points, he lacked the confidence and trust of both the Secretary and President. Some in the Israeli right even suggested that Baker instigated the no-confidence motion as a means to put a government in place that was more amenable to conciliatory measures.\textsuperscript{32} Also, by that time, about mid-1990, Saddam Hussein’s invasion of Kuwait rocketed Iraq to the top of the administration’s priority list.

If there was any one word that can describe the first year of the Bush administration’s foreign policy towards Israel, it was ‘deadlock.’ The end result of a year’s worth of diplomacy and negotiation was the fall of a centrist government led by a Prime Minister who obstructed progress, and its replacement with a right-wing government led by the same Prime Minister. In the words of Aaron Miller, “after almost a year of effort—which included persuading Baker to put his name on a five-point formula, to bridge the gap between Israel’s four-point plan and an Egyptian ten-point

proposal—Baker ended up with no points.”33 The utter collapse of a year’s worth of diplomacy left Baker wishing that he had taken heed of his original instincts to just stay out of the area all together.

Yossi Melman and Dan Raviv in their work on the US-Israel alliance *Friends in Deed* suggest that much of the stalemate was because of the personal enmity between Bush and Shamir. According to Melman and Raviv, this mutual dislike started with Shamir’s first visit to the White House on 6 April 1989. Bush pressed Shamir on the issue of Jewish settlements in the West Bank, telling the Prime Minister that as long as settlers continued to build, the Palestinians would not take any peace offer seriously. Apparently, Shamir told Bush that the settlements issue “[wouldn’t] be a problem.”34

While the files pertaining to this meeting at the George Bush Library are still classified, there is good reason to believe that any chance for progress in 1989 was sunk at that meeting. In Ross’ memoirs, he writes that by the beginning of 1990 Shamir was “a man no longer trusted in Washington.”35 Baker wrote that, “the President felt that Shamir had not leveled with him, and each new rebuff seemed to deepen the personal distance between them.”36 No doubt, this was because Shamir said that he was interested in pursuing a dialogue, but made seemingly no effort towards pursuing that goal.

This unwillingness on the part of the Israelis to so much as listen to the Palestinians speak in an official diplomatic setting must have mystified the President, as his administration had practically given every assurance that Israel’s security and

33 Aaron David Miller, *The Much Too Promised Land*, 208.
integrity would be maintained. For example, when Bush visited Israel in January 1990, he was given a tour of Jerusalem by mayor Teddy Kollek. Upon his return to the United States the two engaged in a brief correspondence. The President’s response to Kollek’s letter read in part, “We did not approve of the status quo before 1967, and in no way do we advocate a return to it now.” The letter went on to say that while the final status of the city had to be determined thorough negotiation, those negotiations would only come much later in the peace process. In another instance, Secretary Baker’s press guidance replied to Shamir’s October 1989 statement that there was an impending crisis in relations by saying, “We’re not looking for a fight or confrontation with Israel. Our only purpose is to help the Government of Israel advance its own peace initiative.” With all of the support he got, it was no wonder that Shamir was accorded the opportunity to visit with Bush in November 1989, after stalling efforts to move forward on Baker’s five points for nearly six months.

Despite the apparent intransigence on the part of Shamir, and the near constant reassurances of Israeli security, President Bush and Secretary Baker were intent on changing the status quo in the Occupied Territories. This was evidenced by their desire to make diplomatic headway for Israel, particularly on the matter of settlements. A political cartoon that appeared in the Buffalo News depicted Secretary Baker saying that he had his foot in the door for Middle Eastern peace negotiations. He then genuflects and remarks that the particular door had not been there a few days ago. In a March 1990 press conference, the President himself reminded reporters that East Jerusalem was not a sovereign part of Israel. A memorandum written to Brent Snowcroft by Nicholas Rostow, Special Assistant to the President for National Security Affairs, reflected the

---

Bush administration’s dilemma with the settlement issue. The memo noted that there was no largely held view on how to resolve the issue, either in the international community or in academia. It also noted that any argument for one side or the other was unlikely to convince anyone on the other side of the debate. Rostow wrote:

> On balance, I recommend against either going back to the Carter administration position that the settlements are illegal or reaffirming President Reagan’s statement that they are not illegal. Rather, I strongly recommend that we avoid being dragged into this legal debate while continuing to state our objections in policy terms.\(^{41}\)

In practice, this meant that the administration would assert that the settlements were an obstacle to peace, while not openly declaring them illegal. Baker concluded that there was nothing to be gained by getting into a protracted confrontation with the Shamir government, especially considering his stronger coalition, and the political problems, such as Congressional Republicans bemoaning the President’s betrayal of America’s only Middle Eastern ally, it would create for the President at home.\(^{42}\) However, after the Persian Gulf crisis broke out during the summer of 1990, American stance towards Israel changed from that of a peacemaker to that of a military partner, and pressure on the part of the United States to get Israel to halt construction of new settlements all but ceased.

The Others

As the United States tried to convince the Israelis that a lasting settlement with the Palestinians in the Territories was vital to peace in the entire region, the PLO, arguably most legitimate representative the people in the Territories had, was not treated like a


legitimate player by any of the major powers. An American historian of Palestinian
descent, Rashid Khalidi, writes, “in the wake of the 1988 Palestinian Declaration of
Independence, neither the United States or Israel, the two most powerful actors in the
Middle East, explicitly accepted that the Palestinians were a people, with inalienable
rights to self-determination and independent statehood.”

This was a point of view that might have been understandable, as the Palestinian leadership had been in exile hundreds of miles from the shores of Palestine since the Israeli invasion of Lebanon in 1982, and arguments were being made in academia that Palestinian nationalism existed only vis-à-vis Zionism. In the aftermath of the Lebanon war, the United States maintained an
informal dialogue with the PLO, which was substantially strengthened in the closing days
of the Reagan administration. On 15 December 1988 PLO Chairman Yasir Arafat called
a press conference in Geneva, and announced that henceforth the PLO would recognize
the statehood of Israel and renounce the use of terrorism to achieve political ends. He
further said that he wanted to resolve all longstanding differences through direct
negotiation at an international conference. To the shock of Prime Minister Shamir,
Reagan’s Secretary of State, George Schultz, decided that the PLO had made sufficient
progress to commence a direct dialogue with the headquarters of the PLO in Tunis,
though not with Arafat himself, whom the President still considered to be a “terrorist.”

It was probably the case that the US-PLO dialogue was more show than
substance. Palestinian activist and scholar Hanan Ashrawi wrote that, at best the talks
could be considered rigid. She noted, “The American ambassador to Tunsia… and the

---

Palestinian member of the Executive Committee… each brought his insulating bubble to the meetings to make sure that their voices were garbled and that they never made any human contact." The tenor of those talks was what led Ashrawi to seek out “the human dimension” in future dealings with the Americans, which was to say that the condition of Palestinians living under occupation was the only diplomatic leverage available, and Ashrawi was disappointed that it was not used in the Tunis dialogue. According to Benny Morris, a similar ‘thaw’ in relations between the PLO and Israel did not happen because Shamir, “believed that the West Bank and Gaza were an inalienable part of the Jewish people’s heritage.” Whatever else happened, Shamir was not going to allow that land to revert to Palestinian control, and for that reason, he preferred that the PLO remain unpalatable to the United States. Now that the Palestinians were playing ball, Shamir found himself on the spot, pressed to make concessions for the sake of peace.

---

Figure 2. - Casualties Resulting from the Intifada, December 1987-1990.\textsuperscript{46}

Many Palestinians, including some in the United States, also wanted the PLO to take a much more hard line stance, because of the massive human suffering inflicted as a result of the intifada (See Figure 2). A group called the “Palestine Arab Delegation” sent the Bush Administration a series of letters urging the President to abandon negotiations because “THE ZIONIST COLONIALISTS CANNOT BE TRUSTED.”\textsuperscript{47} The letters that this group sent became so insistent that the State Department declined to reply to them, deciding that the matter was frivolous. A more serious threat to American-Palestinian rapprochement came from the Palestinians in the Territories who refused to give up the fight against Israel. The most prominent of these rejectionists was Abu al-


\textsuperscript{47} Letter, Issa Nakhleh to President George H. W. Bush, 10 December 1991, Document Number 910291, OA/ID 04230, George Bush Presidential Library.
‘Abbas, who led a splinter group called the Palestine Liberation Front (PLF), with funding from Saddam Hussein, who had aspirations to be the next pan-Arab savior. In 1989, this group killed about 150 Palestinians in the West Bank, a figure which comprised 45% of all Palestinian causalities, on the suspicion that they had collaborated with Israel. In May 1990 the PLF staged an audacious attack on Israel itself. Abu Abbas and his men spent three months planning an attack where Palestinian gunmen would use speedboats to get ashore north of Haifa to murder Israeli beachgoers. Some of the attackers were intercepted by Israeli patrol-boats before landing. The rest were killed by IDF Cobra attack helicopters in sand dunes north of the beach, no Israelis, either civilian or military, were killed or wounded.48

In the aftermath of the failed attack, Arafat refused to condemn or disavow either Abbas or the PLF. Perhaps that was because a few days earlier, an Israeli man, who was later described by the authorities as “deranged,” opened fire on a group of Palestinian laborers queuing at a bus stop, killing seven and injuring dozens more.49 Khalidi, however, attributed this to a failure of leadership on the part of Arafat, both in his failure to keep Abbas in line or to take responsibility for the attack in one form or another. For Arafat, it was a leadership decision that cost him the tentative dialogue with the United States taking place at his headquarters at Tunis. With the support of most of the PLO leadership, Arafat then looked to Saddam Hussein for support, because the Iraqi dictator not only wanted to score blows against Israel and the United States, but also Kuwait and

49 Hanan Ashrawi, This Side of Peace, 64-65.
Saudi Arabia, whom had supported the PLO financially, but only took meager action on the international stage to support their Palestinian clients. This action too would have disastrous long-term political consequences for Arafat and the PLO, especially since Arafat chauvinistically made several trips to Baghdad to show his solidarity with the Iraqi dictator, even in the wake of Iraq’s invasion of Kuwait in August 1990.

The breaking off of the PLO dialogue represented a huge step back towards peace. Palestinians were quick to point out that the United States had never used a similar diplomatic tactic against the Israelis, even when soldiers or civilians indiscriminately killed civilians. This situation left, perhaps unfairly, all of the power, both moral and diplomatic, was back in the hands of the Israelis, who were deadlocked with the Americans on how to proceed. Relations were so tense that before the PLF beach attack that Israeli Deputy Foreign Minister Benjamin Netanyahu had publicly called Baker a liar, and Baker banned him from the State Department. Netanyahu himself was surprised by Baker’s reaction, saying “I don’t understand how a professional American diplomat can take such matters personally. It’s nothing personal and it’s a pity that he had to bring it to such a level.” Netanyahu’s reaction was hardly surprising, as it was his job to lobby members of Congress on Israeli interests, chief among them ending the US-PLO dialogue. The beach attack gave Netanyahu and AIPAC all the pull they could have ever wanted with outraged Congressmen and Senators.

About a month later, on 11 June, Baker was giving testimony before the House Foreign Affairs Committee, and was asked a question by Mel Levine of California

---

suggesting that the administration had sunk the peace process by pushing too hard on the settlement issue. Baker responded by saying, “the United States of America can’t make [peace] happen…It’s going to take some really good-faith affirmative effort on the part of our good friends in Israel.”\(^{52}\) It was a statement that, at face, represented Baker’s deep frustration with the entire situation. Baker’s impatience with the process had extended so far that he had told the *Washington Post* that there were other parts of the world that demanded his attention.

In another way, that statement represented the biggest distortion in American thinking about the Middle East, because the United States does have the power to, at the very least, force Jerusalem to the negotiating table, the only caveat being that exercising that power would come at a tremendous political cost to any administration. Still, American foreign policy in the first year of the Bush administration seemed to forget a fundamental observation about the nature of the US-Israeli relationship, which is: Israel needs the United States, but the United States does not need Israel. In the words of *New York Times* columnist Philip Shenon, “During much of the 1980's and early 1990's, American assistance was all that stood between Israel and economic collapse.”\(^{53}\) However, it would not be until after the Persian Gulf War, when closing the financial pipeline was used as a diplomatic weapon, that Baker realized the true strength of America’s diplomatic clout towards Israel.


The Money Trail

The briefings that the President’s advisors prepared for him on the issue of foreign assistance to Israel laid out in stark terms the dollar amount given to the State of Israel in the form of grants that did not have to be paid back. “Since FY 1986, regular U.S. Aid to Israel has been $3 billion annually, $1.2 billion in economic assistance and 1.8 billion in military assistance.”\(^{54}\) Much of the money funneled towards Israel has come in the form of grants, and even loans made prior to 1981 were forgiven as an incentive for Israel to accept the terms of the Camp David Peace Accords. In total, American taxpayers have subsided Israel to the tune of $46 billion dollars between 1951 and 1990. In 1990 alone, the foreign aid basically amounted to a $1000 check given by the American government to every Israeli man, woman and child. However, those men women and children would probably wonder where the money has gone since most of it was spent on defense. Another way to look at Israeli foreign aid is as over 20% of the entire foreign aid budget, which was around $15 billion per annum throughout the Bush Presidency. If one were include aid to Egypt, in order to allow them to keep military parity with the Israelis in that number, it would be closer to 45%.

That $3 billion annually represented a tremendous bargaining chip for the Bush administration, but how had the foreign aid outlay for a tiny country with a population of six million grown so extravagant in the first place? The Congressional Research Service’s report on U.S foreign aid to Israel sheds some light on this question. The

author, Jeremy M. Sharp, argues that American aid reinforces ties to Israel based on “shared strategic goals in the Middle East,” including concern over Iran, Syria, and Islamic extremism.\(^{55}\) If the report had been prepared in a declassified form in 1990 Iraq would likely have been on the list of concerns as well. The report also notes that strong Congressional Support for Israel results in Israel receiving benefits that are generally unavailable in most other countries. Bureaucratic understatement notwithstanding, this means that Israel gets all of its foreign assistance in the first thirty days of a fiscal year, and can conduct military research and development within the United States.

Even though the United States and Israel have similar interests in the Middle East, the relationship between the countries was not always so cozy and flush with money. From the time that the US first recognized Israel in 1948 until 1951, no foreign assistance grants were given to Israel, at a time when billions were being doled out as part of the Marshall Plan to rebuild European economies following World War II. In 1949, a $100 million Export-Import bank loan was made to facilitate trade, but this came only after President Harry Truman declared an arms embargo against Israel and the rest of the Middle East in order to keep the United States neutral in the Arab-Israeli conflict. Israel was forced to turn to France as their main supplier of military equipment. The French wanted to make Israel a counter to Egypt, who they believed were promoting Arab nationalism in the French colony of Algeria.\(^{56}\)

---

\(^{56}\) ibid., CRS-14.
French support for Israel continued throughout the 1950’s, augmented by purchases from Eastern-Bloc countries like Czechoslovakia. This support was one of the primary motivators behind Israeli support for the 1956 Suez War, in which the IDF was to conquer the Sinai in a bid to reestablish British and French control over the Suez Canal. The United States, in a move that neither the British or French anticipated, publicly rebuked its European allies, and the British, French, and Israelis were forced to retreat from Egyptian territory. While the Europeans agreed to replace Israeli material losses from the war, acting without American support in such a blatantly aggressive manner undoubtedly cost Israel the heavy American military support they so coveted for at least a decade.
An analysis of American foreign aid during this period reveals not only astonishingly low payouts by modern standards, but a high degree of fluctuation. It must also be noted that the vast majority of the money received was in the form of economic development grants, not military aid. As the political winds in Washington shifted, so did the amount of money Israel received. For example, after the Suez war, American economic assistance dropped by almost ten million dollars. A lot of this fluctuation can be accounted by the nature of the Cold War. American strategists used the promise of development money to ‘play both sides,’ as it were. This happened in 1954 when US largesse was used as leverage to cajole Iran, Iraq, Pakistan, and Turkey into a formal alliance with the British, known as the Baghdad Pact. The United States itself did not

---

57 ibid., CRS-19.
join the alliance for purely technical reasons, and the entity dissolved entirely in 1979.\textsuperscript{58}

But, in 1954, the United States cut Israel’s aid appropriation by $20 million to facilitate negotiations with the Arab States about the Baghdad Pact.

The American diplomatic game of giving money to all players ended with Israel’s lightning victory in the 1967 War. However, there are differing explanations for the change in American policy. John Mearsheimer and Stephen Walt, in their work about the rise in influence of AIPAC, \textit{The Israel Lobby}, argue that favorable relations between the US and Israel began with John F. Kennedy. Kennedy had said that the “special relationship” that the two countries enjoyed was comparable only to America’s relationship with Britain. Indeed, as Figure 3 demonstrates, aid to Israel increased every year of the Kennedy administration, and in 1964 Kennedy authorized the first major sale of an American weapons system, Hawk anti-aircraft missiles, to the Israelis.\textsuperscript{59} Melman and Raviv argue that the spigot of aid truly started to flow after the 1967 war because in that conflict, Israel had truly demonstrated to the Americans that it was a winner. In response to increased American support to Israel, the Egyptians turned to the Soviets to provide the material for their revenge, which in turn prompted even more American aid, as US policymakers began to look at the conflict in terms of the Cold War.


As this chart of American aid to Israel shows, the dollar amounts coming after 1970, especially, made previous appropriations look like mere rounding errors. Also, unlike before the war, most of the aid came in the form of military assistance, which was used to buy fighter jets like the A-4 Skyhawk and F-4 Phantom, main battle tanks like the M48A, along with munitions like cluster bombs. The rise in funding correlated with the rise of AIPAC as we know it today. AIPAC’s founder, Isiah L. Kenen, was a former public-relations executive in California, and even during the 1950’s he had been able to leverage his contacts in Hollywood for the purposes of lobbying Congress to support Israel. During the seventies AIPAC was flush with money donated by American Jews in the wake of the Israeli victories of 1967 and 1973. This money found its way into the

---

Figure 4. - US Aid to Israel by Type, 1967-1980.\(^{60}\)

campaign coffers of both presidential candidates, and several influential members of Congress in the US elections of 1968 and 1972. The increased campaign contributions combined with AIPAC’s already formidable political savvy, made the lobby a political powerhouse on Capitol Hill by the mid-1970’s.61

AIPAC’s clout in Congress stemmed from identifying members of Congress that already had a positive attitude towards Israel, and promising to use their formidable war chest to assure the reelection of those members in return for promoting legislation favorable to Israel. For example, Senator Henry Jackson, Democrat of Washington, rewrote legislation to make it easier for Israel to get money from Washington, a feat that Melman and Raviv characterized as a “minor miracle.”62 Jackson did all of this legislative work on behalf of Israel even though he was not reliant on a heavy Jewish vote in his constituency. The work that Jackson did was put to the test in the aftermath of the 1973 war, when Israel needed to replace hundreds of jet fighters and tanks lost to the Egyptians and Syrians. Because of lobbying efforts of people like Kenen and Max Fischer, a massive airlift started that brought the Israelis massive quantities of material. This is visible in Figure 4, in the form of a massive spike in aid for fiscal year 1974.

Another spike is visible during the late seventies, while the negotiations were proceeding at Camp David. President Carter used the promise of further bankrolling the IDF, in addition to financing the withdrawal from the Sinai, to give Prime Minister Menachem Begin incentive to make meaningful steps towards peace with the Egyptians. As mentioned earlier, Carter also offered the same carrot to the Egyptians, which

---

61 Yossi Melman and Dan Raviv. *Friends in Deed*, 143-145.
62 ibid., 156-157.
outraged Israel’s supporters in the United States. However, Benny Morris described the wrangling over money at Camp David as “a key element in the tradeoff,” and before the final peace treaty was signed, Carter’s Secretary of Defense Harold Brown sent letters to the signatories promising the Israelis $3 billion in aid and the Egyptians $1.8 billion.63

Figure 5. - Israel Gross Domestic Product (GDP) Growth and US Aid as a Percentage of GDP, FY 1981-1988.64

The sheer amount of assistance given to Israel in the wake of the Camp David Accords began to prop up the country’s economy during the 1980’s. As Figure 5

63 Morris, Righteous Victims. 485-487.
demonstrates, from 1983 to 1986, the money spent from American aid made up a bigger percentage of the economy measured by Gross Domestic Product (GDP) than growth over the previous year. Given this data, the argument could be made that American help kept the Israeli economy from plunging into a three year long recession. The problems that Israel’s economy were facing in the 1980’s must not be underestimated, in 1984 inflation reached 444% and the foreign debt was 80% of GDP.65 Indeed, in her article about how the Israeli economy has managed to prosper despite a lack of security, Linda Sharaby notes, “Foreign loans and outright transfers in the form of donations from Jewish communities, reparations from Germany, and military and economic aid from the United States facilitated the country’s development as well as its citizens’ relatively high living standard.”66 The situation was dire enough that American Aid in 1986 was tied to economic reforms, including currency devaluation and wage cuts, designed to make Israel less socialist and more capitalal.

The economic reforms are of note not just because they enabled the economy to recover by 1987, but because they were instigated by American dissatisfaction with Israeli (economic) policy. After the Persian Gulf War of 1991, the Bush administration saw another opportunity to instigate a change in Israeli policy. The foreign assistance provided by America and the worldwide Jewish community enabled Israel to absorb the immigration of millions of Jews into the country, and establish an extensive state welfare system, but it was not enough to cover the total cost of absorbing Jews and their families

from the Soviet Union, almost 200,000 of whom had chosen to settle in Israel between 1988 and 1991. To facilitate their assimilation into Israeli society, the Israeli government granted these immigrants enough money for a year’s rental, and the right to settle wherever they chose, including the Occupied Territories. This policy had the effect of doubling housing prices on the Mediterranean coast, increasing homelessness, and doubling the expansion of settlements in the Territories within a year. The government also granted subsidies to employers who hired new immigrants instead of Palestinians, leading to massive job losses in the Arab and Druze communities. In response to the housing and employment crisis, and the pressure from the Americans about the settlements, the government changed course, and directed Russian immigrants to settle the interior of the country, and provide more jobs for highly skilled immigrants.

To obtain the money to pay for the development of infrastructure and jobs in the interior for the new immigrants, the Israelis turned again to their American benefactors, and requested $10 billion in loan guarantees. The guarantees were not direct loans from the American government. Instead, the government would have acted as a co-signatory on the loans, thereby reducing the interest that Israel would have to pay. Prime Minister Shamir believed that Israel would have no trouble getting the guarantees, given support for Israel in Congress, and that he was able to derail the President’s first attempt at peace almost single-handedly. After that performance, he thought that the issue of settlements was on the political backburner for the Americans. Secretary Baker, however, had

---

definitely not forgotten about his bruising diplomatic repartee with the Israelis. Especially so, because in 1989, as part of the five-points deal, the Israelis had asked for an initial $400 million to cover the costs of absorbing Soviet Jews. During Congressional testimony in early 1990, Baker said that he would support such a request if Israel halted all settlement construction in the Territories.69

When the President publicly reaffirmed Baker’s testimony, a firestorm of controversy broke out. The reaction to the settlement issue push in 1991 was much the same and provides an example of the vicious attacks launched on the President and Secretary Baker. White House Press Liaison Bobbie Kilberg sent a 16 September 1991 memo to the President which said that the White House was receiving calls from American Jews accusing the administration of “country-club anti-semitism.”70 Bush replied to the memo writing that the Jewish community’s response was “untrue!!”, “ugly!!”, and “nasty!!” Secretary Baker made it abundantly clear how he felt about the reaction he received in 1989: “I felt battered, beaten, and betrayed.”71 The compromise that the administration made that year in response to the controversy was that the Israelis would not ‘encourage’ immigrants to settle in the Territories. But, it became a moot point after the five points plan fell through.

War Changes Everything

While public pressure that bordered on slander forced the administration to back down and admit defeat in 1989-90, in 1991 Bush and Baker were prepared to tie American aid to genuine change in Israel, and not bow to political and diplomatic pressure. The key difference in the stance of the administration in 1991 was that they were no longer concerned about charges that they were betraying America’s truest ally in the Middle East, or that they were closeted anti-Semites. The reason they could dismiss such charges was that American military might was used against a former ally of the United States, Iraq. This was a war that was so unexpected by the administration that Baker wrote in his memoirs “Iraq, a nation of only 18 million had suffered more than half a million deaths [in the Iran-Iraq war]. None of us could have guessed that this country that America had sought to engage could muster the capacity to set the world on a course for war in August 1990.”

Indeed, most of the Secretary’s papers explain the reasoning for not taking action against Saddam Hussein before he invaded Kuwait. Perhaps surprisingly, Baker places some of the responsibility on the Reagan administration, in which he also served as a cabinet secretary. He argued that Reagan administration reasoned that Iraq could be used to contain Iranian influence in the wake of the Islamic Revolution of 1979. To that end, during the Iran-Iraq war of the 1980s, the United States, removed Iraq from the list of state sponsors of terror, extended lines of credit that allowed Iraq to buy American agricultural produce, and provided the Iraqis with military intelligence concerning Iran.

Despite these advantages, the war grinded into a long and bloody stalemate that ended three months before the American presidential elections of 1988.

When Bush came into office, the policy concerning post-war Iraq came under review, but at the time, the country was fairly low on the administration’s priority list given the extraordinary events occurring in Eastern Europe. It was not until 2 October 1989 that the President signed National Security Directive 26, which outlined America’s Iraq policy. This policy statement read in part that, “normal relations between the United States and Iraq would serve our longer term interests and promote stability in both the Gulf and the Middle East.” Baker argued that these ‘normal relations’ meant that the agricultural grants started during the Iran-Iraq War could continue. These grants totaled about $1 billion a year, and the money primarily went to American farm states, and were thus heavily supported by Members of Congress representing rural areas. Baker mentions Democrats Jack Brooks and Charlie Rose specifically, but there was also support for Iraq among key Republican lawmakers.

Another factor in American support for Iraq, was the fact that throughout the eight years of the Iran-Iraq war, Iraq had a spotless record of paying back American loans. This led the State Department to believe that Saddam Hussein could even be used to influence the Palestinians to accept the terms of the five-points. About this, Baker noted, “I’d been personally encouraged in this view, incidentally, not only by several Middle East leaders but also by some very good friends of Israel, including a Republican senator

74 Baker, The Politics of Diplomacy, 263. The Secretary only mentions his political opponents by name.
who had privately urged me to reach out to Iraq.\textsuperscript{75} Though, according to John Bullock, in his book about the Gulf War, the Israelis secretly supported Iran in a bid to make both countries weaker.\textsuperscript{76} The idea of a moderate Arab state that was not as isolated in the region as Egypt or Iran was also appealing to the Americans, and it was thought that warmer relations could convince the Iraqis to take a more moderate stance towards issues like human rights, and weapons of mass destruction.

Given the evidence presented so far, it is unlikely that the Americans appreciated the extent to which the war had devastated the Iraqi economy. The fact that the Iraqis had never reneged on a loan likely further blinded the Americans to their economic weakness. While they had paid back their debts to the Americans, they still had massive outstanding debts owed to their Arab supporters, notably Saudi Arabia and Kuwait. Both of those countries had refused to forgive the debt that Iraq had accrued during the war. At the same time, there was a worldwide drop in oil prices that reduced Iraq’s exports, further devastating the economy. In response, Saddam began to amplify anti-Western rhetoric in his speeches, accusing the United States of “meddling” in the Gulf, and interfering with Iraq’s internal affairs. Menacing military programs were also accelerated, including the construction of missile launchers in Iraq’s western desert with the capability of hitting Israeli cities.\textsuperscript{77}

Despite these moves, and even after 2 April 1990 speech, in which Saddam Hussein promised his armed forces that they would make Israel burn, the United States

\textsuperscript{75} ibid. Note that Republican Senators with presidential aspirations have their names withheld in Baker’s memoir.
left Iraq policy unchanged. Baker explained, “Outrageous rhetoric from radical Arab leaders wasn’t exactly a rare occurrence, and at that point there was no compelling reason to believe that Saddam was engaging in anything more than verbal intimidation.” The administration also feared a bitter fight in Congress if the agricultural subsidies were ended as a result of sanctions. Egypt and Saudi Arabia repeatedly assured American diplomats that they were taking steps to defuse tensions in Iraq.

Diplomatic tensions were also ratcheted up by the long running border dispute between Iraq and Kuwait, and exacerbated by the dispute over oil process. For the Iraqi government to remain solvent, the price of oil needed to hover around $25 per barrel, but because of Kuaiti overproduction in 1989, prices plummeted to $15 per barrel by the summer of 1990. Worse still, a sizable share of the $40 billion Iraqi foreign debt was held by the Kuaitis, who expected to be repaid with interest. Adding salt to an open wound, the Kuaitis started to sell oil below the price dictated by the Organization of Petroleum Exporting Countries (OPEC). The mounting tensions spilled into public view at the 10 July 1990 annual meeting of OPEC. Iraq accused Kuait of illegally inflating the worldwide supply of oil, and an agreement was hashed out wherein all OPEC members agreed to honor production quotas.

A week later, Saddam demanded that the Kuaitis return $2.4 billion in ‘stolen’ oil revenue (slant drilling intro Iraqi oil fields), and forgive all of the wartime debt. In response, the State Department sent out a cable to American diplomatic missions in the

78 ibid., 270.
Middle East urging diplomats to stress that force should not be used to resolve disputes, and that the United States took no stance on the substance of the Iraq-Kuwait dispute. The very same day, American spy satellites tracked the bulk of the Iraqi Army moving towards the border with Kuwait, and President Bush agreed to a joint military exercise with the United Arab Emirates to express his displeasure with Iraq. On 25 July, Saddam Hussein summoned the American ambassador to Iraq, April Glaspie, to his palace for a meeting. In this face to face meeting with the Iraqi leader, rare for an American diplomat, Glaspie listened as Saddam spoke of his need for funding, and assured the ambassador that there would be a meeting between Iraq and Kuwait in Saudi Arabia on 31 July. The ambassador left with the feeling that the situation would be resolved. However, at the meeting, when the Iraqis again asked for loan forgiveness, the Kuwaitis responded by suggesting that the Iraqis should prostitute their women to raise money.  

The following day Saddam ordered his forces to invade Kuwait.

On 5 August, President Bush responded to the events unfolding in the Gulf, warning in an address on the White House lawn that the aggression against Kuwait “will not stand.” The President wanted to build an international coalition, which included many of the Arab states, to compel the Iraqis to withdraw from Kuwait, to that end he got the UN Security Council to pass no fewer than twelve resolutions demanding that Saddam withdraw. One of Baker’s biggest challenges in assembling this coalition was keeping Israel, a country consistently lauded as America’s only true ally in the Middle

---

East, out of it for the purpose of maintaining the coalition. The difficulty of this became apparent from the start, when on 26 August, a team of IDF officers held a secret meeting with Pentagon officials, expressing their concern that in the event of war Iraq would attack Israel with missiles. To assuage Israeli fears, that day, Secretary of Defense Dick Cheney authorized the sale of Patriot missile batteries to Israel at discounted rates. The United States also paid for the expense of IDF crews training to use the Patriot weapons system on American military bases, and for American crews to man the missile batteries while Israeli crews were being trained.82

Israeli-American military cooperation throughout the air offensive, though secret, was so intimate that the IDF provided the United States Air Force (USAF) with a list of targets including Saddam Hussein’s mistress and family. In December 1990, Prime Minister Shamir himself visited Washington following an invitation from the President, and in his meeting with Bush, the President was adamant about extracting a promise from Shamir that the IDF would not stage a preemptive strike against Iraq. Shamir agreed, though he insisted that Israel reserved the right to defend itself if attacked. Because of the fracas over the settlements the previous year, Bush was not inclined to put much faith in Shamir’s word and dispatched top Pentagon and State Department officials, including Paul Wolfowitz, to Tel Aviv to reason with lower ranking Israeli officials.83 He also ordered National Security Advisor Brent Snowcroft to establish two secure lines of communication to Israel, for use in the event of an Iraqi missile launch against Israel.

82 Yossi Melman and Dan Raviv. *Friends in Deed*, 382.
83 ibid., 383-384.
While the Israelis were engaging with the United States, secrecy and mistrust non-withstanding, the PLO looked to Iraq as the one state in the Middle East with the spine to stand up to Israel. As the Tunis dialogue with the United States dialogue broke down, PLO relations with Iraq warmed quickly, even to the detriment of relations with the moderate Arab states like Egypt. Egyptian President Mubarak became so frustrated with the situation that he told members of the Egyptian press corps, “We told them, you have to find for your self a solution to your problem with the United States.”84 Palestinians in the Territories were also dismayed by the PLO’s decision to throw in its lot with Iraq. Hanan Ashrawi wrote, “the Palestinians had become universally identified with Iraq, and a campaign of guilt by association cast us in the role of villain and aggressor even while we were the victims of a continuing occupation.”85 Like the Americans, Palestinians worried about a pre-emptive Israeli strike against Iraq that would undoubtedly begin with a military clampdown in the Territories.

As the countries in the coalition readied themselves for a ground war in Kuwait, President Bush dispatched State Department envoy Lawrence Eagleburger to join Wolfowitz in Tel Aviv, to preclude the possibility of Israeli action. Eagleburger carried a letter, the drafts of which are still classified, but which reportedly contained a demand from the President to not respond, even in the face of Iraqi provocation.86 At the same time, the President worked hard to convince both the Israeli government and members of Congress that Israel’s security would be a top priority during the coming war. In a letter

85 Hanan Ashrawi, This Side of Peace, 71.
86 Yossi Melman and Dan Raviv. Friends in Deed, 385.
sent out to several members of Congress the President wrote, “it is my intent to see that Israel continues to receive the assistance necessary to maintain its qualitative military superiority. Rest assured that this administration’s commitment to Israel’s security is ironclad.” Which was to say that it would be the American military that would be providing for the security of Israel during the war, not the IDF.

On the evening of 18 January 1991, the Pentagon’s worst fears were realized as a barrage of Iraqi missiles landed on Tel Aviv and Haifa. Despite all the hotline put in place between Jerusalem and Washington, and the early warning system provided by the Patriot missiles, the public only had about thirty seconds warning, and many missiles found their targets. Fortunately for the Israeli public and Bush’s coalition, the missiles were not armed with chemical weapons, and there were no Israeli causalities. Yet, the attack left a profound, and surprisingly positive, psychological mark on the civilian population. Noah Efron characterized his experience during one of these attacks:

On the third day of the war, I was in a department store when the sirens went off. I crowded into the store manager’s office with the saleswomen and the other customers, all of us in gas masks. When the all-clear signal came, the manager produced bottles of single malt, and we passed them around in cheery relief.

If the public mood in Israel in the wake of the attacks was relieved, the mood in the State Department was anything but. The day bombing of Israel started, Moshe Arens, now the Defense Minister, called Secretary of Defense Dick Cheney to request American aircraft identification codes and ask the Americans to inform the Saudi government that an Israeli strike force would be crossing over its airspace. In response, the President

---

ordered Baker to communicate to Arens that an Israeli response would have disastrous consequences for US-Israel relations. That threat was the proverbial stick, the carrot was that the US promised to use all available coalition resources to destroy the missile launchers in western Iraq. In a conversation with Prime Minister Shamir earlier that day, Baker said, “We are going after western Iraq full bore, Prime Minister. There is nothing your air force can do what we are not doing. If there is, tell us and we’ll do it.”

But, even with that assurance, the Israelis demanded that an Israeli officer be attached to the staff of Norman Schwarzkopf, the American general leading coalition forces, and insinuated that the Americans were doing a bad job of taking out the missile launchers.

Quite apart from doing a bad job, the USAF had actually lost a plane to enemy fire while on a mission to destroy missile sites. The pilot was very nearly captured, because Syria had initially refused to allow an American rescue mission to fly over its airspace. But, in order to keep the Israelis from attacking, Baker and Eagleburger doubled the number of Patriot missile batteries in Israel unconditionally. However, it was later revealed that the Patriot missiles had only marginal (40%) effectiveness in intercepting the Iraqi Scud missile, with 39 hitting targets in Israel over the course of the war. More importantly, they refused to give the Israelis the American aircraft identification codes, without which, there was too much risk of a friendly fire incident in the skies over Iraq. Baker noted, “I believe that if we had given the Israeli government those codes, sooner or later they would have struck back at Iraq.”

---

90 Ibid., 390.
Because so many missiles had hit Israeli cities, some in the Israeli government thought that the Bush administration wanted to see a weaker Israel at the conclusion of the war. Some members of congress had this impression as well, and they petitioned President Bush to reimburse Israel for the cost of keeping its military on hair-trigger alert for the duration of the war. A letter co-signed by 22 members including Democrats Barney Frank and Charles Schumer read in part, “this very destruction resulting from Saddam Hussein’s aggression exacerbates the problem which held us to vote loan guarantees eight months ago.”\textsuperscript{91} In his response, the President made it clear that the settlement issue of the previous year had not been forgotten or forgiven. He instructed National Security Advisor Brent Scowcroft to reply that Israel could go through the office of the UN Secretary General to get recompense directly from Iraq under the terms of UN Security Council resolution 687, a response designed to remind the Israelis that they were in violation of resolution 242. He added, “We remain concerned, however, about settlement activity and are continuing to seek clarification and information pursuant to assurances provided to us by Israel.”\textsuperscript{92}

Because the United States had effectively removed the biggest external threat to Israel in the Middle East, Bush felt that that there was little substance to the old argument that the Americans were abandoning their only ally in the Middle East. After all, the war proved that America had many allies in the Middle East, like Saudi Arabia and Syria, some of whom faced the threat of invasion by Saddam Hussein’s forces. When Israeli


envoys came to Washington in the Spring of 1991 they found, to their astonishment, that President Bush wanted to tie the 10 billion in loan guarantees that they had requested to a guarantee that no further settlements would be constructed in the Territories. Shamir later said in an interview with a Tel Aviv newspaper, “What President Bush was telling us was very simple: If you won’t behave yourselves in the peace process, and if you won’t accept the principle of ‘land for peace’ you won’t receive the loan guarantees.”

A Peace of the Brave

President Bush, after the war, decided that the best way to bring about peace between Jews and Arabs in Palestine was to harness the coalition built during the war and use it for peace, in the context of an international conference. This idea was not a new one, in fact at the very beginning of the Bush administration, in March 1989, former National Security Advisor Zbigniew Brezezinski sent the President a note recommending that the United States orchestrate an international conference for the sole purpose of achieving peace. The note read in part, “Such an approach might enable you to square the circle on the intractable issue of who attends a conference and who actually negotiates a peace settlement.” The President seemed perplexed by the message, writing “? I agree” and “Should we even respond to this?” in the margins, as if to say, ‘that idea is obvious, why would we not want to do that?’

Though the Spring of 1991 seemed to be the perfect time to implement that idea, it would still take several months of hand-wringing just to secure the attendance of the major players. The first round of diplomacy began in March 1991, with Baker’s first visit to the Middle East as Secretary of State. This task was made easier by the fact the United States was the undisputed ‘winner’ in the Middle East. As Dennis Ross noted, “In the Arab Middle East, there is what might be described as a ‘bandwagon culture’: one goes with the winners … and stays far away from the losers.” This gave the Egyptian and Saudi governments a new leg to stand on, as they had been pivotal members of the coalition to liberate Kuwait. It also gave them no reason to doubt that the United States was serious about peace. The Israelis, on the other hand, felt that their stature had been undermined by the war, as their deterrent strategy had been based on massive retaliation. The Palestinians were undermined by the war to a much greater extent than the Israelis, as they were reeling from the consequences of being on the wrong side of the bandwagon effect. Secretary Baker reportedly told a Palestinian delegation including Hanan Ashwari and Faisal Husseini later in the Spring, “You’re lucky I’m even talking to you…your guy backed the wrong horse.” Though, it might have been far more accurate for him to say something along the lines of ‘you’re lucky that we don’t feel comfortable talking to anyone else.’

Baker’s first stop on his Middle Eastern tour was Riyadh, the capital of Saudi Arabia, where he held a private meeting with King Fahd, with Prince Bandar Bin Sultan acting as interpreter. In the meeting he said that he could see the day when Israel would

---

96 Aaron David Miller, *The Much Too Promised Land*, 221.
be at peace with its Arab neighbors and he wanted to know if the Saudis would participate in “confidence-building steps” towards that end.  

It was important for Baker to get Saudi support and money for the peace process, because the more Arab support he had, the more Prime Minister Shamir would look like an obstructionist if he chose not to participate. King Fahd later agreed to the measures, and dispatched Prince Bandar to Syria and Egypt to gain the support of Presidents Asad and Mubarak respectively. Going to the Saudis first paid back dividends for Baker and his team, because when they Cairo and Damascus, the peace initiative received a favorable reaction from the Egyptian and Syrian governments, who were both eager to improve their relations with the United States.

This episode illustrated that dialogue between the United States and the Israelis is often not as bilateral as it might seem. William Simpson’s biographical work about Prince Bandar Bin Sultan, *The Prince*, provides an insight into how actors not directly connected to the principals (the U.S, Israel, or Palestine) had an influence their affairs during the Bush years. During the chapters of the book that deal with the run-up to the Gulf War, Simpson argues that people like Bandar act as a proverbial ‘bridge’ between the Arab world and the West. For example, a consequence of the Iran-Iraq war, Iraq adopted a more belligerent posture towards nations whom it owed money as a result of the war. It was the forlorn hope of King Fahd that the crisis could be resolved within the Arab community without the diplomatic or military involvement of the West. Simpson writes that this was where Bandar truly came into form as an international dealmaker. It

---

was his initial job to reassure Western governments that Saddam Hussein had given his word of honor to other Arab states that he had no intention of attacking his neighbors. When, inevitably, Saddam broke his word, Simpson paints Bandar as the instrumental figure who cleared the way for a rapid deployment of a massive American and international army in the Kingdom, despite opposition from Islamic fundamentalists.

During the war, Bandar became the face of the Arab world on television, “[laying] bare the Iraqi leader’s hypocrisy” on CNN. After the war, Simpson put Bandar in the middle of sponsoring Baker’s peace initiative. Because Yasir Arafat’s political position had been substantially weakened, due to the conflict, he could not attend the conference. So, it fell to Prince Bandar to assemble a team of Palestinians who were close to the national movement, but acceptable to Western leaders. That team ended up consisting of Edward Said, Rashid Khalidi, Sharabi Hisham, Faisal Husseini, and Hanan Ashwari. Simpson even related a story of how Bandar kept the process together at the last minute when the Israelis demanded that the Arab delegations remove their keyffiahs, a strong nationalist symbol. Bandar said that they would consent to that only if the Israelis removed their yarmulkes. The Israelis dropped their objections to the Palestinian dress.

Dennis Ross expected the Israelis, for their part, to show the same enthusiasm at the start of the initiative as they did at the end, which could be aptly summarized as ‘none.’ However, everyone was surprised by the willingness of Shamir to go along with

---


a peace process during Baker’s first visit to Israel, on 9 April 1991. After his encounter with the Saudis, he could confidently tell the Israeli people that the Arabs were willing to bury the hatchet, provided that the Israeli were at least willing to listen to the Palestinians. At a private dinner with Shamir, at his Jerusalem residence, the Israeli Prime Minister indicated that he would only listen to the Palestinians if they were part of a Jordanian delegation, and had no links to the PLO. He even appeared willing to withdraw from the Golan Heights if the United States guaranteed Israeli security (as if it had not already) and stationed troops in the disputed territory. However, the meeting turned sour when Baker brought up Ariel Sharon’s 12 March announcement that 13,000 new units of Jewish housing would be built in the West Bank, a further violation of resolution 242. According to Baker, Shamir responded by saying “I don’t want to involve you in our internal politics…I’ll deal with it.”

Baker left the meeting with the feeling that Shamir had no intention of anything about the settlements issue, but he had extracted a promise from Shamir that he might be willing to sit down with Palestinians who had not formally disavowed the PLO. Those Palestinians had sensed that the war had discredited the PLO, and they would consider meeting Shamir’s conditions, and support a two track, phased negotiation process that would end with peace with Israel. Even though the Bush administration’s position on settlements was well known by 1991, the Palestinians had to accept the fact the Americans “[were] not going to send in the Eighty-second airborne.” Which, was Baker’s way of saying that the United States was not going to force the settlement issue

100 Baker, The Politics of Diplomacy, 446.
101 Aaron David Miller, The Much Too Promised Land, 221.
as a means to bring the Palestinians to the table. Because Israel actually appeared willing to listen, Egyptian President Mubarak, formerly one of the biggest backers of the PLO, was persuaded to consider the idea of a regional conference. And, though their cooperation hinged on a guarantee of results and UN participation, even the Syrians considered attending.

Baker’s challenge from April to August 1991 was to move all of the parties from considering peace to being committed to that outcome. The biggest problem was that the conditions raised by everyone were so called ‘red-lines,’ items that a country would not proceed with without, which were often in direct conflict with another country’s red-line. For example, Syrian President Assad would not engage with Israel unless the venue was sponsored by the UN, but Prime Minister Shamir refused, citing 1975 UN Resolution 3379 which stated that Zionism was a racist ideology. Assad probably appreciated the irony in the fact that an international coalition was formed to defeat Iraq when it defied UN resolutions, but Israel had been able to flout the UN for years unmolested. This was only one of a litany of conditions, including, American aid for Jordan, representation for East Jerusalem, troops in the Golan, full enforcement of UN resolution 242, and international guarantees of success, all of which threatened to make the peace initiative a non-starter. In an effort to break the deadlock, on 31 May, President Bush himself sent letters to Middle Eastern capitals, inviting them to participate in a peace conference, and urging restraint and flexibility.

---

The first person to respond was Shamir, just a week later, who rejected any form of compromise without explicitly refusing the President’s request.\footnote{ibid., 469.} What followed was a month of tense waiting in Washington to see if the Syrians, Jordanians, Saudis, and Egyptians would follow Israel’s lead. To the great relief of President Bush, who was now personally invested in the peace initiative, on 14 July President Assad replied that he would attend a peace conference unconditionally, and with that letter the bandwagon effect spread to the capitals of the other Arab states. In a 18 July meeting with President Hosni Mubarak, Baker secured Egyptian attendance by suggesting that the settlement issue could be linked to the decades-long Arab economic boycott of Israel, so that the settlements would not only be an obstacle to peace, but an obstacle to Israel’s economic prosperity. Two days later, Saudi King Fahd, after having been persuaded by Prince Bandar, told Baker that he would support the Egyptians, and the Jordanians agreed to attend and sponsor a Palestinian delegation on 21 July.\footnote{ibid., 489.}

Now, the Israelis and the Palestinians were the only holdouts, but Baker had Shamir in a vise; Israel could not afford to spurn the Americans when all of the Arab states had agreed to attend. One day after meeting with Baker in Jerusalem, Shamir telephoned to indicate that he would enter the American negotiation process. However, Shamir went into the process with absolutely no intention of seeing it through to the end. In a 1992 interview with the Tel Aviv newspaper \textit{Maariv}, Shamir told reporter Yosef Harif, “I would have carried on autonomy talks for ten years and meanwhile we would
have reached half a million [Jewish] people in Judea and Samaria.”

As for the Palestinians, when Baker met with Ashrawi and Husseini in late July, they showed him a map of Israeli settlements in the West Bank which outlined Israeli settlements in orange, to which Baker responded, “if you don’t get to the table, pretty soon you’ll be bringing me a map that’s completely orange and this discussion will be moot.”

Like Baker, Ashrawi and the PLO (the Palestinian delegation had abandoned the pretense of being disavowed from the PLO at this point) were inclined to believe that Shamir was less than sincere about peace. When the PLO executive committee asked Husseini if they could improve their negotiating position, he replied, “I doubt it, but there’s no harm trying. We could keep trying to the last minute.” Which is exactly what they did, waiting until two weeks prior to the start of the conference to commit.

Though it might have seemed like a regional affair on paper, the Baker peace initiative reached far beyond the Middle East. The European Community (EC) wanted to participate as an observer, which unsettled the Israelis, who considered the Europeans too Pro-Arab, given heavy German and French support for the Palestinian movement. But the Europeans did provide a solution to the problem of where to host the conference, because the Arab states did not want to go to Washington, and the Israelis did not want to go to an Arab capital. Madrid was chosen as the site at the last minute as a last gesture to Syrian President Assad. But, even this had a minor snag, as a huge canvas depicting Charles V slaughtering the Moors had to be removed from the Palacio Real just before

107 Hanan Ashrawi, This Side of Peace, 121.
the start of the conference on 30 October. Additionally, the Soviet Union wanted to prove they were still major players, even though their nation was falling apart at the seams. To that end, Soviet Premier Mikhail Gorbachev contacted President Bush and asked if the Soviets could act as co-sponsors of the conference. This gesture prevented what had usually happened at Middle East peace gatherings, where the Arabs and Israelis were able to play the superpowers against each other, a prime example of the so-called ‘New World Order,’ under American ageis emerging from the aftermath of the Cold War.

One might think that with all of the concessions made that with all of the initial concessions for the conference, there would be relatively little drama on the American domestic political front. However, the Israeli government chose the fall of 1991 to lobby Congress to persuade them to go over the President’s head and release the $10 billion in loan guarantees for Soviet immigrants without any change on the settlements issue. The timing was critical, as Israel had already drawn up a budget for fiscal 1992 which included the loans, and despite objections from the administration the Israelis submitted the formal loan request to Congress on 6 September. To keep the peace process together, Bush asked Congress to delay, but not cancel, voting on the loan guarantees until after the Madrid conference. In an effort to persuade Congress to make the guarantees immediate, the executive director of AIPAC, Tom Dine called for 1000 supporters of Israel from all 50 States to descend on Capitol Hill to lobby members on the morning of

---

12 September. President Bush tried to get AIPAC president Mayer Mitchell to call off the effort that morning, but he was unsuccessful. ¹⁰⁹

What President Bush did next shocked the pro-Israel community. He held an impromptu press conference, in which he assailed the lobbyists for undermining his position. He described AIPAC as a “powerful political [force]” and added, “I heard today there was something like a thousand lobbyists on the Hill working the other side of the question. We've got one lonely little guy down here doing it.”¹¹⁰ He also criticized the Israelis for claims that the American military had not done enough to defend Israel during the war, noting that American pilots had been shot down hunting missile launchers in western Iraq. The President’s statements made America’s pro-Israel community appreciate that if they were successful in getting the loan guarantees against the President’s wishes, the long-term effect on American-Israeli relations would be disastrous. For his part, the President was reassured by the many letters of support the Administration received. Former Ambassador Robert G. Neumann wrote to Brent Scowcroft, “I am very pleased over the way in which he threw the spotlight on the efforts of the lobby,” but he added, “the White House needs to make a much greater effort to bring the American public … to demand that the settlements stop now.”¹¹¹ That never happened, but on 25 September, the Israeli government consented to a 120 day postponement of the loan guarantees.

¹⁰⁹ Yossi Melman and Dan Raviv. Friends in Deed, 424-425.
A little over a month later the Madrid peace conference opened. In his opening statement President Bush laid forth the expectations for the conference, “We come to Madrid as realists. We do not expect peace to be negotiated in a day, or a week, or a month, or even a year.” He also reiterated his belief that the United States could not impose peace upon the Middle East, a view which seems puzzling given the American effort in orchestrating the conference in the first place. That being said, many observers, including Baker himself thought that the primary achievement of Madrid was that it occurred. In his second book, *Work Hard, Study, and Keep out of Politics*, Baker wrote, “The principals offered neither handshakes nor eye contact, and their public statements were canned and predictable. Nevertheless, Madrid was a success.” It was such, because it broke a 50 year long taboo about the principals in the Middle East conflict even talking to each other, and it put a system in place for Israelis and Palestinians to talk to each other in matters that strictly concerned the Palestinians, according to researcher Laura Eisenberg. She also wrote that by sponsoring the conference, the United States accepted the role of mediator at the conference, without being an adjudicator on matters of substance, thereby remaining in the good graces of both sides. Members of the Palestinian delegation like Hanan Ashrawi, however, believed that the United States should have played a more proactive role, especially in making the Israelis receptive towards Palestinian negotiating goals. As it was, the conference was forced to close a day ahead of schedule because Prime Minister Shamir and his top aides claimed that they

---

112 Remarks by the President at the Opening Session of the Middle East Peace Conference, Folder “Public Liaison Office, Jane Leonard Files,” OA/ID 07781-030, George Bush Presidential Library.
could not be out of Israel on the Sabbath, even though there was no theological reason to be in Israel on that day, and left Madrid despite the objections of the Americans.

Last Action Hero

After Madrid, the peace process got back to the matters of substance on which no one was willing to budge, and negotiations slowed to a glacial pace. The Syrians and Lebanese could not agree on timetables or conditions for an Israeli withdrawal from the Golan Heights and Southern Lebanon, respectively. Negotiations between the Israelis and the Palestinians broke down on the issue of sovereignty. Shamir and Arens wanted the Palestinians to settle for “personal autonomy” within the State of Israel. Needless to say, for Husseini and Ashrawi, this option was far less than they could accept. The Palestinians wanted territorial sovereignty, which the Israelis were unwilling to give, and the Bush administration was willing to support. Negotiations continued along these lines, mainly in Washington, from December 1991 until the Summer of 1992.

That summer, Shamir’s government lost a vote of no-confidence in the Knesset, largely because of his handling of the loan guarantee issue. In February 1992, Secretary Baker made it official that the United States would not issue the loan guarantees unless all settlement activity was stopped and even then, the exact amount that Israel spent on expansion and services to existing settlements would be subtracted from the guarantee amount. Yitzhak Rabin, now the leader of the opposition Labor Party, successfully made the argument to the Knesset that Shamir’s handling of the peace process had not only been detrimental to Israel’s relations with the United States, but to the long-term security

\[115\] ibid., 84.
of Israel as well. During the campaign, Shamir literally called his platform “I defied Bush!”

Shamir’s ‘defiance,’ and obvious obstinacy with regard to the peace process did not play as well with the voters, and on 23 June 1992, Labor was returned to power with over one-third of the vote, a staggering margin given the highly fragmented nature of Israeli politics. There was also frustration in the Israeli polity that Israel was still on a war footing, while other countries were enjoying the fruits of peace. The feeling among the electorate was that a government willing to make peace would allow Israel to enjoy the same peace dividends as the rest of the world. Yitzhak Rabin became the Prime Minister of Israel, and in August 1992, he headed to the Bush family compound in Kennebunkport, Maine on a get-acquainted visit. Rabin expressed to Bush that he was eager to make real progress in the peace process, and Bush granted him the guarantees that had so eluded Shamir over the course of the last year. It was the belief of the Middle East team at the State Department that Rabin was the “hero” needed for a peace deal to move forward. According to Raviv, Bush “by now desperately wanted to grant the guarantees. Just as AIPAC’s Dine had warned, Jewish voters were looking like a significant swing constituency in several states.”

Bush was under significant pressure from his Democratic opponent, Arkansas governor Bill Clinton, after having watched his approval polls plummet from their post-Gulf War highs.

On that same visit, Rabin paid a courtesy call to candidate Clinton, the two of whom would later appear in the famous 1993 picture with Yasir Arafat at the signing

116 Yossi Melman and Dan Raviv. *Friends in Deed*, 436.
117 ibid., 440.
ceremony for the Oslo Peace accords. Clinton has received most of the credit in the American press for his role in making the Oslo process forward. However, the evidence suggests that President George H. W. Bush played a pivotal, though not decisive, role in removing the biggest obstacle to peace, Yitzhak Shamir, the previous year. In fact, journalist Robert Fisk has argued that President Bush’s defeat in the 1992 American Presidential election sapped the peace process of whatever momentum, however lethargic, it had after Madrid. At every step, Shamir moved to prolong the process with no intention of seeing it through to anything resembling a workable peace. One of the Palestinian negotiators said that when he went into talks with the Israelis in Washington in 1992, he felt “as if I am sitting down with my own jailer.” By the same token, the Bush administration did not do everything it could have done, especially in regards to cultivating relations with the Palestinians and in using American power to serve the interests of peace vis-à-vis Israeli policy. Again and again, the administration made the case that they did not want to ‘impose’ a peace on the Middle East. That being said, $3 billion dollars is considerable leverage and “it simply does not make sense for America not to exert this leverage in the cause of peace.” Nonetheless, George H. W. Bush’s administration made huge, and hitherto unrecognized strides forward towards the goal of making a peace between Israel and the Palestinians.

---

119 ibid., 389.
120 Avi Shlaim, “The Lost Steps.”
BIBLIOGRAPHY

Primary Sources

Printed Government Records

National Archives and Records Administration, George H. W. Bush Presidential Library, Richard N. Haass files.

National Archives and Records Administration, George H. W. Bush Presidential Library, Kathy Jeavons files.

National Archives and Records Administration, George H. W. Bush Presidential Library, Brent Scowcroft files.

National Archives and Records Administration, George H. W. Bush Presidential Library, David C. Welsh files.


Printed Diaries, Correspondence, and Memoirs


Periodicals


Newspapers

*El-Masa*

*Jerusalem Post International Edition*

*Maariv*

*New York Times*

*The Nation*

*Washington Post*

*Yedinot Aharonot*

Electronic Resources


Secondary Accounts

Works of Reference


Articles and Chapters in Books


Electronic Resources

