

**US RELATIONS WITH ISRAEL
UNDER LIKUD GOVERNMENT, 1990-92**

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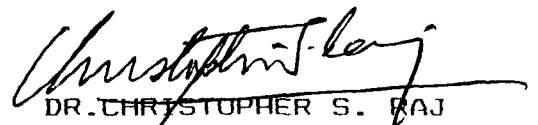
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CERTIFICATE

This dissertation entitled "US RELATIONS WITH ISRAEL UNDER LIKUD GOVERNMENT, 1990-92" by Mathew M.G. for the award of the degree of Master of Philosophy is an original work and has not been previously submitted for any other degree of this or any other University.

We recommend this dissertation to be placed before the examiners for evaluation.


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PREFACE

Israel enjoyed a "special relationship" with the United States, ever since its creation in 1948 - except the 1956 Suez crisis. It has been the largest recipient of US foreign aid. The US considered Israel as the most reliable "strategic partner" in West Asia, since it was an unstable region where the former Soviet Union was arming radical regimes like Egypt (till 1973), Iraq, Libya and Syria.

The present study focus on US relations with Israel during the Likud government, 1990-92 - from 8 June 1990, when the Likud Party formed the right wing coalition government in Israel to 23 June 1992, when the Likud Party was defeated in the Israeli general election. This period is very significant because it was the most fractious era since the 1956 Suez Crisis. Soon after it came to power, the Likud government's top priority was then to absorb the Soviet Jews who were flooding in Israel by mid-1990 as a result of liberalization in the Soviet emigration policy by President Mikhail Gorbachev. The Likud government's policy was to settle Jews (including new Soviet immigrants) in the occupied West Bank and Gaza Strip - an anathema to the Arabs. The Bush administration had been opposing new Jewish settlements in the occupied territories and there developed

a tension between the administration and the Likud government over the issue of settlements and the wrenchingly difficult issue of Palestinian rights. In the post cold war era, the Bush administration unlike the Reagan administration had no longer any compulsion to consider Israel as a bulwark the Soviet expansionism in West Asia. Moreover, the US policy makers reportedly advocated a policy option that would largely promote themselves assuming a role of honest broker and also favoured a policy approach of progressively less identification with Israel.

However, the Iraqi invasion of Kuwait on 2 August 1990 produced and promoted better relations between the US and Israel, primarily because the US had vested and vital interest in excluding Israeli participation in the war for fear of disrupting the broad coalition of Western and Arab powers, the US had built against Iraq. The disagreement between the US and Israel were further pushed aside when Iraq began launching Scud missiles at Israel on 18 January 1991, after the Multinational forces led by the US commenced war against Iraq on 16-17 January. Israel's greatest gain from the Gulf War had been the renewed goodwill (including financial gains) from the US.

But in September 1991, after the Gulf War the US-Israeli relations reached its lowest point, when a squabble between the Bush administration and the Likud government

erupted over Israel's demand for the \$10 billion housing loan guarantees to cover construction costs of homes for new Soviet immigrants during the next five years. The Bush administration asked Israel for 120 days (till January 1992) delay and also asked Congressional delay of consideration of the loan guarantees bill till January 1992 in order to give peace a chance during the West Asia peace conference in Madrid on 30 October 1991. Since President Bush was against Israel's settlements on its occupied territories as a major obstacle to the Arab-Israeli peace, he feared the loan guarantees will indirectly finance more of them. This was the significant US policy decision as no US president since Dwight Eisenhower had withheld the US aid to Israel.

The sense of strain between the US and Israel increased further in mid March 1992 when the Bush administration accused Israel of selling secret American technology to other countries including China and South Africa, and suspected Israel of selling secrets relating to American battle proven priced 'Patriot' anti missile batteries to China.

There were allegations by Israeli leaders and the American Jewish lobby that both President George Bush and Secretary of State James Baker who were 'Texans', had close ties with oil business had natural choice in improving and adopting pro-Arab posture towards oil rich Arab states at

the cost of US-Israeli relations. They even alleged that the Bush administration by postponing the West Asia peace talks and loan guarantees greatly helped the Labour Party victory on 23 June 1992 Israeli general elections.

Broadly, the US-Israeli relations during the period under review was: (a) the US policy of accommodating the Israeli interest during the Gulf War for the purpose of excluding Israeli participation in the US organized multilateral force including Arab force against Iraq thereby ensuring almost the US leadership in West Asia and Arab World. (b) The newly won Arab confidence on the US during the Gulf War constrained the US policy makers of the Bush administration to evolve a policy whereby that confidence was sustained by the US taking hard stand on the Jewish settlements, the loan guarantees and defreezing the Palestinian problem.

The first chapter focus on various phases of the history of US-Israeli relations from the Truman administration to the Reagan administration; how the US reacted towards the Arab-Israeli wars; and how the US financial commitment has grown over the years.

The second chapter deals with the Bush administration's disagreement with the Israeli government over the issue of settlements in the occupied territories and how it affected the National Unity government of Israel; how the

disagreement over the settlement issue - after the formation of Likud led right wing coalition government - was overshadowed when Iraq invaded Kuwait.

The third chapter deals with the US strategic understandings with Israel during the Gulf War; how the US restrained Israel from retaliating against the Iraqi Scud missile attacks on Israel; why Israel took non-retaliation posture; and the impact of end of Gulf War on Israel.

The fourth chapter deals with the Bush administration's reluctance to give \$10 billion loan guarantees to Israel for the settlement of Soviet Jews; what were the compulsions of the Bush administration for the reluctance; and how the Bush administration brought both Israel and her Arab neighbours to the West Asia peace conference.

The last chapter concludes with the findings that some Arab factor was behind the Bush administration's policy towards the Likud government in order to foster better relations with the moderate Arab states.

During the course of this study, I have received great encouragement and guidance from Dr.Christopher S.Raj, my Supervisor. I am extremely grateful to him, who inspite of his busy schedule, rendered his valuable guidance and suggestions throughout the work.

I am very grateful to the staff of the American Center Library and the Jawaharlal Nehru University Library for giving me access to the documents and books available there.

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Chapter I

INTRODUCTION: US-ISRAELI RELATIONS

The United States relations with Israel formally began on 14 May 1948, the day Israel declared its independence. The US was the first country to establish diplomatic relations with Israel. The relations between the two countries has been one of the most unusual in the history of international relations. There has been no formal alliance between the two countries, but they are bound together in many ways. The various phases of such relationship has been highlighted.

Birth of Israel and First Arab-Israeli War

Palestine (Israel previously known as) was a mandated territory of Britain since 1922, after it captured from the Ottoman Turks in 1917 (World War I). In 1947 Palestine was an area of raging conflict between Arab-Jewish, Anglo-Jewish and Anglo-Arab. Britain was then in a dilemma as it made contradictory promises to the Arabs and the Jews about the disposition of Palestine, and with its power to influence events crippled by her losses in World War II, she became increasingly reluctant to deal with the Jewish demand for statehood in the face of strong Arab opposition.

In light of Britain's dilemma and diminished power, the US rapidly assumed the role of dominant foreign power in the

evolving Palestine crisis. Most Arabs considered the US as a champion of self determination, human rights and democratic freedoms because of the absence of American imperial involvement in the region. However, the US had not been entirely aloof from the Palestinian question. For example, on 21 September 1922, the American Congress had passed a joint resolution stating its support for a homeland in Palestine for the Jewish people. And in May 1943 President Franklin D.Roosevelt gave his personal assurance to King Ibn Saud of Saudi Arabia that both Arabs and Jews would be given ample opportunity to express their views before any long range decisions were taken about the settlement of Palestinian issue.¹

In February 1947, Britain decided to bring the Palestinian problem before the UN. The UN appointed a special committee - the United Nations Special Committee On Palestine (UNSCOP) to study the situation, and its report issued on 31 August 1947, proposed two plans: a majority plan for the partition into two states, one Jewish and one Arab, with economic union; and a minority plan for a federal state.² The Arabs rejected both plans; the Jews accepted the majority plan.

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1. Cheryl A.Rubenberg, Israel and the American National Interest: A Critical Examination (Chicago, 1986), p.27.
 2. Tom Little, "Israel: History" in The Middle East and North Africa 1992 (London, 1991), p.525.

Meanwhile, American opinion began to divide. On the one hand, there were the humanitarian feelings arising from the treatment of Jews in Europe. To these were added the strong pressures that Zionist circles in the US were able to bring fear on the administration. On the other hand there were official views of those (the Joint Chiefs of Staff and the State Department) who linked the security of the US, West Asian Oil and the general operation of the strategy of containment with the maintenance of good relations with the Arab world. In these views the claim of Jews did not count for much.³ However, President Harry S. Truman, because of his own personal reasons and domestic political concerns, ultimately decided to push hard for the partition plan. Meanwhile, some Arab governments threatened to cancel oil concessions to American companies unless the Truman administration reconsidered its position on the partition plan.⁴ But Truman ignored the threat.

On 29 November 1947, the UN General Assembly adopted the majority plan by 33 votes for and 13 against, with 10 abstentions (Resolution 181). The plan divided Palestine into six principal parts, three of which comprising 56 percent of the total area, were reserved for the Jewish

3. William Reitzel and others, United States Foreign Policy 1945-1955 (Washington, D.C., 1956), pp.215-16.

4. James Lee Ray, The Future of American-Israeli Relations (Lexington, 1985), pp.5-7.

state and three comprising 43 percent of the area, for the Arab state, and termination of the British mandate. It provided that Jerusalem would be an international zone administered by the UN as the Holy City for Jews, Christians and Muslims.⁵ It was largely through the influence of the US that partition plan was adopted by the General Assembly.

In early 1948, the US seems to have wavered in their support of the partition plan because President Truman learned that the Arabs were preparing for war when the British leave Palestine. He appealed to them for restraint, but they flatly rejected his request. So in March 1948, the US proposed creating a UN trusteeship in Palestine. Arab governments were as could be expected, pleased by this turn in American policy. But Zionists and their supporters in the American government and general public were not. Truman pulled back from the plan for a trusteeship in Palestine almost from the time it became public knowledge and the US dropped its support of the plan in the General Assembly on 12 May 1948. As Britain formally terminated its mandate and withdrew its troops on 14 May 1948, Israel formally declared its independence, and within sixteen minutes Truman gave its diplomatic recognition.⁶

5. Little, n.2, p.525.

6. Ray, n.4, pp.5-7.

Truman's candid explanation of his attitude towards Israel was: "I have to answer hundreds of thousands who are anxious for the success of Zionism. I do not have hundreds of thousands of Arabs among my constituents." This famous statement of Truman clearly reflects the important extent to which domestic political consideration in an election year influenced his decision to recognize Israel.⁷

Soon after the declaration of independence by Israel, Arab armies from Egypt, Iraq, Lebanon, Syria and Jordan attacked Israel. But Israel ultimately succeeded in defending itself until the UN reestablished a truce. By the middle of 1949, a series of unstable armistices had been achieved, and West Asia settled down to a situation composed of uncertainties and unresolved antagonisms. Israel was the victor in the war, partly because of good deal of assistance from abroad, and partly because of solidarity of the Jewish people.⁸

During and after the First Arab-Israeli war serious strains developed between the US and Israel especially on the status of Jerusalem which Israel occupied the western part (and the eastern part was occupied by Jordan) and declared it as its "eternal" capital and approximately 770,000 Palestinian Arabs (over half of the total number in

7. Ibid, p.7.

8. Reitzel, n.3, pp.216-17.

Palestine) who were homeless by the creation of Israel. In December 1948, the US with other countries passed the UN Resolution 194, which called for the repatriation of the Palestinians to their homes or for compensation to be paid to those who chose not to return. But Israel ignored that resolution and the US did nothing to enforce it.⁹ And it was in 1949 which began the US public financial commitment to Israel when the White House announced the authorization of an Export-Import Bank loan of \$100 million on 19 January 1949.¹⁰ This financial commitment grew continuously in succeeding years. According to Senator Robert Byrd, a Democrat from West Virginia, Israel received \$53 billion, equal to 13 percent of all US economic and military aid from the US between 1949 and 1991.¹¹

The Suez War: 1956

President Dwight D.Eisenhower who succeeded Harry S.Truman in 1953, adhered to a more "even handed" policy in West Asia than his predecessor. When Secretary of State John Foster Dulles travelled to the area in 1953, he discovered to his surprise that Arabs were "more fearful of Zionism than of the communists". Dulles decided that the

9. Rubenberg, n.1, pp.45-47.

10. Ibid, p.41.

11. Indonesia Times (Jakarta), 12 August 1992.

Truman administration had "gone overboard in favour of Israel", and President Eisenhower agreed with him. As a result, Eisenhower was especially in retrospect, surprisingly resistant to pressure from Israel itself and from her supporters in the US regarding controversies arising out of the Suez War.¹²

The Suez Crisis started on 26 July 1956 when President Nasser of Egypt nationalized the Suez Canal company of which Britain and France were the principal shareholders and the two European powers prepared to retake control of it. Neither could expect any support from the US and the Soviet Union, the two superpowers or from world opinion in general, for open invasion, but in October Israeli Prime Minister David Ben Gurion entered into a secret pact with them by which Israel would invade Sinai and then justify Britain and France intervening to keep the combatant apart. The Israelis invaded on 29 October, with powerful armoured columns, and rapidly advanced towards the canal. The following day Britain and France issued their ultimatum that both sides should withdraw to 20 miles from the canal. Israel, which had by this time taken almost all of the Sinai, including Gaza Strip and Sharm esh-Sheik at the entrance to Gulf of Aqaba, readily agreed to comply with ultimatum, but Egypt refused on the grounds that it was

12. Ray, n.4, pp.8-9.

being asked to withdraw from its own territory. The Anglo-French forces thereupon invaded Port Said area and advanced some miles along the Suez Canal.¹³

The US denounced the military operations of Israel, Britain and France. At the UN, the US together with the Soviet Union called for an immediate ceasefire and withdrawal of all participating forces. The US position was somewhat surprising: Washington was siding with Moscow (its major foe in the cold war) and Egypt (which had recently become a Soviet ally) against Britain and France, its European allies, and Israel, its West Asian ally.¹⁴ Under the US pressure both Britain and France withdrew their forces from Egypt before the end of the year, and Israel withdrew its forces from Egypt in January, and from Gaza Strip in March 1957 when a UN Emergency Force was safely established on the Sinai Frontier and Sharm esh-Sheik.¹⁵ It was actually President Eisenhower who forced Israel to withdraw its forces from Egypt and he even threatened economic sanction if Israel did not comply.

The US decision to condemn the allied aggression was officially depicted as the result of Eisenhower's and

13. Little, n.2, pp.525-6.

14. Eytan Gilboa, "Trends in American Attitudes Towards Israel", in Gabriel Sheffer, ed., Dynamics of Dependence: US-Israeli Relations (Boulder, 1987), p.44.

15. Little, n.2, p.526.

Dulles's concern for a viable world order for which the US stood. But the US position during the crisis was understood as having three objectives: (1) the final eclipse of British and French influence in West Asia; (2) minimizing Soviet opportunities for expansion; (3) preventing further alienation of the Arab regimes from the US.¹⁶

Moreover, during the allied aggression, Hungary was in an uproar. At first it appeared that a Hungarian revolt had succeeded and a neutral government would come to power. The Russians had withdrawn their forces. But on 4 November, the day before the Anglo-French attack on Egypt, Soviet troops invaded Hungary with a vengeance. The forces of the new government quickly fell as the Russians reimposed a communist regime. The US watched helplessly, volunteering to assist any Hungarians who could flee across the Austrian border. The US had been challenged by friend and foe on the eve of a presidential election. Eisenhower had to accept the inability of the UN and the US to punish the Soviet Union for its acts in Hungary while remaining ready to deal firmly with three errant democracies. It was an embarrassing double standard to uphold. And, shortly before the end of West Asia hostilities, the Russians suggested in a note to President Eisenhower that the US and the Soviet Union join forces to end the warfare in Egypt. The US

16. Rubenberg, n.1, pp.69-70.

response was to issue a White House statement calling joint action with the Soviets 'unthinkable'. Eisenhower warned that any entry of new troops (i.e. the Soviets) into the area would be greeted by countermeasures from all members of the UN, including the US. Eisenhower did not rate the chances of Russian action as very high, but the letters from Moscow made his task of pressuring Paris, London and Jerusalem easier.¹⁷

The war made Nasser a hero, and increased Israel's isolation and the peril to its security. It allowed the Soviets to pose as a defender of Egypt against Israel, Britain and France, and thus enhanced their influence in West Asia. Meanwhile, the US also enhanced their influence in West Asia by the proclamation of Eisenhower doctrine - promising American support for any West Asian state threatened by communism - thereby ushering cold war superpower conflict into the region - the US, Israel and conservative Arab regimes on the one side and the Soviet Union and radical Arab regimes on the other. Even though the Eisenhower administration took a rather tough stand against Israel during and after the Suez War, its policies were carefully formulated not to undermine or dismantle of Israeli state, which was essentially binding commitment

17. Steven L. Spiegel, The Other Arab-Israeli Conflict: Making America's Middle East Policy from Truman to Reagan (Chicago, 1985), pp.76-77.

to Israel.¹⁸ In 1950s the US provided Israel only \$86.4 million in annual aid, and the bulk of the assistance was in the form of loans under the "Food for Peace" programme.¹⁹ Israel had some difficulty in acquiring weapons from the US because of the Tripartite Declaration limiting arms sales to West Asian states. Nevertheless, the French had secretly sold the Israelis military equipment that played an important role in the 1956 War.²⁰

The Six Day War: 1967

In 1960s the US commitment to Israel and its role in West Asia became dramatically increased. The election of President John F.Kennedy in 1960 brought an improvement in the US-Israeli relations, and in the middle of 1960s the American flow of weapons to Israel, evoked at least in part by a parallel flow of Soviet bloc weapons to Egypt, Syria and Iraq. In 1962 Israel received US Hawk anti-aircraft missiles; Patton tanks in 1965; and US sold 48 Skyhawk fighter bombers in 1966.²¹ Those were the primary weapons which Israel used against Arab enemies in the Six Day War.

18. Ray, n.4, p.13.

19. Carroll J.Doherty, "How US Aid to Israel Has Grown - After War of '73 and Peace of '79", Congressional Quarterly Weekly Report (Washington, D.C.), no.50, 18 January 1992, pp.124-5.

20. Ray, n.4, p.14.

21. Ibid.

The Six Day War broke out on 5 June 1967 when Israel launched a pre-emptive attack against Egypt, Syria and Jordan. The war lasted only six days, during which time Israel destroyed most of the armies that had challenged it. In the course of hostilities Israel also captured and occupied the entire area of Sinai from Egypt, the West Bank (including East Jerusalem that has Western Wall of the Temples of Solomon and Herod, which were the most sacred places of worship for all Jews but to which they were denied access since 1948 when it was occupied by Jordan) from Jordan, and the Golan Heights from Syria. The war was preceded by a serious crisis thereby providing needed provocation for Israeli pre-emptive strikes. On 15 May Nasser had ordered his troops to move across the Suez Canal into Sinai. During the next two weeks the Egyptian President ordered the removal of the UN peace-keeping force from Sinai, closed the Straits of Tiran (which controlled the sea route to Eilat) to Israeli ships, and deployed most of his armed forces in Sinai and along the Egyptian-Israeli border. Nasser also concluded a military agreement with Jordan and made several inflammatory speeches warning of upcoming conflict. Syria for its part, had already been involved in frequent clashes with Israel, firing shells into Israeli settlements and towns in the northern part of the country.²²

22. Gilboa, n.14, p.47.

The threats from three of its fronts forced Israel to mobilize its armed forces. However, with the bitter lessons of the Sinai campaign in mind, Israel decided to give the US and other Western countries a chance to diffuse the crisis through diplomatic means. When these were exhausted, war became inevitable.²³

In a few days Israel had doubled its size. The Israelis announced that they had no intention of restoring pre-war boundaries, not at least, without considerable concessions from the Arabs. After the 1967 war, President Lyndon B. Johnson (unlike President Eisenhower) accepted Israel's territorial gains. In part, it was because he was in the process of becoming more deeply involved in the Vietnam conflict. Besides, Johnson was a Democrat and thus belonged to the party whose ties to Israel (and the American Jewish community) have been stronger than those of the Republican party.²⁴ However, the Johnson administration played a significant role in formulating the UN Security Council (UNSC) Resolution 242, passed on 22 November 1967. It called on Israel to withdraw "from territories occupied in the recent conflict" and for Arab states to allow it to "live in peace within secure and recognized boundaries".²⁵

23. Ibid.

24. Ray, n.4, pp.17-18.

25. Great Decisions 1988 (New York, 1988), p.56.

The Yom Kippur War: 1973

The Six Day War resulted a great victory for Israel at the battlefield against the radical Arab states, but its core problem became worse. It dramatically increased the number of Palestinian refugees (approximately 200,000) and strengthened the PLO's tendencies toward self reliance and terrorism. It led Arab states, especially Egypt, to welcome Soviet aid with open arms and most importantly, it laid the basis for the war in 1973. The war came about largely as a result of the arms build up being pursued by Egypt's new leader Anwar Sadat (Nasser died in September 1970) with the Soviet aid for recovering the territory lost to Israel in 1967.²⁶

Meanwhile, the US made sincere efforts to resolve the territorial issues without warfare since resolving of the Arab-Israeli dispute was one of the top foreign policy priorities of President Richard Nixon. Secretary of State William Rogers submitted a peace plan in 1969: an Israeli withdrawal from the territories occupied in the 1967 war, in return for a binding Arab commitment to peace in West Asia. The US also supported the UN peace making effort headed by Gunnar Jarring. But in retrospect one can see that the primary thrust of Arab-Israeli relations in the aftermath of the Six Day War was toward polarization, with the

26. Ray, n.4, pp.18-19.

US becoming more energetic in its support of Israel and the Russians supplying political and military support to the Arabs, especially in Egypt. The Soviets did suffer a setback in July 1972 when President Sadat complained that "While our enemy has a friend in the world (the US) which acts rashly and escalates, we have a friend (the USSR) which calculates and is cautious" and then announced the ordered departure of some 20,000 Soviet advisors then stationed in Egypt. But the Russians had supplied sophisticated military equipment to the Egyptians which allowed them at least temporary success in the upcoming war. Meantime, the US sold Phantom F-4s to Israel in December 1968, and in 1970 Congress authorized the transfer of an unlimited number of aircraft to Israel through sales and loans.²⁷

On 6 October 1973, on Yom Kippur - the holiest day in the Jewish Calendar - Egypt with alliance of Syria launched a full scale surprise attack on Israel. After suffering initial losses in Sinai and the Golan Heights, Israeli forces mounted a counterattack that drove across the Suez Canal, capturing Egyptian territory and reaching a point just 60 miles from Cairo. On the Syrian front, Israel drove Syrian forces back from the Golan Heights and captured

27. Ibid, p.19.

additional Syrian territory.²⁸ The war lasted about three weeks and it required both the US and the Soviet Union to intervene to resupply military equipments to their client states.

From 14 to 25 October, the US airlifted approximately 11,000 tons of equipment to Israel, which included 40 F-4 Phantoms, 36 A-4 Skyhawks, 12 C-130 transports, and 20 tanks. From 26 October until 15 November, another 11,000 tons were delivered by the US. Moreover, on 19 October, the US Congress passed emergency legislation which provided Israel \$2.2 billion to pay for the new weapons. Within days after the US airlift and the \$2.2 billion in aid grant by the Congress, OPEC led by Saudi Arabia imposed an oil embargo on the US.²⁹

The Oil embargo as well as the detente with the Soviet Union forced the US to cooperate with the Soviet Union to call for a ceasefire. On 20 October, Secretary of State Henry Kissinger (it was Kissinger himself made the policy decisions during the war, since President Nixon was deeply preoccupied with the Watergate scandal) departed secretly to Moscow at the invitation of the Soviet Union to work out for a ceasefire. On Kissinger's arrival, the Soviets dropped all their previous demands regarding a ceasefire and agreed

28. Gilboa, n.14, p.50.

29. Rubenberg, n.1, pp.163-6.

to go along with the US-Israeli position: (1) a ceasefire in place, (2) no Israeli withdrawal to any previous lines, including no call for an implementation of Resolution 242, and (3) immediate negotiations between the parties concerned under appropriate auspices, i.e., the ceasefire would lead to direct negotiations. In addition, both sides agreed that they would serve as co-chairman of an eventual peace conference and that prisoners should be immediately exchanged by the parties after the cease-fire. The text of that US-Soviet agreement became UNSC Resolution 338 on 22 October, and it came into effect within 12 hours.³⁰

However, the Israelis mounted a major offensive, despite the ceasefire went into effect. During that time thousands of Israeli troops and hundreds of tanks poured across the Suez Canal, cut the main roads from Cairo to Suez, and tightened a huge ring around the Egyptian Third Army, which was trapped on the east side of the canal. During that massive illegal offensive, the Israelis deliberately lied to Washington that the Egyptians had mounted a major attack and that Israel was merely defending itself. However, a second ceasefire call, Resolution 339, was passed in the Security Council on 24 October. It reaffirmed the ceasefire of 22 October and urged the parties

30. Ibid, p.168. to

return to the original ceasefire lines. Egypt accepted Resolution 339, although it still left its Third Army surrounded. Nevertheless, within hours after the new ceasefire gone into effect, the Israelis again resumed their assault on the Third Army which forced Egypt to plead in the Security Council for a joint US-Soviet military intervention in order to stop the Israeli offensive and to supervise a ceasefire. That request triggered a near-confrontation between the US and the Soviet Union, since the US rejected Egypt's call. Then the Soviet Union threatened the US with the unilateral intervention on behalf of Egypt. The US responded with a military alert of ground, sea, and airforces, including both conventional and nuclear units and a diplomatic note from Nixon asking the Soviets to cooperate in a UN peace-keeping initiative. Egypt provided the way out of the crisis by changing its request in the Security Council from a US-Soviet contingent to an international force. The Soviets agreed to accept such a force, to be composed of non-permanent members of the Security Council, and the crisis was defused. On 25 October, the Security Council passed Resolution 340, establishing a UN peacekeeping force, excluding the great powers. But new arrangement could last only if the Israelis spared the Third Army which the Israelis continued their attack on them. However, the US forced Israel to stop the fighting. On 28

October Israeli and Egyptian military representatives met for direct talks at Kilometer 101 on the Cairo-Suez road, under the auspices of UN observers which marked the end of the Yom kippur War.³¹

The first postwar accord between Israel and Egypt was signed on 11 November 1973 at Kilometer 101 on the Cairo-Suez road. It relieved the acute military tensions and stabilized the ceasefire between them. It was actually the work of Secretary of State Kissinger's personal diplomacy between 5 and 11 November led directly to the signing of the agreement.³² Kissinger also played a vital role in the managing of a 1975 pact between Israel and Egypt providing for Israeli withdrawal from Sinai and stationing of a few hundred Americans to monitor Israeli and Egyptian troop movements. While Kissinger was engaged in shuttle diplomacy early 1975, he became disturbed by Israel's hardline bargaining position. President Gerald Ford and Kissinger announced a "reassessment" of their West Asia policy - and suspended consideration of Israel's request for \$2.5 billion in aid.³³ Ultimately Israel agreed to sign the pact. On 1 September 1975, Israel and Egypt signed an agreement that provided for an Israeli withdrawal from

31. Ibid, pp.170-3.

32. Ibid, p.177.

33. Ray, n.4, p.20.

strategic passes in Sinai and the oil fields of Abu-Rudeis in return for a number of Egyptian political concessions and the US political and economic commitments.³⁴ Like the 1956 war, the 1973 war also served to increase the role of the US as primary arbiter of the Arab-Israeli conflict.

The Camp David Agreement: 1979

The interim agreement of September 1975 contributed to an atmosphere of optimism and stability in the Arab-Israeli affairs. Within the US, 1976 presidential campaign went into gear, producing a new president, Jimmy Carter, a new administration, a new perception of the Arab-Israeli conflict, and new plans to resolve it.³⁵ Carter attempted to modify the piecemeal approach to peace in West Asia and hoped to arrange a "comprehensive" settlement. As a step in that direction he reviewed the recommendation of the Geneva Conference (which had earlier met in December 1973) which provided for active participation of the Soviet Union with the US in the peace process with a prospects of a lasting peace between the Israelis and all the Arabs. But President Sadat of Egypt, motivated in part by a desire to subvert the Geneva Conference and the comprehensive approach to the Arab-Israeli conflict made a dramatic visit to

34. Gilboa, n.14, p.52.

35. Ibid.

Jerusalem in November 1977.³⁶ The Carter administration was taken by surprise by Sadat's bold move, which ran counter to Carter's own grand design for a comprehensive settlement of the Arab-Israeli conflict through the mechanism of the Geneva Conference. Significantly, Sadat's decision to go to Jerusalem came about in large part because he opposed Carter's strategy of courting both the Soviet Union and radical elements such as the PLO and Syria.³⁷

Carter's approach to the Egyptian-Israeli problems was further complicated by a dramatic change in Israeli electoral politics that had occurred in 1977. From 1948 onwards, Israeli domestic politics had been dominated by a coalition gathered around the Labour (Mapai) party. David Ben Gurion was the predominant figure in 1950s, succeeded by three prime ministers from the Labour party from the early 1960s until 1977; Levi Eshkol served from 1963 to 1967, Golda Meir from 1969 to 1974, and Yitzhak Rabin from 1974 to 1977.³⁸ In May 1977, the Labour party lost to Menachem Begin and his opposition Likud (union) party. Begin known for his staunch nationalistic outlook was described both by his Israeli political opponents and by most of the American and Western media as a politician who at best was likely to

36. Ray, n.4, p.35.

37. Gilboa, n.14, p.53.

38. Ray, n.4, p.36.

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block any further steps towards peace, and at worst to cause another major war.³⁹

Those description proved accurate, when Israel invaded Lebanon in March 1978, while President Carter was gearing up to tackle the Egyptian-Israeli conflict. Although the attack had apparently been planned for some time, it was provoked by a PLO terrorist attack on 11 March. The PLO terrorists had departed from Lebanon, landed on the Mediterranean coast of Israel, captured a bus filled with Israelis, and engaged in a shooting spree during which 35 Israelis killed and 82 wounded. On 14 March Israel responded with a large-scale operation in southern Lebanon (Operation Litani) driving out PLO forces and destroying its bases in the entire area of south of the Litani river. On 11 April, the Israeli Defence Forces withdrew from southern Lebanon, following the formation of a UN force to prevent any use of southern Lebanon as a PLO terrorist base against Israel.⁴⁰

Besides, the Likud party under Begin was committed to concept of "Eretz Israel" (Greater Israel): the belief that the territories acquired in the 1967 war were "rightly" Israel's and should be incorporated into the Jewish state. However, while Begin was committed to Jewish sovereignty in

39. Gilboa, n.14, p.53.

40. Ibid, pp.57-58.

all of what he considered ancient Palestine, he was not committed on ideological grounds to retain Sinai.⁴¹ It was under the Begin government Jewish settlement in the West Bank was greatly accelerated which President Carter denounced as "illegal" and "an obstacle to peace". However, the Carter administration did not cut crucial military assistance to Israel while openly and sometimes severely criticizing Israel for its policies in the occupied territories.⁴²

Meanwhile, negotiations between Israel and Egypt continued under the auspices of President Carter. Carter used all his influence to achieve a breakthrough in their talks. He invited Begin and Sadat to a summit conference at the presidential resort of Camp David to break the deadlock and device a formula for the agreement.⁴³ The Camp David summit yielded two important frameworks which was signed by Begin and Sadat under the auspices of President Carter: The first was a 'framework of peace in West Asia' and the second was a 'framework for the conclusion of a peace treaty between Israel and Egypt'. The first agreement provided for a five year transitional period during which the inhabitants of the West Bank and Gaza Strip would obtain full autonomy

41. Rubenberg, n.1, p.198.

42. Seth P.Tillman, The United States in the Middle East: Interests and Obstacles (Bloomington, 1982), p.24.

43. Gilboa, n.14, p.60.

and self government, and the second agreement provided for the signing of a peace treaty between Israel and Egypt, which was finally signed on 27 March 1979. The treaty provided for a phased withdrawal from Sinai which was successfully completed on 25 April 1982. Diplomatic relations between Israel and Egypt were opened on 26 January 1980. Proposals of Palestinian autonomy provided for negotiations to be completed by 26 May 1980.⁴⁴ But that date passed with no agreement in sight, and with more Jewish settlements in the occupied territories.

After the conclusion of the Camp David Agreement in 1979, President Carter requested the Congress a special \$4.8 billion package of loans and grants to be shared by Israel and Egypt, in addition to the regular aid programme of nearly \$2 billion for Israel and nearly \$1 billion for Egypt.⁴⁵ Since then the US aid to Israel dramatically increased and currently Israel is the largest recipient of the US foreign aid.

The Lebanon War: 1982

In January 1981, Ronald Reagan assumed the presidency of the US. He entered the White House naming Israel as "a major strategic asset to America". Aid to Israel was not a matter of charity but an investment in the US security.

44. Little, n.2, p.529.

45. Doherty, n.19, p.125.

Reagan at first expressed his belief that Israel's West Bank and Gaza Strip settlements were legal, although he modified this view somewhat during the course of his administration. He was flatly opposed to an independent Palestinian state, and he consistently objected to including the PLO in any peace negotiations, calling them a "terrorist organization". His attitude toward the Camp David process was a lukewarm and while he seemed to favour a Jordanian solution to the Palestinian question; his overall view initially was to reduce and change the high profile US role of Carter administration in the peace process.⁴⁶

However, within a few months, Reagan discovered how wrong were his basic assumption on the Arab-Israeli conflict and its place in the politics of West Asia. As part of building the "strategic consensus" in West Asia, Washington undertook to provide sophisticated new armaments to friendly Arab states. In the first instance, that is, in the spring of 1981, plans were put forward to sell to Saudi Arabia sophisticated advance-warning radar planes - AWACS. With its perception so firmly focussed on the Soviet danger, the US underestimated the extent to which Israel would feel threatened by such arms sales to the Saudis. Although the Reagan administration ultimately won its battle in the

46. Everett Mendelsohn, A Compassionate Peace: A Future for Israel, Palestine and the Middle East (New York, 1989), revd edn., pp.227-8.

Congress, it was strongly opposed by Israel and its US lobby.⁴⁷ The second instance was in April 1981, when the fragile ceasefire agreement between various Lebanese factions collapsed. When Syrian forces attacked Lebanese Christians, Israel - arguing that this attack violated a tacit agreement with Damascus - sent warplanes to defend the Christians. The PLO also joined the warfare, shelling Israeli towns and villages from the Lebanese border. Israel responded to these attacks with air strikes against PLO bases in Lebanon. On a different front, Israel also raided and destroyed the Iraqi nuclear reactor at Osirak (near Baghdad) on 7 June 1991.⁴⁸

In spite of the US adverse opinion on the PLO and the Iraqi nuclear programme, the Reagan administration strongly criticized the Israeli policies in Lebanon and its raid on the Iraqi nuclear reactor. The US reacted by immediately placing under embargo a small shipment of F-16 fighter-bombers destined for Israel while it examined whether Israel had broken the prohibition against use of US-supplied weapons for anything but defensive purposes. Besides, diplomatically, the US moved to an unfamiliar position of supporting in the UN Security Council resolution, in

47. Ibid, p.228.

48. Gilboa, n.14, p.62.

condemning the Israeli raid on the Iraqi nuclear reactor, formulated by Iraq in consultation with Washington.⁴⁹

In June 1981, Begin's Likud Party was re-elected in the Israeli election. In December, the Israeli Knesset voted to annex the Golan Heights, which led to a severe US criticism coupled with action against the Begin government. The US suspended an agreement for strategic cooperation that had been signed by the two countries just a few months earlier.⁵⁰ In 1982, Reagan tried to revise his basic approach towards the Arab-Israeli conflict, which he thought was an obstacle to an anti-Soviet alliance in West Asia. However, with the punctual withdrawal from Sinai on 25 April 1982, Israel's credibility was restored and its image in the US once again enhanced.

On 6 June 1982, Israel once again invaded Lebanon - 'Operation Peace for Galilee'. The immediate cause of the invasion was an attack by Palestinian terrorists on Israeli ambassador in London. Besides, the PLO had been increasing its military power in Lebanon, which threatened Israel's peace and existence. So the war began with Israeli forces crossing the northern Lebanese border to destroy PLO bases and it advanced across Lebanon and surrounded West Beirut, where 6,000 PLO forces were trapped. The aim of Israel was

49. Mahdelsohn, n.46, pp.229-30.

50. Gilboa, n.14, pp.62-63.

to achieve total withdrawal of the PLO and Syrian forces from Lebanon and thereby fabricate the formation of a pro-Israeli Christian government which might even be willing to sign a peace treaty. The US severely criticized the Israeli invasion. On 10 June, President Reagan met Begin in Washington and two reached an agreement concerning a desired settlement in Lebanon.⁵¹ Meanwhile, there was a serious division among the Reagan administration officials over the Israeli invasion and it led to Secretary of State Alexander Haig's resignation by the end of June and he was replaced by George Shultz. By then Israel declared a ceasefire and demanded that the PLO lay down their heavy arms and leave Lebanon.

Under the intensive diplomatic efforts by the US envoy, Philip Habib, there resulted an agreement concerning the evacuation of the entire PLO apparatus and Syrian forces from Beirut on 19 August. One significant provision of this agreement was the establishment of multinational force of French, Italian and US troops to supervise the evacuation of PLO, which was completed by 1 September 1982.⁵² Meanwhile, on the same day, President Reagan proposed a new peace plan known as the Reagan Plan which called for autonomy for the Palestinians living in the West Bank and Gaza Strip under

51. Ibid, pp.64-65.

52. Ibid, p.67.

some form of Jordanian supervision, a freeze on Israeli settlements and the maintenance of status quo in Jerusalem which was formally annexed by Israel in August 1980. But Begin called the Reagan Plan "suicidal" for Israel and a "betrayal of the Camp David agreements". And the Israeli cabinet voted unanimously to reject the plan and to continue a vigorous programme of establishing Jewish settlements on the West Bank in order to consolidate Israel's hold on the area.⁵³

In Lebanon, meanwhile, despite the US protest, Israeli forces moved into West Beirut again on 15 September, taking up positions around Palestinian refugee camps located in the Muslim sectors. On 17 September Christian Phalangists attacked the Palestinian refugee camps of Sabra and Shatila and murdered about 500 persons. This led to a Judicial enquiry by the Israeli Supreme Court and it accused the Israeli political and military leaders for indirectly involved in the massacre. It forced the resignation of Defence Minister Ariel Sharon, the mastermind of the Israeli invasion of Lebanon.⁵⁴

On 17 May 1983, after the intensive diplomatic overtures by Secretary of State George Shultz, a 12 article agreement formulated by him declaring end of hostilities in

53. Rubenberg, n.1, p.309.

54. Little, n.2, p.530.

Lebanon was signed. Syria rejected the agreement and its forces held thus positions in the Bekaa valley, raising the possibility of open war with Israel, which in turn, refused to withdraw while the Syrians remained. On the same day that Israel signed its agreement with Lebanon, it concluded another secret one with the US which recognized Israel's right to retaliate against terrorist attacks in Lebanon, and to delay its withdrawal beyond the three months period provided Syrian and PLO forces continued their presence there.⁵⁵ After the signing of the agreement, the US-Israeli relations warmed appreciably and the US lifted its embargo on the supply of F-16 fighter planes to Israel which was withheld in 1981.⁵⁶

On 2 September 1983, the Likud Party elected Yitzhak Shamir, Minister of Foreign Affairs as its new leader, as Prime Minister Begin resigned on 30 August due to the embarrassing events in Lebanon and due to personal reasons. As soon as Shamir formed a new government on 21 September, he pronounced himself committed to the Israeli presence in Lebanon, to continuation of the West Bank settlement programme and to tackling the country's economic problems.⁵⁷ Significantly, the US-Israeli relations improved in details

55. Ibid.

56. Rubenberg, n.1, p.326.

57. Little, n.2, p.530.

as the two countries signed an agreement for an exchange of intelligence on the Lebanese War. In December, the pro-Israeli lobby in the Congress challenged the Reagan administration over the sale of US arms to Jordan. Bowing to the pressure exerted by the lobby, the Reagan announced on 16 December that it would be "unlikely" to sell any arms to Jordan unless Jordan participated in direct talks with Israel.⁵⁸

By March 1984, the US withdrew its peace-keeping forces entirely from Beirut, after it became target of a terrorist bombing attack on 23 October 1983 in which 264 US Marines were killed. And Israel withdrew from Lebanon in 1985, after having created a new surrogate force - the South Lebanese Army - to police southern Lebanon on its behalf. The disagreement over the future of the West Bank continued to worsen the US-Israeli relations. By March 1985, the number of settlements in the occupied territories established by Israel since 1967 had risen to 129 (114 in the West Bank) and number of settlers to 46,000 (42,500 in the West Bank).⁵⁹

The Government of National Unity: 1984-88

On 23 July 1984, a general election was held in Israel, in which neither the Likud nor the Labour got majority in

58. Rubenberg, n.1, pp.317-18.

59. Little, n.2, p.530.

the Knesset. This led to a National Unity Government of both the Likud and Labour. Under the terms of an agreement the Labour leader Shimon Peres was to hold Premiership for the first two years and one month of the government, while the Likud leader Yitzhak Shamir served as Deputy Prime Minister and Minister of Foreign Affairs which they were to exchange their respective posts for a further period of two years and one month.⁶⁰ And in the US in November 1984, President Reagan was re-elected with a landslide victory.

In January 1985, the US-Israeli relations was strained again over the Israeli settlement of hundreds of Ethiopian Jews in the West Bank. The US had given over \$12.5 million to help cover the settlement costs of Ethiopian Jews, and the US had already stated that it did not want any of those funds to aid in the expansion of the West Bank Jewish settlements, which it viewed as a hindrance to peace in the region. Under the US pressure, Israel decided against settling any Ethiopian Jews in the West Bank.⁶¹ Spending more money on the settlements by the Israeli government also resulted an economic crisis with soaring inflation and widespread unemployment by the end of 1984. In January 1985, the US responded to the economic crisis by passing a \$1.5 billion supplemental aid package, bringing the total

60. Ibid.

61. New York Times, 18 January 1985.

appropriated in 1985 to \$4.1 billion economic aid to Israel, and in January, the US also finalized a free trade agreement with Israel.⁶² A complication happened on 24 November 1985 to the warm US-Israeli relations, when a naval intelligence officer, Jonathan Pollard was arrested by the FBI charged with supplying classified documents to Israel (he was convicted in March 1987). Then in April 1986, a licenced Israeli arms dealer, retired Gen Avraham Baram was indicted in the US for his part in a conspiracy to smuggle \$2.5 billion worth of advanced US weaponry including tanks, missiles and fighter planes to Iran. The indictment listed among the items in the attempted sales, \$800 million worth of arms that had been delivered to Israel as a part of the US military aid programme.⁶³ However, neither affair seemed to have any lasting effect on the US-Israeli ties.

On 17 January 1987, the US invoked a long established practice of vetoing the UN Security Council resolution which deplored Israel. On this day the US vetoed a resolution which deplored Israeli behaviour in southern Lebanon, where the presence of Israeli troops remained a continual source of conflict. On 30 January, the US vetoed a draft resolution condemning Israel's action over Islamic holy

62. Paul Cossali, "The Arab-Israeli Confrontation 1967-91" in The Middle East and North Africa 1992, p.44.

63. Ibid, p.47.

places in Jerusalem, which had won the support of all the Council members, except Thailand.⁶⁴ However, on 22 December 1987, the US abstained from a UN Security Council resolution deploring Israel's violent methods of suppressing Palestinian demonstrations. And on 5 January 1988, they voted in support of a resolution, which urged Israel to comply with the International Red Cross's Fourth Geneva Convention of 1949, concerning treatment of civilians in wartime, and to abandon its plan to deport 9 Palestinian political activists from the occupied territories.⁶⁵

In June 1988, Secretary of State Shultz proposed a West Asia peace plan known as Shultz Plan which drew upon the provisions of the Camp David agreement and the Reagan Plan of 1982, was based on the well known "land for peace" formula laid out in UN Security Council Resolution 242. It called for an international conference and implied that Israel would have to give up some of the Arab territory it occupied. But Israeli Prime Minister Shamir and his Likud supporters adamantly rejected it, but the proposal was accepted by Peres and his Labour supporters. Meanwhile two dramatic events overshadowed the Shultz Plan. The first one was Jordan's King Hussein's decision on 31 July to

64. Ibid.

65. Little, n.2, p.534.

relinquish Jordanian sovereignty over the West Bank in favour of the PLO. The second one was the Palestine National Council (PNC) meeting in Algiers in November, which passed a resolution proclaiming an independent Palestinian state and giving implicit recognition to Israel by accepting UNSC Resolutions 242 and 338.⁶⁶

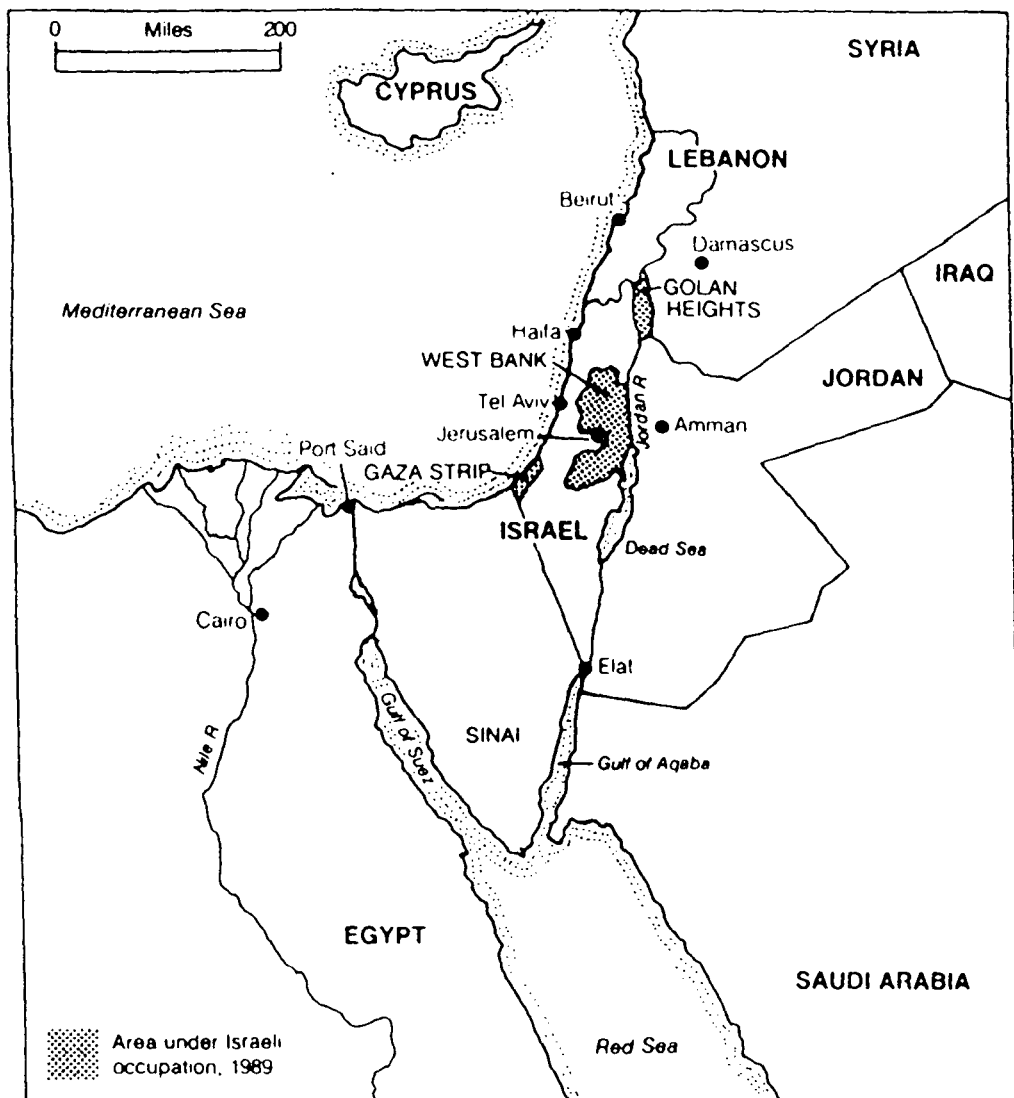
Following the Algiers meeting the PLO leader Yasir Arafat applied for an American visa to attend a UN General Assembly meeting in December. But the US denied the visa on the grounds that the US could not give a visa to the leader of an organization that had conducted terrorists acts against American citizens. The UN voted almost unanimously to move the General Assembly to Geneva to hear Arafat's speech on 13 December (only the US and Israel voted against it). After his UN speech, Arafat declared in a press conference that he is renouncing all kinds of terrorism. Within a matter of hour the US announced that it would enter into long-withheld dialogue with the PLO.⁶⁷ Thus by recognizing the PLO, the US entered into a new era in its relations with Israel.

In November 1988 Israeli general election led to the formation of another 'National Unity' government of the

66. Geoffrey Kemp, "Middle East Opportunities", Foreign Affairs (New York), vol.68, no.1, 1989, pp.140-41.

67. Ibid.

Likud and Labour parties. At the same time in the US, Vice President George Bush was elected as the next President of the US. Bush had come out strongly against a Palestinian state, but he was of the view that the Palestinian problem must be solved and Palestinians must be involved in every step of peace process in the Arab-Israeli conflict. The US softening its position on the Palestinian problem contributed a new dimension in the US-Israeli relations.



Source: Great Decisions 1990 (New York, 1990), p.71.

Chapter II

THE JEWISH SETTLEMENTS: BUSH-SHAMIR DISCORD

On 20 January 1989, George Bush became the president of the US, after his landslide victory in the November 1988 election. President Bush who succeeded Ronald Reagan, was Vice President since 1981. Meanwhile, Yitzhak Shamir became the Prime Minister of Israel again on 22 December 1988. The Israeli election in November 1988 produced neither the Likud (which won 40 out of 120 seats in the Knesset) nor the Labour (with 39 seats) to form a government. So, in December Shimon Peres, the leader of the Labour party agreed to join the 'National Unity' government under the Likud leader Yitzhak Shamir. Under the terms of the agreement Peres became the Deputy Prime Minister and Minister of Finance.

In his first year in office, President Bush shaped his policy towards Israel by pressuring them to negotiate with the PLO. On 22 March 1989, the US opened a dialogue with the PLO after the US recognized the PLO in December 1988. The US accepted the PLO as the only negotiating partner to represent the Palestinians, but rejected the demand of the PLO to arrange an international peace conference for the Arab-Israeli dispute. Meanwhile, the US hinted to Israel

that Israel might eventually have to negotiate with the PLO and increased pressure on Israel to formulate peace plans.

On 6 April, Bush met Shamir in Washington. He gave cautious approval of Shamir's plan for peace in the region. The 'Shamir Plan' was based on the proposals that Defence Minister Yitzhak Rabin had made, which offered 'free and democratic' elections in the occupied West Bank and Gaza Strip in return for ending of 'intifada' (Palestinian uprising since December 1987). The election according to the 'Shamir Plan' would produce a delegation to conduct negotiations with Israel for a permanent settlement of peace in the region. The US also warned Israel that time had arrived for Israel to renounce the idea of maintaining its control over the occupied territories and that Israeli vision of a 'Greater Israel' was unrealistic. The Bush administration seemed slowly and cautiously to be distancing itself from the almost automatic support for Israel, which had characterized President Reagan's presidency.¹

The differences between the US and Israel became more pronounced in March 1990 on two major issues - the status of Jerusalem and the peace process. Following reports of settlements of Soviet Jewish immigrants (who were flooding in Israel by 1990 as a result of liberalization in the

1. Paul Cossali, "The Arab-Israeli Confrontation 1967-91", in The Middle East and North Africa 1992 (London, 1991), p.55.

Soviet immigration policy by President Mikhail Gorbachev) in the occupied territories, Bush at a press conference at Palm springs, California on 3 March 1990 told that there should not be any new Jewish settlements in the West Bank or East Jerusalem. So far no US administrations had recognized explicitly Jerusalem as the capital of Israel. However, the Reagan administration had given hopes on Jerusalem when through the Reagan Plan that Jerusalem must remain undivided, but its final status should be decided through negotiations. Bush's statement, therefore, was a major shift. This stand became more pronounced when the administration was considering Israel's request for a \$400 million loan guarantees for the settlement of Soviet immigrants. Even though, on 22 March, the Senate adopted a nonbinding resolution of Daniel Patrick Moynihan co-sponsored by 84 Senators declaring Jerusalem as the capital of Israel, the administration's position was very damaging to Israel.²

Secondly, the US administration was very much disappointed with the absence of any movement, let alone progress, in the peace process. The 'Shamir Plan' which was declared in April 1989 failed to take off and even after prolonged debates nothing significant materialized. Once

2. P.R.Kumarasamy, "Israel and the US: Conflict and Convergence", in A.K.Pasha, ed., The Gulf in Turmoil: A Global Response (New Delhi, 1992), p.306.

again the question of Jerusalem became a major stumbling block.³ Almost all Israelis consider Jerusalem as their country's united capital, not part of the occupied West Bank. The complaint about East Jerusalem was new, and it prompted Shamir to shun the peace process.

Shunning the peace process led to disunity in the National Unity government and it led to Shimon Peres's Labour party's withdrawal from the National Unity government. Peres believed in trading land (some part of the occupied territories, but not East Jerusalem) for peace, but Likud's Shamir believed that Israel should include the West Bank captured from Jordan in 1967 - heavily populated in Arabs. On 15 March a vote of no confidence was passed against Prime Minister Shamir, the first such vote against an Israeli government to have succeeded.⁴ However, Shamir led transitional caretaker government till the new government formed.

Formation of the Likud Led Right Wing Government by Yitzhak Shamir

With the fall of National Unity government in March, both the Labour and the Likud parties tried to form a government with the help of smaller parties. But both the parties failed to succeed in forming the government till

3. Ibid, p.307.

4. Tom Little, "Israel: History" in The Middle East and North Africa 1992, p.536.

June. On 8 June 1990 after three months of political crisis, Yitzhak Shamir, the leader of the Likud party announced he had succeeded in forming a coalition government. The new coalition composed of predominant Likud and its 40 Knesset seats, with two small far right nationalist parties, Tehiya (3 seats) and Tsomet (2 seats); the National Religious Party (NRP), a right wing orthodox group (5 seats); Shas (5 seats) and Torah Flag (2 seats), both of which were ultra-orthodox parties; two dissident ultra-orthodox MKs (Member of Knesset) who signed on as independents; and Moredechai Gur, a former Army Chief of staff and Labour MK who was lured away by the Likud. The Likud led alliance totalled 60 seats in the 120 seat Knesset. Moledet, another far right splinter party, had agreed to cast its two votes for the coalition to give it a slim majority but would not actually join the government. The new government was approved in the Knesset on 11 June by 62-57 votes with one abstention. Commenting on the new government, the opposition Labour party leader Shimon Peres observed that the new coalition government was "the most radical government" in the Israeli history.⁵

Reacting to the formation of new right-wing government in Israel, President Bush said that Israel's new right-wing

5. Facts on File (New York), vol.50, no.2586, 15 June 1990, p.433.

government was their internal matter, but reiterated the US policy that called for starting peace talks with Palestinians.⁶ However, on 13 June US Secretary of State James Baker during a testimony before the House of Foreign Relations Committee sharply criticized the new Israel government. It was the sharpest public rebuke to an Israeli government by a US administration since 1956 Suez Crisis. First he detailed how Prime Minister Shamir scuttled his own peace plan and brought down the misnamed 'National Unity' government in March 1990 by balking at a compromise formula for talks with Palestinians. Baker complained that Israel's new right-wing government was posing more obstacle to talks. Then he offered the White House phone number: 1-202-456-1414. "When you are serious about peace, call us," he said.⁷ No one in the new Israeli government favoured Secretary of State Baker's plan for starting West Asia peace talks essentially because key members of the Cabinet belonged to far right holding extremely conservative views: Ariel Sharon, the Minister of Housing; Moshe Arens, Minister of Defence; David Levy, Minister of Foreign Affairs; and Yitzhak Modai, Minister of Finance.

The new government, however, committed to the vigorous pursuit of Shamir's peace initiative of April 1989, which it

6. New York Times, 9 June 1990.

7. Newsweek (New York), 25 June 1990.

saw as a step in implementing the Camp David accords of 1979 which called for an autonomous regime for the Arab population of the West Bank and Gaza Strip. While the Camp David accords envisioned the autonomous regime as a transitional phase, Shamir and his new government regarded autonomy as the final solution of the West Bank and Gaza Strip issue. Under pressure from its smaller right-wing allies (one of which was committed to "transfer" of Arabs from the occupied territories), the coalition government agreed for a renewed creation of new Jewish settlements in Judea and Samaria (Israeli terminology for the West Bank). Significantly, creation of new settlements had been slowed down during the period of 'National Unity' government.⁸

But the new government's top priority was then to absorb Soviet Jewish immigrants that had reached an unprecedented level as a result of the liberalization of Soviet policies, renewed anti-semitism in the Soviet Union and the imposition of stricter limits on the number of Soviet refugees accepted by the US. As the problems of housing and other matters of absorption became critical, the Cabinet turned to Housing Minister Sharon to act on an emergency basis, in dealing with the influx. One of Sharon's first steps was to try to remove the issue from

8. Alan Dowty, "Israel: The Deadlock Persists", Current History (Philadelphia), vol.90, no.552, January 1991, p.17.

partisan politics and international complication by announcing that Soviet Jews would not be settled in the occupied territories, thereby implicitly reversing Shamir's earlier linkage of the two issues.⁹

Meanwhile, at a press conference in Huntsville, Alabama; President Bush announced the suspension of the US-PLO dialogue, which was started since March 1989. "On the recommendation of the Secretary of State, I have decided to suspend the dialogue between the United States and the PLO, pending a satisfactory response from the PLO of steps it is taking to resolve problems associated with the recent acts of terrorism, in particular, the May 30 terrorist attack on Israel by the Palestinian Liberation Front, a constituent group of the PLO", President Bush said.¹⁰ The seaborne assault had been foiled by the Israeli forces without any Israeli casualties. Four of the terrorists were killed and 12 were captured by the Israeli forces. Responsibility for the operation were claimed by the Palestine Liberation Front (PLF), a radical faction of the PLO led by Mohammed Abul Abbas. The PLO leader Yasir Arafat had denied official PLO involvement in the attack without specifically condemning

9. Ibid.

10. American Foreign Policy: Current Documents 1990 (Washington, D.C., 1991), p.582.

it.¹¹ That prompted the US to suspend its dialogue with the PLO.

Meanwhile, six weeks after the formation of new government, Prime Minister Shamir said on 22 July that his cabinet was functioning well, exhibiting unanimity and managing to disappoint all its critics and other prophets of doom. He claimed since the formation of the Cabinet, it was more quiet in Judea and Samaria and the Gaza district. Regarding relations with the US, he said that the signs they had been receiving from the US indicated absence of tension in their bilateral ties. The reception given to the Defence Minister at the Pentagon and the invitation extended to the Foreign Minister to visit Washington supported his contention. During the talks between Defence Minister Arens and US Defence Secretary Richard (Dick) Cheney at the Pentagon on 20 July, Cheney gave the US support to continue and develop Israel's anti-missile missile - the 'Arrow' and pledged to invest approximately \$250 million in the second stage of the missile's development. According to Shamir, the disagreement with the US over political issues was not new, but Israel would maintain good relations with it and make sure that the aid continues.¹² However, on 23 July, a

11. Facts on File, vol.50, no.2587, 22 June 1990, p.457.

12. Summary of World Broadcasts: Middle East (Reading, U.K.), 24 July 1990.

statement issued by the Department of State reaffirmed the US opposition to settlement activities, including by Soviet Jewish immigrants.¹³

Iraqi invasion of Kuwait and Its Impact on Israel

On 2 August 1990, Iraq invaded Kuwait. For Israel it was a blessing in disguise. Though Israel denounced the Iraqi invasion and joined the calls for a United Western response against Iraq, Israeli officials were reportedly somewhat relieved by Iraqi invasion. Firstly, because their prior warning especially to the US that the Iraqi leader Saddam Hussein was a regional menace had proven true; and secondly because the Gulf Crisis was widely viewed as having lessened the pressure for the US backed Israeli - Palestinian talks. The US on its part organized broad military coalition of Western and Arab powers opposed to Iraq. This led to improved relations between the US and Israel, because it was vital if a broad coalition of Western and Arab powers were to be maintained, that Israel did not become actively involved in the new conflict region of the Persian Gulf.

On 12 August, Saddam Hussein offered to withdraw his forces from Kuwait to "an immediate and unconditional Israeli pullout from the occupied territories in Palestine,

13. American Foreign Policy: Current Documents 1990, n.10, pp.585-6.

Syria, Lebanon." But the US categorically rejected Hussein's proposals and Israel called them "cheap propaganda".¹⁴ However, the PLO welcomed Saddam Hussein's linkage of Palestinian issue, and Iraq got support for its invasion and annexation of Kuwait from the Palestinians in the occupied territories of Israel and from the PLO.

Meanwhile, a general feeling of panic in Israel over the threat of war was compounded on 19 August, when 2 Jordanian soldiers, apparently acting their own, crossed the border and clashed with an Israeli army patrol. One infiltrator was killed and the other captured. On 22 August, Prime Minister Shamir in a nationally televised address had attempted to calm the public with assurances that Israel would not become involved in the Gulf War. Shamir said that any Israeli involvement could deter Arab states from participation in the US led multinational force opposing Iraq.¹⁵ President Bush had asked the Israeli military to stay out of the conflict. Privately, however, the Israelis signalled to Washington that they would launch air strikes against Iraqi missile sites if Iraq attack Israel. (In April 1990 Iraq had threatened to attack Israel with chemical weapons by Scud missiles). Those missiles

14. Facts on File, vol.50, no.2595, 17 August 1990, p.568.

15. Ibid, vol.50, no.2596, 24 August 1990, p.616.

were located in western Iraq and could be targeted in Israel. The Israelis had also provided Washington with intelligence updates on Iraqi defences - information that could help in any US air attack against Iraq. These informations were provided by the Israeli satellite that was monitoring the Iraqi missiles closely.¹⁶

Meanwhile, Soviet Jews continued to emigrate to Israel. A total of 17,494 Soviet Jews had come to Israel in August which was a 14 per cent increase over the number in July. Almost 83,000 Soviet Jews had arrived so far in 1990, along with 10,000 immigrants from other countries. Newly arrived Soviet Jews cited dangers of anti-semitism in the Soviet Union which outweighed their fears of an Iraqi attack on Israel with chemical weapons.¹⁷ The Soviet Union had come under pressure from its Arab allies to curb the immigration of Jews. The Arab countries feared that Israel would ultimately use the Soviet immigrants to displace the Palestinians from the occupied territories. The US also had expressed concern over the issue.

On 31 August, the US administration announced that President Bush was seeking to forgive Egypt's \$7 billion military debt to the US as a reward for its opposition to

16. Theodore Stanger, "The Israelis: A Not Very Hidden Agenda", Newsweek, 10 September 1990, p.20.

17. New York Times, 3 September 1990.

Iraq and supporting American military moves in the Gulf. Israeli officials immediately declared that they would insist that the US forgive Israel's \$4.5 billion in debts, if Egyptian debt write off was approved by the Congress.¹⁸ During Israeli Foreign Minister David Levy's talks with Secretary of State Baker in Washington in early September this issue was one of the top matter on the agenda. When Levy requested similar generosity towards "America's finest ally in the Middle East," the US promised only consideration. And the most immediate Israeli demand was \$400 million in officially underwritten US bank loans needed to house new Soviet immigrants - the long awaited agreement proved elusive. The US held out for a firm guarantees that money would not be used to create further Israeli settlements in the occupied territories. But Levy, only recently one of the trio of Likud hardliners who had attacked Shamir for giving into the US pressure was in no hurry to offer assurances which could be construed as conceding. That the settlements constituted "an obstacle to peace", as they had long contended. The issue was befogged when the US applied the puzzling term "confidence building" to talks on guarantees. Levy, however, claimed to have achieved agreement with the US on "the substance of the

18. Ibid, 2 September 1990.

formula" for Israeli guarantees.¹⁹

In mid September, the US decided to sell more than \$2 billion in advanced weapons to Saudi Arabia which had been opposing Iraq. This led to strong Israeli protest. When Defence Minister Moshe Arens visited the US on 17 September, he requested \$1 billion new military aid and expedited sales of advanced tanks, aircraft and radar from the US. Israel had complained to the US that Israel was losing its edge over its Arab neighbours in quality of its arsenal. On 18 September Defence Secretary Dick Cheney told Defence Minister Arens that the US would consider sympathetically the request for \$1 billion more in military aid if Israel did not try to block proposed \$2 billion in arms sale to Saudi Arabia.²⁰

Meanwhile, the UN Security Council imposed economic sanctions against Iraq in order to force her to withdraw from Kuwait. But it did not have any effect. On 23 September, Saddam Hussein issued a bellicose statement in the name of his ruling Revolutionary Command Council against the Security Council and threatened to launch pre-emptive attacks against Israel, Saudi Arabia and other Gulf Arab states who had been opposing Iraq. Israeli Prime Minister

19. Peretz Kidron, "Jarring Undertones", Middle East International (London), no.383, 14 September 1990, p.6.

20. New York Times, 19 September 1990.

on 24 September reacted strongly by warning that his country was ready to "repay" Iraq for an attack. And on 27 September, the Bush administration promised the Shamir government that the US would "standby its commitment to Israel's security" if it was attacked by Iraq.²¹

On 1 October, during the opening session of the UN General Assembly, President Bush addressed and told the gathering that he hoped for a diplomatic solution to the Iraqi invasion of Kuwait. And he sparked a controversy by suggesting that an Iraqi pullout from Kuwait, could lead to negotiations on Arab-Israeli issues, such as conflict in Lebanon and Palestinian demands for a homeland in the West Bank and Gaza Strip. However, at a news conference later on 1 October, Bush denied that his statement represented a change in the US policy, and he rejected any formal linkage of an Iraqi withdrawal from Kuwait to Arab-Israeli issues.²²

The Temple Mount Killings and the US Reaction

As international attention was firmly fixed on the Gulf crisis, in the old city of Jerusalem (East Jerusalem) at least 19 Palestinians were shot dead and more than 100 wounded by the Israeli security forces. (According to the Police 19 Palestinians were killed, but hospital sources

21. Facts on File, vol.50, no.2601, 28 September 1990, p.719.

22. Ibid, vol.50, no.2602, 5 October 1990, p.737.

spoke of 21 deaths. Towards the end of October Palestinian human rights groups revised the casualty figures to 17 dead and well over 100 injured) on 8 October. The incident took place when thousands of Arabs hurled rocks and stones down on Jews praying at the Western Wall just near to Al Aksa Mosque. At least 11 Jews were hurt by stone thrown at worshippers and tourists celebrating 'Succoth' (a Jewish festival) at the Wall. Palestinians said that rioting was by reports that Jewish radicals wanted to lay cornerstone for new Jewish Temple at mosque site - the Temple Mount (35 acre plateau passionately claimed by Jews and Muslims, was where King Solomon built first temple in 10th century B.C., and where in 7th and 8th centuries A.D., Muslim rulers built the Dome of Rock and Al Aksa Mosque). But the Police said rocks and bottles were stored in compound for premeditated attack on holiday when Arabs knew many worshippers would be at the Wall.²³

In an initial response to the incident on 8 October, US Secretary of State Baker said, "Israel needs to be better prepared and able to exercise restraint in handling disturbance of this nature." Meanwhile Saddam Hussein threatened Israel to retaliate for the death of 17 Palestinians.²⁴ On 9 October, President Bush echoed Baker's

23. New York Times, 9 October 1990.

24. Ibid.

remark at a White House news conference. Moreover, he rejected the attempt by Saddam Hussein to tie a solution to the crisis over the Iraqi invasion of Kuwait to an end to the Israeli occupation of Arab lands saying that "there is no relationship there... I don't think if he tries now to use this unfortunate incident to link the two questions, I don't think that will be successful. Having said that, I hope nobody questions our intentions in seeing a solution to the Palestinian question, to the implementation of the Security Council resolutions and say we deplore it, and it must not happen and regret it - the loss of life for everybody."²⁵

Later on 9 October, the US asked the UN Security Council to approve a US drafted resolution condemning Israel for the Temple Mount Killings. It was an extremely rare US move against its ally which was prompted by Washington's concern that it should not lose the support of Arab nations in the US led international consensus against Iraq. On 10 October leaders of American Jewish groups strongly criticized the US move to criticize Israel at the UN as "harsh and hypocritical". They accused the Bush administration of "caving into the political needs of our new found Arab allies, including practitioners of

25. Quoted in American Foreign Policy: Current Documents 1990, n.10, pp.588-9.

international terrorism and human rights violators such as Syria."²⁶ Syria was also a part of the US led multinational force against Iraq.

On 12 October, the UN Security Council adopted the US backed resolution (No.672) against Israel. It called on UN Secretary General Perez De Cuellar to dispatch a delegation to the region that would later report back to the Council. Responding to the Council vote, Prime Minister Shamir on 13 October expressed "anger and dismay" over the Security Council vote. Moreover, Shamir pointed out that the UN envoys could enter Israel but would not get any cooperation from the Israeli government, as the mission constitute a challenge to Israeli sovereignty over Jerusalem.²⁷ The US took the initiative for drafting and passage of the resolution because it wanted to avoid a veto a harsher anti-Israel measure by other countries in the Council. A US veto might threaten the US-Arab coalition against Iraq.

On 15 October, a statement was issued by the State Department on behalf of Secretary of State Baker in regard to the US support of the UNSC Resolution 672. It said, "while recognizing that Israel would have preferred no resolution, the United States voted for the Security Council resolution because we felt Israel should have been prepared

26. Facts on File, vol.50, no.2603, 12 October 1990, p.754.

27. Ibid, vol.50, no.2604, 19 October 1990, pp.769-70.

to deal with violence and riot without there being 21 dead and 150 wounded."²⁸

Despite the US censured Israel at the Security Council, the US defence relations with Israel was unshakable. During a press conference on 18 October, Secretary of State Baker declared that the US had decided to send Israel on a grant basis two Patriot Air Defence units which cost about \$114 million in value as well as 15 F-15 aircrafts and 10 CH-53 helicopters. In addition Baker revealed that the US had decided to deliver \$100 million of munitions to be placed in a stockpile in Israel. Baker further said that the US commitment to the security of Israel was unshakable, as its commitment to Israel's qualitative edge as far as security was concerned. This assistance was in addition to \$1.8 billion military aid per year, and it was agreed during Foreign Minister Levy's talks with Baker on 30 September and Defence Minister Arens Consultations with Defence Secretary Cheney on 4 October.²⁹ Besides, on 22 October, the US Senate on its part voted 97 to 1 to provide Israel about \$700 million worth of used weapons that was being withdrawn from Europe. It was sponsored by Daniel K. Inouye, Democrat from Hawai and

28. Quoted in American Foreign Policy: Current Documents 1990, n.10, p.589.

29. Ibid, pp.604-5.

Robert W. Kasten, Republican from Wisconsin. They said in the Senate that Israel deserved the aid because "it is the best ally we have".³⁰

However, on 24 October the US joined once again in a unanimous 15-0 UN Security Council vote to approve a resolution deploring Israel's refusal to accept the UN fact finding mission. It was the second time in less than two weeks that the Bush administration had joined a UN Security Council condemnation of Israel, which the US has done only twice before in previous decades (first one was after the Israeli bombing of Iraqi nuclear reactor in 1981 and second one was during the Israeli invasion of Lebanon in 1982). On 19 October, Secretary General Perez De Cuellar had told the Council that he would not send a delegation unless he was assured of Israeli cooperation. The vote was delayed for a day on 23 October at the request of the US while President Bush sent a last minute appeal to Prime Minister Shamir to accept the UN mission. But Shamir rejected the plea and the US went ahead and supported the UN resolution.³¹ Once again the primary motivation of the US in its unusual strong criticism of Israel was its desire to maintain, the multinational alliance against Iraq's invasion of Kuwait. The Bush administration argued further that by refusing to

30. New York Times, 23 October 1990.

31. Facts on File, vol.50, no.2606, 2 November 1990, p.808.

accept the UN mission, Israel was keeping the spotlight on the Palestinian issue and inadvertently ensuring that it stayed linked to the Gulf Crisis - a linkage that both the US and Israel had publicly rejected.³²

However, the Government of Israel on 12 November offered to accept a single emissary from the UN Secretary General's office to study Arab-Israeli tensions, if the Security Council halted the debate on the Palestinian situation. The new proposal was made at the behest of the US government and American Jewish leaders, but it only slightly moderated Israel's position. Israeli officials said that the UN envoy Jean-Claude Aime could come, but "not on the basis of a Security Council resolution which we reject."³³ The shift in the Israeli stand was motivated by concern that the US might endorse a proposed conference in Geneva to discuss the Israeli-Palestinian issue. Meanwhile, on 16 November Prime Minister Shamir significantly strengthened his government's hold on power by signing belated coalition agreement with one small religious party - Agudat Yisrael that had refused to join the government when it was formed in June 1990. Agudat Yisrael (2 seats) support to the government gave Shamir and his Likud Party

32. Ibid.

33. Ibid, vol.50, no.2614, 31 December 1990, p.960.

more comfortable majority (64 out of 120 seats) in the Knesset.³⁴

As the Gulf Crisis was coming to the climax, on 1 December the Iraqi Revolutionary Command Council on behalf of Saddam Hussein declared that it would continue to link any solution to the Gulf Crisis to the Israeli occupation of Palestinian territory. But the US once again rejected that linkage. In an interview with Cable News Network (CNN) on 1 December, Vice President Dan Quayle said, "Palestine is not an issue on the table. There is no linkage."³⁵

Violence in the Occupied Territories and the US Reaction

On 14 December three Israelis were stabbed to death by two unidentified Arabs in an aluminum factory in the Israeli town of Jaffa. The incident was one of a spate of violent attacks by Arabs against Jews in the wake of the Temple Mount Killings of 8 October. Since then eight Israelis had been killed and 16 others had been wounded in knife attacks by Arabs. In the aftermath of the stabbing incident, widespread anti-Arab rioting broke out in Jaffa and the neighbouring town of Holon. Young Israeli Jews chanting "Death to Arabs!" marched through streets attacking Palestinian and stoning cars. Attacks continued in Jaffa on

34. New York Times, 17 November 1990.

35. Quoted in Facts on File, vol.50, no.2611, 7 December 1990, p.901.

15 December and also spread to Jerusalem. The same day, Israeli Police virtually closed off the occupied Gaza Strip from Israel in an effort to locate the suspected men. According to varied sources, Police also arrested between 600 and 1000 Palestinians allegedly linked to 'Hamas' an Islamic fundamentalist movement within the PLO, who claimed responsibility for the stabbing of three Israelis. Besides, the Israeli government on 15 December responded to the killings by announcing that it would deport four residents of the Gaza Strip who were members of 'Hamas'.³⁶

On 16 December, the US condemned the decision to resume deportations (that had been abandoned in 1989 by Defence Minister Yitzhak Rabin), citing prohibitions against such treatment in the Geneva Convention. On 27 December, the Israeli Supreme Court barred the deportations until it had completed deliberations on their legality.³⁷

Meanwhile, during 10-12 December Prime Minister Shamir visited the US, and met President Bush at the White House on 11 December. President Bush reassured to Shamir that the US would not resolve the Persian Gulf crisis at Israel's expense. The talks described as "friendly" were the centerpiece of the three day US visit by Shamir. The US-

36. Facts on File, vol.50, no.2614, 31 December 1990, p.960.

37. Ibid.

Israeli officials gave the impression that the leaders had avoided discussing the US-Israeli tensions, conferring instead on issues on which the two countries agreed. Following the meeting, Shamir said that the US would not link an Iraqi withdrawal from Kuwait with resolution of the Palestinian question. He also said that he appealed to Bush for an aid for the Israeli settlement of Soviet Jewish immigrants. Unconfirmed reports claimed that Bush had won a pledge from Shamir that Israel would not launch a pre-emptive attack on Iraq. The warm meeting between Bush and Shamir was a gesture to reaffirm the long standing US-Israeli alliance in the light of the Gulf Crisis.³⁸

But on 20 December the US joined again in a unanimous UN Security Council decision for adopting Resolution 681 - that referred to the occupied West Bank and Gaza Strip as "Palestinian territories" and condemned Israel for its treatment of Arab civilians there. The vote was followed weeks of negotiations during which the US had fought to tone down a draft proposed by non-aligned nations at the request of the PLO. The US was anxious to avoid vetoing the resolution, fearing that such a move could damage its anti-Iraq coalition with Arab states. In final form, the resolution called upon the UN Secretary General to monitor the safety of Palestinians in the West Bank and Gaza Strip

38. New York Times,

13 December 1990. and condemned Israel's plan to resume the deportation of Arabs from those territories. Left out of the resolution, at the insistence of the US, was a call for an international peace conference on West Asia (Israel had long opposed such a meeting, while the US had supported such a conference only following an Iraqi withdrawal from Kuwait and under certain condition). While a call for a peace conference did accompany the resolution it took the form of a nonbinding statement by Yemen, the Security Council President in December 1990.³⁹

The US position on the UNSC Resolution 681 was clarified by Thomas Pickering, US Permanent Representative to the UN. He said that the US vote did not indicate a change in US policy on any issue related to the Arab-Israeli conflict: first the US made clear that it has not changed its position on an international conference on the Arab-Israeli dispute. Second US has consistently maintained that the Fourth Geneva Convention applies to all of the territories occupied by Israel since 1967. The US has supported the position there at the UN, and urged the Government of Israel - in fulfillment of its obligation as a high contracting party, and in accordance with its responsibilities under Article I of the convention - to

39. Facts on File, n.33, pp.959-60.

ensure respect for the convention and to accept its de jure application and its provisions. Finally, the US position on deportations has not changed. The US deplored the Government of Israel's decision to resume deportations and urged them to immediately and permanently cease deportations.⁴⁰ The US believed that such deportations are a violation of the Fourth Geneva Convention as it pertained to the treatment of inhabitants of the occupied territories. But the US also condemned the increasing attacks on Israelis and the deaths which have resulted, just as it condemned attacks on Palestinians.

Israeli officials denounced the resolution which was the third US backed Security Council condemnation of Israel in three months. Prime Minister Shamir dismissed the vote as one of a "sting of negative decisions which rest peacefully in archives of the UN without anyone paying attention to them." American Jewish groups also condemned the US for supporting the measure. But the Israeli government was evidently relieved that the US had intervened to remove mention of an international peace conference. While attacking the resolution as "an anti-Israel proposal", Foreign Minister Levy on 21 December said on an army radio broadcast that it was "important to see what the US did in

40. American Foreign Policy: Current Documents 1990, n.10, pp.591-2.

order to neutralize many harsh, anti-Israel formulas from the resolution".⁴¹ However, the Israeli government deported four Palestinians on 8 January 1991, when the appeals against deportations in the Supreme Court was withdrawn on 7 January.⁴²

Meanwhile, on 24 December 1990 Housing Minister Ariel Sharon announced plans to put up 2,500 new houses, including 1,300 mobile homes for Jewish settlers in the occupied West Bank and Gaza Strip. The plan was the latest action in a dispute over whether Soviet Jewish immigrants would be settled in the occupied territories. Because Israel's supply of housing had been exhausted by the flood of Soviet immigrants, new arrivals being the prime candidates had to live in the proposed mobile homes. Sharon said that the government was not prohibiting Soviets from settling in the occupied territories and some were doing so.⁴³ Meanwhile in the occupied territories violent confrontation continued between Israeli soldiers and Palestinian protesters. On 4 January 1991, the US once again joined in a unanimous Security Council resolution condemning Israel's treatment of Palestinians in the occupied territories. It was the fourth UN condemnation of Israel supported by the US since October

41. Facts on File, n.33, p.960.

42. New York Times, 9 January 1991.

43. Facts on File, n.33, p.989.

1990. And on 5 January, the State Department offered further criticism of Israel, expressing 'concern' over an increase in "use of lethal force and live fire in dealing with demonstrations by Palestinians."⁴⁴

As we had seen, the the US had supported four UN Security Council resolutions since October 1990. Usually noted for vetoing any anti-Israel resolution in the Council, the US primarily voted for the resolutions because it did not desire to annoy her Arab allies in the US led multinational alliance that had arrayed against Iraq. On 29 November 1990, the Security Council had asked Iraq to withdraw from Kuwait by 15 January 1991. It also authorized the US led multinational alliance to take military action against Iraq, if she did not withdraw from Kuwait by that date. The US main concern was not to involve Israel in the Gulf War that had to begin, after that deadline. Iraq had threaten to attack Israel, if the US began war against Iraq. Any Israeli involvement in the Gulf War had the danger of some Arab countries who were in the multinational alliance to soften their stand on Iraq. How the US restrained Israel from involving in the Gulf War has been discussed in the next chapter.

44. Ibid, vol.51, no.2617, 17 January 1991, p.34.

Chapter III

US-ISRAELI STRATEGIC UNDERSTANDING DURING THE GULF WAR

As the UN Security Council ultimatum for Iraqi withdrawal from Kuwait drew near close and war with Iraq was imminent, the US main strategic concern was not to involve Israel militarily in the incoming war in the Persian Gulf. The US did all their diplomatic efforts in order to discourage Israel from involving in the Gulf War. The strategy of Iraq was to attack Israel when the US led multinational force start the war against Iraq. Iraq had calculated that some elements in the multinational force may break apart and may side with Iraq, when Israel retaliates against Iraq.

On 10 January 1991, President George Bush once again asked Prime Minister Yitzhak Shamir to keep Israel out of the Gulf conflict with Iraq. The Bush administration also sent Deputy Secretary of State Lawrence Eagleburger to confer with Israeli leaders and asked them not to launch a pre-emptive strike against Iraq. Eagleburger's mission was in the wake of statements made by Iraqi Foreign Minister Tariq Aziz on 9 January which he said if war broke out Iraq would strike Israel.¹ Eagleburger met Prime Minister Shamir

1. Facts on File (New York), vol.51, no.2616, 10 January 1991, p.11.

and Defence Minister Moshe Arens in Jerusalem during 12-13 January to encourage them not to respond to an Iraqi attack. The US feared that direct Israeli involvement in the war would threaten the continued cooperation of Arab partners in the multinational alliance, including Egypt and Syria (Egypt, however, later conceded that Israel has a right to defend itself). But Defence Minister Arens on 13 January said after the meeting, "If Israel is attacked, it will respond".²

Meanwhile, Israeli Defence Ministry had alerted the citizens that conflict in the Persian Gulf appeared imminent and warned that they should prepare for an Iraqi attack. The civil defence officials had distributed gas masks to the citizens and educated them through the T.V. - the "survival" shows about sealing windows and storing food in the event of a chemical attack.³ The Israeli military called up more reservists and the armed forces were put on full alert. "Our pilots are in their cockpits", declared Air Force Commander Avihu Bin-Nun on state-owned TV as he stood in front of a fully armed F-15 equipped with external fuel tanks for the more than 800-km trip to Baghdad.⁴

2. Ibid, vol.51, no.2617, 17 January 1991, pp.28-29.

3. Newsweek (New York), 21 January 1991.

4. Jon D.Hull, "Israel in the Target Zone", Time (New York), 21 January 1991, p.26.

Iraqi Missile Attacks on Israel

On 15 January, the deadline for Iraq to withdraw from Kuwait passed with the Iraqi army still in place. On 16-17 January the US and its allied forces opened the war to drive Iraq from Kuwait by striking in Baghdad and other targets in Iraq with waves of bombers and sea-launched cruise missiles. In response to the US led attack on Iraq, Israel declared a state of emergency and advised its citizens to prepare for a chemical attack.⁵ On 18 January Iraq responded to the allied attack by Scud missiles attack on Israel and Saudi Arabia. Iraq hit Israel with seven of its Scud missiles which came around 2.00 A.M., Israeli time. Two missiles hit Tel-Aviv, one exploded in or near port city of Haifa and four more fell in open fields. Despite heavy damage in some areas only 12 people were injured. However, no chemical weapons had been fired on Israel, even though in April 1990 Saddam Hussein had threatened to "burn half" of Israel with chemical weapons, and attacks on Israel had been frequently threatened by the Iraqi leadership.⁶ The attack on Israel was Saddam Hussein's strategy to break apart the Arab partners especially Syria in the multinational alliance that had arrayed against Iraq. However, Hussein's strategy was

5. New York Times, 17 January 1991.

6. Ibid, 18 January 1991.

contingent on the Israeli retaliation against the Iraqi attack. But Israel did not immediately retaliate against Iraq.

On 19 January Iraq launched its second missile attack on Israel. As in the previous day, the missiles carried only conventional warheads. Two missiles landed in Tel Aviv which slightly wounded a few people.⁷ The second missile attack on Israel further complicated military strategists in the US. Israel usually noted for swift and massive retaliation for any attack, however, adopted an uncharacteristic posture of restraint. The Bush administration had strongly urged Israel against retaliation for the attacks.

During the news conference on 18 January, President Bush had praised Israel for showing "great restraint" and had pledged "the darnedest search and destroy mission that's ever undertaken" to eliminate Iraq's Scud missiles.⁸ And during 18-17 January, President Bush called Prime Minister Shamir twice to express his appreciation for Israel's restraint in responding to the Iraqi Scud missile attacks. He told Shamir, "I understand the anguish of your people and your government. We will use every resource possible to

7. Ibid, 19 January 1991.

8. Facts on File, vol.51, no.2618, 24 January 1991, p.43.

suppress and destroy the mobile Scuds."⁹ Since the first Iraqi attack on Israel, the US had been concentrating a considerable portion of their bombing campaign to western Iraq, for a thorough search and destroy campaign against Scud missile sites - fixed and mobile.

The US gestures apparently bolstered the view expressed by one unidentified Israeli official who said on 18 January, "we are not going to play into the hands of Saddam Hussein, who wants to drag us into the conflict and bring about a clash between us and Jordan and Syria and create problems for the US".¹⁰ Israel had to cross over either Jordan or Syria to take a military retaliation against Iraq. But that might invite hostile actions from Jordan or Syria, which would turn into an Arab-Israeli war, what Saddam Hussein wants. However, Israeli jets could have retaliated against Iraq by crossing over Saudi Arabia as they did in 1981 when they destroyed Iraq's Osirak nuclear reactor. Saudi Arabia would be less likely break apart from the anti-Iraq alliance.¹¹

The US also took more practical steps. On 19 January two Patriot anti-missile batteries were dispatched by air to

9. Quoted in US Department of State Dispatch (Washington D.C.), vol.2, no.4, 28 January 1991, p.54.

10. Facts on File, n.8, p.43.

11. Newsweek, 28 January 1991.

Israel to bolster the batteries already supplied before the war had begun. The earlier deliveries had proved ineffective because the Israeli Defence Forces (IDF) was unable to operate them successfully, so the new deliveries were accompanied by US personnel both to operate them and to instruct IDF operators in their use. It was the first time that US troops had actually been committed to service in Israel.¹² Besides, the US aircraft carrier 'Forrestal' was ordered to the eastern Mediterranean where its contingent of combat and reconnaissance planes would help to defend Israeli airspace.¹³

At the height of all this activity, Deputy Secretary of State Eagleburger returned to Israel on 21 January - a few days after his earlier, abortive visit. This time according to Shamir, the purpose of his mission was to establish "strategic coordination" between the two countries. An Israeli Foreign Ministry official spoke of "confidence building... not merely between the two countries, but also between their leaders." "War" added the official sententiously, "is the real test of friendship". But the Israeli restraint against Iraqi attack was conditional: high ranking Israeli military sources had said Israel would

12. George Joffe, "The First Days of War", Middle East International (London), no.392, 25 January 1991, pp.4-5.

13. Peretz Kidron, "Heavy Bill for Forbearance", in Ibid, p.6.

strike without fail should the Iraqi missile attacks be renewed, and almost certainly if the Scuds are armed with chemical warheads. And Defence Minister Arens had said that Israel's self denial may be limited in time and he insisted that retribution would be exacted from Iraq "at a time and in a manner of Israel's choice". But he stressed that Israel "would take into account American concerns" and that the Israeli response would be "operationally coordinated with the US military command".¹⁴

In a related development, on 22 January, Israeli Finance Minister Yitzhak Modai said that Israel needed at least \$13 billion in new aid from the US to pay for the Persian Gulf War and absorption of Jewish immigrants from the Soviet Union. The request for new aid, which would be in addition to \$3 billion already budgeted for Israel for fiscal 1991, was presented at a meeting with Deputy Secretary of State Eagleburger. According to Modai, Israel's cost stemming from the war - included expenditures for heightened military readiness - could reach \$3 billion; and more than one million Soviet Jews are expected to arrive in the country by the end of 1992, Israel would need \$20 billion in foreign aid for housing, with perhaps \$10 billion coming from the US. Much of that assistance could come in form of loan guarantees spread over up to five years, he

14. Ibid, pp.6-7.

said. The \$13 billion proposal triggered speculation that the Shamir government was seeking a reward for restraint. But Israeli officials reportedly denied that there was a quid pro quo and insisted that no formal request had been made.¹⁵

Meanwhile, Iraq continued its Scud missile attacks on Israel. On 22 January Iraq attacked Israel again with its Scud, despite heavy US airattacks on Iraqi targets especially on Scud missile sites. Then a Patriot missile was fired against it by an Israeli crew. But it made inauspicious debut when it hit the tail of the incoming Scud which failed to disable it. That Scud damaged about 20 apartment buildings in Tel Aviv and killed 3 people, wounded 96 and left about 200 homeless.¹⁶ On 23 January, Iraq launched its fourth Scud attack (in seven days) on Israel. Then a Patriot missile intercepted and destroyed the incoming Scud. It was the first time that two Patriot missile batteries delivered by the US on 19 January had successfully destroyed a Scud aimed at Israel.¹⁷

15. Carroll J.Doherty, "Israel"s Restraint Under Fire Boosts Its 'Special' Status", Congressional Quarterly Weekly Report (Washington,D.C.), vol.49, 26 January 1991, p.247.

16. New York Times, 23 January 1991.

17. Ibid, 24 January 1991.

Meanwhile, the US Congress expressed its appreciation for the Israeli restraint and passed a nonbinding resolution in support of Israel. The House passed the concurrent resolution with 416-0 votes on 23 January and the Senate passed the similar resolution with 99-0 votes on 24 January.¹⁸ In a related development on 24 January, Israel's Ambassador to the US, Zalman Shoval said that the war had vindicated his country's Palestinian policy. He said, "If Israel had been foolish enough to give up the territories which it occupied in 1967 as a result of an aggressive war against Israel, had we not been able to defend ourselves in '67, we would have been Kuwait."¹⁹

Meanwhile, Iraq fired 7 Scuds at Haifa and Tel Aviv during the night of 25 January and all were intercepted by Patriot missiles, but at least one person was killed and 42 were wounded when a midair explosion of missiles raised shrapnel onto Tel Aviv.²⁰ In the period between 25 and 28 January, the Iraqis launched a total of 12 Scud missiles against Israel. Most of them were intercepted by Patriot missiles. On 31 January, another Scud was fired on Tel Aviv, but it fell in open field on the occupied West Bank, as had the previous Scud targeted Israel. The attack marked

18. Doherty, n.15, pp.246-7.

19. Quoted in Ibid.

20. New York Times, 26 January 1991.

the eighth time that Israel had been targeted by one or more Scuds, but till then it did not retaliate against Iraq.²¹

As the war in the Gulf reached a climax and the relations between the US and Israel reached all time high, a statement issued by US Secretary of State and the new Soviet Foreign Minister annoyed Israel. On 29 January Secretary of State Baker and new Soviet Foreign Minister Aleksander Bessmertnyk in Washington issued a joint statement that appeared to offer a ceasefire in the Gulf War and also appeared to link a ceasefire resolution of the conflict with an effort to settle the Israeli-Palestinian issue. The communique elicited no immediate response from Iraq, but it embarrassed the White House and annoyed Israel. On 30 January Prime Minister Shamir complained that the US had perpetrated a "political act" that affected Israel's future without consulting Israel. In the wake of furore, the Bush administration had to explain that it was not bending on its demand for an unconditional Iraqi withdrawal from occupied Kuwait and that it was not linking the Palestinian issue to the Gulf Crisis. The communique was intended by the Bush administration only as an assurance to the Soviet Union that the US was not seeking destruction of Iraq and that Moscow would be part of post-war diplomacy in West

21. Ibid, 1 February 1991.

Asia. Many US analysts believed that the wording in the communique was more strongly influenced by Bessmertnyk.²² On 31 January President Bush met representatives of US Jewish organizations at the White House and reassured them that US policies with regard to the Gulf remain unchanged.²³ It was the US strategic interest not to annoy Israel in order to keep her out of the conflict in the Gulf and to keep the Arab allies in the multinational alliance.

Meanwhile, in the first week of February, Prime Minister Shamir strengthened his hold on power. He appointed an extremist ex-General Rehavam Ze'evi as Minister without Portfolio and a member of the Cabinet defence committee. Ze'evi, whose Moledet (Homeland) Party held two Knesset seats, advocated the transfer of all the Palestinians living in the occupied territories of Israel to neighbouring Arab states. Though there were some disagreements among the Likud members over the appointment, the Knesset approved the nomination by a vote of 61 to 54 after a stormy session. With the Moledet, Shamir's coalition had 66 out of 120 seats, lessening his dependence on the pivotal but fragile religious parties and assuring him that he can keep the Labour Party on the sidelines. More important, Ze'evi's appointment was a clear signal to

22. Ibid, 31 January 1991.

23. Ibid, 1 February 1991.

both the US and the Arab world that Israel had not gone soft towards the Palestinians.²⁴ The Moledet Party had earlier publicly condemned "Israel's weak response to Iraq's aggression" and expressed concern that when the Gulf War ends and diplomatic initiatives are revived, the US might expect Israel to pay for the protection (she had given during the war) rendered by offering political concessions on the Palestinian issue.²⁵

Meanwhile, the Israeli restraint against the Iraqi Scud attacks promoted a varying opinion among senior Israeli officials. On 1 February, Brig. Gen. Avihu Bin-Nun said that Israeli Defence Forces were ready to move against Iraq, and he suggested that they might do a better job against the Scud launchers than had the US pilots. "The (Israeli) air force has the means, the ability and a different system from those being used by the Americans," he said. Similarly, Maj.Gen. Ehud Barak, the Army Chief of Staff - designate, on 3 February declared that there were "very good operational plans to deal with threat of ground-to-ground missiles from western Iraq", and that the Israeli military's "fingers itch" to implement those plans. He said that Israel would

24. Jon D.Hull, "Angling for the Post War Edge", Time (New York), 18 February 1991, p.25.

25. Kidron, n.13, p.7.

prefer to coordinate its actions with the US, but that "in some situations" it might be forced to move unilaterally and merely notify the US. But from the beginning of the Gulf crisis, a key concern of Israeli strategists had reportedly been to gain access to the "Identification Friend or Foe" (IFF) codes used by US aircrafts, so that American and Israeli warplanes could avoid mistakenly shooting each other down in the skies over Iraq. Till then, Israel did not receive any codes, which were changed daily.²⁶

Right wing political leaders also stepped up their warning that Israel could not wait much longer without responding militarily to Iraq's said attacks on Israel. In a letter from Prime Minister Shamir to President Bush (leaked to the Israeli Press on 5 February), Shamir wrote that an Iraqi attack with chemical weapons or a conventional strike that could cause heavy casualties would "create an intolerable situation that will require an immediate response on our part". On 12 February Shamir in his remarks that echoed those of many other Israeli officials warned, "if today we exercise restraint, it does not necessarily mean that we shall do so tomorrow." Meanwhile, The Washington Post, 12 February 1991, reported a split between some Israeli military commanders and other government

26. Facts on File, vol.51, no.2622, 21 February 1991, p.111.

officials on the US strategy. Many in the military were said to favour a continuation of the allied air war against Iraq in order to dampen the Scud threat and complete the destruction of Iraq's arsenal of strategic weapons. Other officials, however, including some close to Shamir, reportedly felt that a prolonged air campaign would increase the stature of Saddam Hussein in the Arab World. Those officials favoured a coalition ground offensive aimed at quickly ending the war.²⁷

Meanwhile, in the early morning of 9 February, an Iraqi Scud missile was intercepted by a Patriot missile over Tel Aviv, but debris from the encounter wounded 20 people.²⁸ No new fatalities from Scud attacks were reported during 9-13 February. According to the US military statement issued on 13 February the number of Scuds fired toward Israel were 32 (and 30 were fired against Saudi Arabia).²⁹

Old Strains Resurfaces Again

During the second week of February, Foreign Minister David Levy had intended to visit Washington for talks with President Bush and Secretary of State Baker. But on 12 February, Levy said that he had temporarily cancelled his

27. Ibid.

28. New York Times, 9 February 1991.

29. Ibid, 14 February 1991.

plan because he felt that hastily arranged visit to Washington by Defence Minister Moshe Arens - his political rival in the Likud Party - had undercut his mission. Levy reportedly wanted to brief the US on his plan for achieving peace in West Asia after the Gulf War. Prime Minister Shamir did not share Levy's views especially latter's pragmatic views on the Arab-Israeli dispute, whereas Arens was Shamir's protege. Shamir believed that the Americans would get a better grasp of Israeli views from the US-educated Arens than Levy who was totally dependent on interpreters (Levy speaks no English).³⁰

On 11 February, meanwhile Defence Minister Arens visited Washington and met with the Bush administration officials. During his talks with President Bush, Arens unveiled an Israeli plan of air and ground operation in Iraq that could take place after the allied ground war had begun. American cooperation would be essential. To keep US and Israeli pilots from accidentally attacking each other, Arens wanted US planes to stay out of western Iraqi skies where Israeli planes would be operating. Bush was sympathetic but refused to go along with the Plan, and cautioned Israel against taking any action on its own. His reasoning: even in the midst of a ground war, an Israeli move against Iraq

30. Peretz Kidron, "A Facade of Unity", Middle East International, no.394, 22 February 1991, p.12.

could split apart the allied coalition and enormously complicate battle plans. Israel's best deterrence, he argued, was to be a close ally of the foremost world power.³¹

Arens, however, made a request for more American aid - \$400 million in loan guarantees (which was already approved by the Congress) for housing construction, another \$13 billion for post-war repairs and other expenses - Bush was willing, but he wanted Arens to express at length, Israel's gratitude for all the US was doing to rid Israel's greatest threat in West Asia, Iraqi President Saddam Hussein. Arens affirmed that Israel appreciated American efforts, but he dwelt chiefly on Scuds and enormous damage the Iraqi missile attacks had done in Israel. The meeting caused an entirely avoidable deterioration in the relationship between the US and Israel. According to a senior White House official, the period from 16 January, when the war against Iraq began, until President Bush's session with Arens was the high point of US-Israeli relations. It was not just Bush who turned sour. Arens and other Israeli officials expected Bush to be the grateful one, acknowledging Israel's suffering in the war and extolling its restraint in not retaliating against Iraq for the Scud attacks. Bush did not do that. "Just as

31. Time, 11 March 1991.

the Americans side thought Arens wasn't appreciative of what we have done, Israelis thought Bush didn't appreciate what they have done," said a White House official who talked to Israeli officials following the meeting.³² After the meeting, Arens told reporters, "We see sights of destruction in Israel that have not been seen in a Western country since World War II."³³

Besides, some indiscreet and poorly timed remarks by Israeli Ambassador Zalman Shoval was the another cause of friction between the US and Israel. Wrangling over the \$400 million loan guarantees prompted the notorious Shoval remarks. In negotiations with Secretary of State Baker's aides Shoval thought he had satisfied the request for housing data in the occupied West Bank and Gaza Strip. In fact, he had drafted a letter to Baker's aide Dennis Ross that spelled out exactly what information would be coming. Then, a story in the Washington Post, 14 February 1991, quoted two Israeli opposition politicians as saying the Shamir government plans to build 12,000 homes for new Jewish settlers in the West Bank and Gaza Strip. Shoval insisted that such plans weren't the policy of the Israeli government, but he was told the \$400 million would be

32. Fred Barnes, "The Other Gulf", The New Republic (Washington, D.C.), 11 March 1991, p.11.

33. Quoted in Amos Elon, "Report from Jerusalem", The New Yorker, 1 April 1991, p.80.

further delayed. Then in an interview with Reuters news agency on 14 February itself, Shoval said, "We sometimes feel we are being given the run around, although to the best of my understanding Israel has fully complied with the requests that were raised in this connection" by the Bush administration. Whenever Israel provides housing information, "always something new arises". Shoval groused that Israel, "not being part of the coalition" against Iraq, has not "received one cent of aid in spite of the fact that we have had immense direct military costs. We demand that these needs and necessities be addressed as swiftly as possible."³⁴

The US officials were reportedly angered by what they perceived to be Israel's lack of gratitude for the overall American effort against Iraq. Secretary of State Baker summoned Shoval to the State Department for a dressing down on 14 February itself. Besides, on 15 February, a statement was issued by the White House. It said that Shoval's remarks "are outrageous and outside the bounds of acceptable behaviour by the ambassador of any friendly country. The Secretary of State made this clear to the ambassador yesterday, and the President protested to Prime Minister this morning. We deserve better from Israel's ambassador." It was the first time that the White House had publicly

34. Barnes, n.32, p.11.

attacked the ambassador of any friendly country. On 17 February Shoval publicly apologized for his remarks at a meeting of the National Jewish Community Relations Advisory Council, in Miami.³⁵

The Israelis had justification for their grievances that in the early 1990 the Congress had approved the \$400 million loan guarantees, but the Bush administration till then had not approved the money. The administration had been requiring Israel to provide extensive data about housing plans to prove that none of the US money would fund settlement of Soviet Jews in the West Bank; Besides, the Israelis were unhappy when the US had forgiven Egypt's \$7 billion debt in the late 1990.³⁶ However, the Israelis could not say that the Bush administration was niggardliness in its aid to Israel. During the late 1990 and early 1991, it had approved a \$700 million supplement to Israel's annual \$3 billion aid grant, and had sent Israel a billion dollars worth of Patriot missiles.³⁷

Meanwhile, a few days after the controversial remarks of Israeli Ambassador Shoval, the Bush administration approved the \$400 million loan guarantees for the settlement of Soviet immigrants, provided the money would not be used

35. Ibid, pp.11-12.

36. Ibid, p.11.

37. Donald Neff, "The Chutzpah!" Middle East International, n.30, p.12.

for the settlement in the occupied territories. On 20 February, Secretary of State Baker telephoned Foreign Minister Levy to tell him that the US had approved the release of the guarantees, which allowed Israel to obtain commercial loans at lower rates.³⁸ That ended the friction between the two countries for time being.

End of the Gulf War and Its Impact on Israel

On 24 February the US and its allies launched their ground and sea assault against Iraq and Iraqi occupied Kuwait. On 27 February, President Bush announced that the allied forces had liberated Kuwait and would suspend military operations against Iraq. On 27-28 February Iraq agreed to the ceasefire and accepted almost all terms of the allies to end the hostilities. With cessation of hostilities in the Gulf, on 28 February Israel lifted its state of emergency, which had been prompted by frequent Iraqi Scud missile attacks.³⁹ Though Iraq launched 39 Scud missiles in 18 separate attacks against Israel, only 239 Israelis were injured, two Israelis were killed as a direct result of missiles hitting. 13 Israelis died from heart attacks or from the misuse of gas masks during the raids - according to a report issued by Israel on 5 March.⁴⁰

38. New York Times, 21 February 1991.

39. Ibid, 1 March 1991.

40. Facts on File, vol.51, no.2624, 7 March 1991, p.153.

However, Iraq never launched its promised chemical attacks against Israel, which was a great surprise. Expected retaliation by non-conventional weapons like atomic weapons by Israel or similar massive retaliation by non-conventional weapons from the US might have dissuaded Saddam Hussein from using chemical weapons against Israel.

However, another great surprise was the uncharacteristic posture of restraint by Israel against the Iraqi Scud missile attacks, which most of them hit on civilian areas. Israel usually noted for swift and massive retaliation for any attack did not retaliate against Iraq. It was not the American pressure alone that restrained Israel.

Israel had several reasons for the restraint: firstly, Prime Minister Shamir decided not to retaliate against Iraq on the advice of his Defense Minister and protege Moshe Arens and to a lesser degree, from Foreign Minister David Levy because Israeli anger at Palestinians for supporting Saddam Hussein, had meant a new surge in the Prime Minister's domestic popularity, which his Likud party hoped to translate into electoral gains; secondly, despite, Saddam Hussein's terror attacks on Israeli cities, the Israeli public had backed the no-retaliation policy by 70 per cent and more; thirdly, the Israelis expected that restraint would give them "a place at the table" at the end of the

Gulf War. Moreover, the Scud attacks and Israel's refusal to retaliate for them had improved Israel's image with the American public, the Congress and the Bush administration. In the first week of the crisis, President Bush became very friendly towards Shamir than ever before (through telephonic conversation), and he sent Deputy Secretary of State Lawrence Eagleburger to Israel to urge restraint, also held out the promise that the chilly relationship between Shamir and Bush could be "turned around"; finally, Israeli officials did not want to jeopardize the allied destruction of the Iraqi War machine (Israel's most frightening enemy) during the war, and they also realized that retaliation could transform the Gulf War into an Arab-Israeli conflict.⁴¹ Besides, Israeli officials also feared that Israeli military intervention would lead to a premature ceasefire precisely when the preferred Israeli interest was the destruction of the Iraqi War machine, which the U.S. and its allies were achieving far more effectively than Israelis ever could.⁴² And Israeli's restraint also had won world wide sympathy for them. For example, in early February during the war, Germany delivered \$ 670 million in aid,

41. David Makovsky, "Why Israel Remains Cautious", US News and World Report (Washington, D.C.), 25 February 1991, p.32.

42. Ze'ev Schiff, "Israel After the War", Foreign Affairs (New York), vol.70, no.2, Spring 1991, p.31.

including gas masks and poison-gas anti dotes for Israel.⁴³

Israel had been through six full fledged wars in its 45 years of history, many bloody skirmishes, but the Gulf War was perhaps the most political war it had ever been involved in. For the first time, an international coalition, led by the US, delivered a devastating blow against one of Israel's most powerful enemies.⁴⁴ Israel's greatest gain from the Gulf War was the renewed good-will of the US: during the Gulf crisis Israel received in addition to the annual \$ 3 billion, a special military grant of \$ 700 million, a billion dollar worth of Patriot missiles and \$ 400 million loan guarantees for the housing of Soviet Jewish immigrants which was previously withheld by the US. Besides on 5 March, the US agreed to give Israel \$ 650 million in cash to help to cover its increased military and civil defense expenses during the war.⁴⁵ However, the US which had attained greater influence in West Asia during the Gulf War tried to resolve the perennial Arab-Israeli conflict on Palestine. This meant that the US had to secure reasonable concessions from the Shamir government for a credible West Asia settlement.⁴⁶

43. Newsweek, 11 February 1991.

44. Elon, n.33, p.80.

45. New York Times, 6 March 1991.

46. Tom Little, "Israel: History" in The Middle East and North Africa 1992 (London, 1991), p.538.

In early March, President Bush stated that the settlement of the Arab-Israeli dispute was one of the principal aims of US foreign policy in the post-Gulf War period; and in mid March James Baker made his first visit as US Secretary of state to Israel, where he sought to initiate a 'confidence-building' process between Israelis and Arabs, as a preparatory step towards peace negotiations. In Israel he met with Prime Minister Shamir as well as Palestinian leaders who were not formally affiliated with the PLO. The visit to Israel was followed by one to Syria, where Baker held talks with President Hafez al-Assad. The diplomatic efforts to initiate peace negotiations intensified in April. In the first half of the month, the Secretary of State, returned to West Asia, visiting Israel, Egypt and Syria, in order to promote the idea of a regional peace conference. The proposal gained only limited support. While the Israeli government tentatively endorsed the idea of a regional conference - comprising an initial, symbolic session to be followed by direct negotiations with Arab states and a joint Jordanian - Palestinian delegation. Israel continued to oppose any Palestinian participation from East Jerusalem as it reiterates East Jerusalem as the part of its united capital. Simultaneously it also strongly oppose any participation of palestinians who have links with the PLO or who is a member of the PLO. This hard conditions did create

a obstacle to any further progress towards a settlement of the Arab-Israeli conflict. Syria, Egypt and the PLO, meanwhile rejected the proposed regional conference outright and advocated instead an international conference fully supported by the UN and with the full participation of the PLO.⁴⁷

Meanwhile, the controversial issue of Jewish settlements in the occupied territories had once again resurfaced during the talks between Secretary of State Baker and Prime Minister Shamir on 9 April; and to extract any flexibility from the Shamir government on the question of settlement of the Arab-Israeli conflict appeared as intractable as it had been before the Iraqi invasion of Kuwait in August 1990. The sudden irritant in the US-Israeli relationship resulted with the declaration on 22 March by Housing Minister Ariel Sharon that the Housing Ministry planned to build 13,000 new houses in the West Bank. Baker criticized Sharon's plan during his talks with Shamir. But Shamir tried to convince Baker that the settlement issue was not relevant to the peace process and that the plan could not be implemented without full cabinet approval.⁴⁸ Strangely the following day, on 10 April, Sharon said that the plan had already received the cabinet

47. Ibid.

48. New York Times, 10 April 1991.

authorization and was in fact on "ongoing activity".⁴⁹

To prove Sharon's point, on 16 April the Israeli government opened, its first new settlement at 'Revava', the first to be established in the West Bank for two years. The opening of the settlement coincided with the third West Asia tour of Secretary of State Baker. Spokespersons for Gush Emunim, an Israeli religious group that had helped to organize new settlements said the settlements efforts were intended as "a message to Baker." The Bush administration immediately criticized new settlement in the West Bank and declared it as an obstacle to peace.⁵⁰ But the American verbal statement without any concrete action did not deter Israeli action. On 23 April, Israel opened its second new settlement near the existing Jewish settlement of 'Talmon'. Aides to Prime Minister Shamir insisted that the second site was "just a new neighbourhood" of Talmon.⁵¹ On 24 April, Secretary of State Baker criticized Israel for beginning the new settlements. The construction "points up vividly that it is easier to obstruct peace than to promote it," he told reporters in Damascus.⁵²

49. Ibid, 11 April 1991.

50. Ibid, 17 April 1991.

51. Ibid, 24 April 1991.

52. Ibid, 25 April 1991.

There were more than 200,000 Jewish settlers living in the occupied territories before the new settlement in the West Bank in April, according to a State Department report to the Congress released on 19 March 1991. While number of new settlements had grown only slightly since 1984, the "settlement activity has proceeded apace" according to the State Department. Most activity was focussed on expanding existing settlement in East Jerusalem and the West Bank. The State Department survey was requested by the House Appropriations Committee as part of fiscal 1991 foreign aid bill.⁵³

Meanwhile, in late April, Housing Minister Sharon visited the US. But he was rebuffed when he sought meeting with Secretary of Housing and Urban Development Jack Kemp. The meeting was actually blocked by Secretary of State Baker who told Kemp not to meet Sharon at Housing and Urban Development (HUD) offices since Sharon's policy was detrimental to the Bush administration's peace efforts in West Asia. An unidentified senior White House official on 1 May said that Secretary of State Baker and National Security Adviser Brent Scowcroft had opposed any meeting between Kemp and Sharon. At Kemp's urging, however, Scowcroft agreed to allow a private meeting outside HUD offices, the official

53. Congressional Quarterly Almanac 1991 (Washington, D.C., 1991), p.460.

said. Kemp and Sharon on 1 May met at the Israeli embassy in Washington. Sharon in an interview with Israeli army radio, on 2 May protested his treatment by the US and urged the Israeli government to respond to diplomatic slight. "No independent state with any self-respect would accept such an attack," Sharon stated. On 2 May Israel issued a formal protest calling the State Department action "improper."⁵⁴

Meanwhile, Israel continued its settlement activity. On 21 May Housing Minister Sharon formally opened a new settlement at 'Kanaf' in the southern Golan Heights. Sharon, during the ground breaking ceremony told reporters, "Settlements in the Golan, as in the West Bank and Gaza, adds additional security for Israel."⁵⁵ Commenting on the new settlements in the Golan Heights, Secretary of State Baker on 22 May told the House Appropriations Committee that Israel's practice of establishing Jewish settlements in the occupied territories was the biggest impediment to the US efforts to achieve a West Asia peace settlement. Baker's criticism of Israel's settlement policy was immediately dismissed by Israel; and the organized American Jewish community and pro-Israeli lobby in the Congress criticized

54. Facts on File, vol.51, no.2633, 9 May 1991, p.346.

55. Quoted in New York Times, 22 May 1991.

Baker's statement. But on 23 May President Bush backed Baker's statement. "Secretary of State was speaking for this administration and I strongly support what he said and I strongly support what he is trying to do. Our policy is well known and it would make a contribution to peace if these settlements would stop," Bush said.⁵⁶

Besides, on 24 May Baker personally instructed the US Permanent Representative to the UN, Thomas Pickering to join the rest of the UN Security Council in deploring Israel's deportation of four Palestinians from the Gaza stripe to southern Lebanon. The resolution was unanimously adopted and it was the third time in six months that the US joined the Security Council condemnation of the Israeli expulsions. The Security Council called on Israel to refrain further deportations and "to ensure the safe and immediate return of all those deported."⁵⁷ The four Palestinians were deported in response to a wave of attacks in which Arabs had killed 7 Israelis and wounded 11 others in March. None of the four Palestinians who were deported had been directly involved in any of the attacks, although all of them were senior workers within 'Fatah' faction of the PLO. On 27 March, the Security Council with the support of the US had issued a

56. Donald Neff, "A Mere Tap on the Wrist", Middle East International, no.401, 31 May 1991, p.6.

57. Ibid, p.7.

statement condemning Israel's decision to deport the four Palestinians.⁵⁸

Nevertheless, the US defense ties with Israel remained unshakable, even though the US took tough stand against the Israeli settlement and deportation policies. On 30-31 May Defense Secretary Dick Cheney visited Israel and announced delivery of 25 more sophisticated F-15's including 15 promised in 1990 to Israel and \$ 210 million more to develop its own anti-missile called the 'Arrow'. The US officials also revealed at the same time that the US was stockpiling \$ 100 million worth of sundry military equipment in Israel, which in an emergency Israel could use.⁵⁹ Cheney's announcement was made shortly after President Bush unveiled an arms control plan for West Asia.

However, the issue of Israel's settlements in the occupied territories continued to affect the US relations with Israel, during the US peace efforts in West Asia. The US had threatened to link \$10 billion loan guarantees which Israel hoping to win the Congressional approval during 1991 to the peace process and the settlements. The Shamir government rejected any linkage between the US loan

58. New York Times, 28 March 1991.

59. Donald Neff, "An Empty Gesture", Middle East International, no.402, p.6.

guarantees and the settlement policy. Shamir said that the settlement policy was irrevocable. Thus it led to a fractious relationship between the US and Israel since the 1956 Suez War.

CHAPTER IV

TEN BILLION DOLLAR LOAN GUARANTEES CONTROVERSY

In July 1991, the US achieved a remarkable progress for convening a regional peace conference in West Asia. In mid July, President Hafez al Assad of Syria agreed for the first time, following a meeting with Secretary of State James Baker, to participate in direct negotiations with Israel at a regional conference, for which the terms of reference would be comprehensive peace settlement based on UN Security Council (UNSC) Resolutions 242 and 338. By agreeing to participate in a peace conference on terms proposed by the US, Syria decisively increased the intense diplomatic pressure on Israel to do likewise: the US initiative already enjoyed the express support of 'G 7' group of industrialized countries, the Soviet Union, the UN Security Council, and the European Community (EC); and following Syria's concession, Egypt and Jordan indicated that they would be willing to participate in direct negotiations with Israel.¹

However, the publicly stated positions of the Israeli and Syrian governments remained as far apart as ever. Each claimed towards the end of July to have received

1. Tom Little, "Israel: History", in The Middle East and North Africa 1992 (London, 1991), p.538.

confidential (and incompatible) assurances from the US: Israel with regard to composition of a Jordanian-Palestinian delegation to the peace conference; and Syria with regard to the return of the Israeli occupied Golan Heights. For its part, the US government insisted that there were no preconditions for attending the peace conference, and that with regard to composition of the Jordanian-Palestinian delegation only members of the PLO were excluded.²

On 31 July, after the conclusion of a 'summit' meeting in Moscow, President George Bush and Soviet President Mikhail Gorbachev announced at a joint press conference that the West Asia peace conference would begin in October, and that Secretary of State Baker was returning to Jerusalem "to get Israel's response". Baker got affirmative reply from Prime Minister Yitzhak Shamir on 1 August and promised that all of Israel's procedural worries would be addressed in a joint US-Israeli memorandum of understanding similar to those signed in other situations where Jerusalem was obliged to accept unpalatable compromises. By giving affirmative reply, Shamir did make concessions on matters he earlier had said were not negotiable: he agreed to the presence of a UN and an EC representative at the opening general session of the peace conference that was to precede direct bilateral

2. Ibid.

negotiations between Israel and its various Arab adversaries, and he went along with having the full body reconvene occasionally to hear progress reports on the bilateral meetings if all parties approve. Those steps may seem minor, yet Israelis knew from experience that it was crucial to deal with their neighbours one-on-one, rather than at a round table where they would all be present and competing among themselves appear "the most pro-Palestinian". Israelis also knew the UN and EC presence was being sought by Arabs because of their previous success in enlisting the support of both organizations.³

On 4 August, Israel's Cabinet voted 16 to 3 to support Shamir's conditional agreement to join peace conference. Those who voted against were: Housing Minister Ariel Sharon of Likud party, Science and Energy Minister Yuval Neeman of far right Tehiya party and Rehavam Ze'evi of hard-line conservative Moledet party. Both Tehiya and Moledet parties had threatened to withdraw their support to Shamir in the Knesset, but they were privately convinced by Shamir that going to the peace conference did not mean a change in his rigid refusal to consider any territorial concessions.⁴ The decisive factor of the Israeli Cabinet decision was their

3. Eliahu Salpeter, "When Shamir Blinked", The New Leader (New York), 12-16 August 1991, pp.5-6.

4. New York Times, 5 August 1991.

dire need of \$10 billion loan guarantees from the US which they hoped to request officially in early September. The guarantees would back commercial loans of \$10 billion to the government of Israel over the next five years, which would enable them to negotiate lower interest rates on 30 year loans, which would be used to build thousands of houses, schools and roads for Israel's increasing population due to immigration of Soviet Jews.⁵ Since mid-1989, 300,000 Soviet Jews had emigrated to Israel, and it was estimated that the number may top 1 million by 1995. Israel which had a population of 4.5 million before the inflow began, lacked the resources to absorb so many. Health care, schools and infrastructural needs were all suffering; early (1991) unemployment hit a record high of 10.8 per cent.⁶ The inflow of Soviet Jews was the main reason for the unemployment. A high percentage of Soviet Jews were professionals who could not find work in Israel, which already had a surplus of professionals such as physicians, engineers, musicians, and university professors. The Finance Ministry had forecast that by 1994 some 20,000

5. Carroll J. Doherty, "Bush, Israel Backers Creep Closer to Clash Over Loan Guarantees", Congressional Quarterly Weekly Report (Washington, D.C.), vol. 49, 14 September 1991, p. 2635.

6. Jill Smolowe, "No Give and Take", Time (New York), 23 September 1991, p. 31.

physicians will be unemployed.⁷

Sparking of the Controversy

In early September - when Israel planned to request officially \$10 billion loan guarantees for the housing of Soviet Jews to the US - President Bush asked privately to Israel to delay its request for four months. Bush argued that the granting of such a loan guarantee at that time would seriously jeopardize the proposed West Asia peace conference which was tentatively set for October. But Israel turned down that request. Secretary of State Baker on his part twice telephoned Shamir to plead with him personally to withhold the loan request, was also of no avail. Baker made similar entreaties to Israel's influential Washington lobby - the American Israel Public Affairs Committee (AIPAC), but they also turned down. In desperation, Bush and Baker and other top State Department officials then manned the telephone in a last minute effort to line up support among key congressional leaders for a delay. When they also turned down, Bush made his position on the loan guarantees public.⁸

7. Don Peretz, "Israel Since the Persian Gulf War", Current History (Philadelphia), vol.91, no.561, January 1992, p.18.

8. Donald Neff, "The Bruising Battle Between Bush and Shamir", Middle East International (London), no.408, 13 September 1991, p.3.

On 6 September Bush explained that to grant such a massive loan guarantee would raise questions about America's objectivity in the peace processes. He said that such a debate then could "inflame passions", and added: "We don't need an acrimonious debate just as we're about to get this peace conference convened. It is in the best interest of the peace process and of peace itself that consideration of this absorption aid question for Israel be deferred for 120 days. And I think the American people will support me in this. I'm going to fight for it because I think this is what the American people want, and I'm going to do absolutely everything I can to back those members of the United State Congress who are forward-looking in their desire to see peace.... This is not the time for a debate which can be misunderstood - a debate then can divide".⁹ Bush's concern was that the loan guarantees which meant to help provide housing for Soviet immigrants, would be used by Israel for settling the immigrants in the occupied territories, as they had done earlier with the \$400 million loan guarantees which the US gave in February 1991. Moreover, on 26 July the Israeli Defence Ministry had said that plots of land held by the government in the occupied West bank and Gaza Strip would be given free of charge to

9. Quoted in *ibid.*

Jewish settlers. According to the Financial Times (London), 27 July 1991, quoting the Defence Ministry statement that the land given away had been approved several months earlier, but had not been made public. The Israeli government had expropriated more than 20,000 acres of land in the occupied territories in 1991.¹⁰

Meanwhile, several hours after Bush spoke those rather desperate words to reporters specially called into the Oval Office to carry the presidential message to the people, Israeli Ambassador Zalman Shoval came to the State Department and officially delivered Israel's request for loan guarantees to Baker.¹¹

In the second week of September, the Bush administration and supporters of Israel edged closer to a showdown began positioning for the fight that each side insisted it wanted to avoid. Bush did not bridge from his request for 120 days delay of the guarantee. Meeting with reporters on 12 September, Bush raised the stakes by saying he would veto any congressional attempts to provide the guarantees more quickly. "Quite simply, a 120-day delay is not too much for a president to ask for with so much in the balance. We must give peace a chance. We must give peace

10. Facts on File (New York), vol.51, no.2646, 8 August 1991, p.589.

11. Neff, n.8, pp.3-4.

every chance" he said.¹²

Israel's supporters in the US had been just as adamant that the loan guarantees, needed to help the Israeli government absorb 1 million immigrants over next 5 years, must not be deferred. The pro-Israeli lobby, which like the President, usually gets what it wanted from the Congress turned up heat on the issue, deploying 1,200 leaders of major American Jewish organizations to the Capitol Hill on 12 September to argue for immediate passage of the guarantees. Apparently feeling the pressure from the well coordinated lobbying blitz, Bush tried to portray himself as the underdog in a public political struggle. "I heard today there were something like 1,000 lobbyists on the Hill working the other side of the question. We've got one lonely little guy down here doing it," he said. Bush described the various actions the US had taken on Israel's behalf during the Gulf Crisis, including dispatching US soldiers "to defend Israelis in the face of Iraqi Scud missiles". Bush said US economic aid for fiscal 1991 totaled more than \$4 billion - "nearly a thousand dollars for every Israeli man, woman and child" - in addition to \$400 million previous loan guarantees.¹³

12. Doherty, n.5, p.2635.

13. Ibid, pp.2635-6.

It was the most fractious moment in US-Israeli relations since Ronald Reagan tried in vain to stop Israel's advance on Beirut in 1982. Bush's decision to abandon quiet diplomacy and publicly flag his determination to push the Shamir government toward a peaceful resolution of its conflict with its Arab neighbours left Israel stunned - but largely unrepentant. After days of bellicose statement from Shamir hinting that he would rather see the peace conference founder than withdraw his request for the loan guarantees, Israel offered one carrot. "Israel is not seeking a confrontation with the US, its ally," said Foreign Minister David Levy, whose views did not always reflect Shamir's. Yet Israeli officials continued to balk at Bush's linkage between the guarantees and the peace conference. "Our request for guarantees is not a provocation against any one, nor a hindrance to the advancement of the peace process," he said.¹⁴

Israel, which had traditionally relied on a sympathetic US Congress to circumvent setbacks with the Oval Office, had brushed up against a stern challenger in Bush. With the cold war ended, Israel no longer enjoyed standing as Washington's "unsinkable aircraft carrier" in the Mediterranean. Indeed, the Bush administration believed the biggest threat to the US interests in the region stems from

14. Smolowe, n.6, p.30.

the Arab-Israeli conflict, which gave Muslim fundamentalists a stick with which to beat their moderate, pro-US governments. Moreover Bush who had a 70 per cent approval ratings for his presidency knew that unquestioning popular support at home for economic aid to Israel had weakened for three reasons: America's own pressing economic needs; mounting skepticism about Israel's ability to spend the money prudently, given its inefficient centralized economy; and callousness of the Shamir government towards Palestinian rights.¹⁵

For Shamir, he could not afford to worry about a collision with the US administration when his own political future was so shaky. Shamir had staked his reputation on a concise formula: no land for peace. He had no sympathy for Bush's concern that an aid package to Israel at that time would be interpreted by Arabs as a tacit endorsement of Jerusalem's policy of building Jewish settlements in the occupied territories. Quite contrary, Shamir had feared that if he capitulated to Bush and froze the construction of Jewish settlements in the occupied territories, the far right parties in his government might withdraw their support from his government and as a result his government might fall. Moreover, the economic morass by the tide of Soviet

15. Ibid.

immigrants which he had been confronting did not permit him to ease up on his request for loan guarantees.¹⁶

Meanwhile, the bitter confrontation between the US and Israel turned nastier on 15 September when far right Israeli Minister without Portfolio, Rehavam Ze'evi called President Bush anti-Semite and a liar. But his remarks was immediately repudiated by Defence Minister Moshe Arens. Arens said that Ze'evi's remark did not reflect the Israeli government's view or Israeli public opinion.¹⁷ Ze'evi, however, later denied calling Bush anti-Semite, but he did diagnose Bush as having "anti-Semitic symptoms". He accused Bush of "wanting to cause something that will bring a second Holocaust upon the Jewish people", adding that Bush "would be glad to return us to Green Line (pre-1967 border) and may be even the blue line, namely the Mediterranean."¹⁸

On 16 September, Secretary of State Baker went to Israel for a two day visit to persuade Prime Minister Shamir to postpone Israel's request for the loan guarantees. Baker went to him with a pledge that the White House would not try to delay the loan guarantees further once Bush's proposed 120-day hiatus (January 1992) was up, and also he gave the

16. Ibid, pp.30-31.

17. New York Times, 16 September 1991.

18. Quoted in Peretz Kidron, "Consternation in Israel", Middle East International, no.409, 27 September 1991, p.5.

Soviet assurance of full diplomatic relations to Israel prior to the peace talks. But Shamir demanded that the aid not be conditional on a freeze on the settlements. Baker refused and said that Israel and her supporters in the US risk the peace process.¹⁹ More important, Baker implied that the US would not grant the Israelis any loan guarantees unless Jerusalem agreed to freeze settlement in the occupied West bank, Golan Heights and Gaza Strip.²⁰ But Defence Minister Arens later countered that Israel would not freeze the settlements. And Israel promptly announced a new settlement in an Arab part of East Jerusalem.²¹

The Bush administration became adamant because it wanted to withhold the aid in order to use it as leverage over Israel during the peace conference. At the same time, Israel was desperately to settle the question before any bargaining begins. That is why Shamir suggested the Congress to ignore Bush's request for delay of the loan guarantees. But most lawmakers in the Congress wanted to avoid choosing between a popular president and an important constituency, and they feared further strains between the two nations could trigger an outburst of anti-semitism. One

19. Newsweek (New York), 30 September 1991.

20. Priscilla Painton, "Thou Shalt Not Build", Time, 30 September 1991, p.22.

21. Newsweek, 30 September 1991.

possible compromise, then crafted by Senator Patrick Leahy, a Vermont Democrat - the US should place conditions on the loan guarantees, including a provision that every dollar spent on settlements should be deducted from the loan guarantees.²²

But Shamir was not willing to accept that bargain. His challenge to Bush had exhausted the patience of a president who placed great stock in personal diplomacy, and Bush's associates had said Bush despised Shamir. In the White House view, the Israeli leader once promised not to expand settlements in the occupied territories, then went back on his word. Although Israeli sources had said Bush misunderstood Shamir's position, one Bush adviser had said that Bush thought Shamir deceived him and he was ticked off. The lack of trust was mutual. The Israeli leaders and some of their American friends observed that Bush and Baker were 'Texans' with close ties to the oil business, and, they were deeply uncomfortable with the administrations obvious desire to foster better relations with Arab leaders. However, Bush held a political advantages - an ABC News poll taken after the sparking of the controversy had reported that 86 per cent of Americans favoured delaying the loan guarantees.²³

22. Steven V. Roberts, "Brawl in the Family", US News and World Report (Washington, D.C.), 30 September 1991, pp.30-31.

23. Ibid, p.31.

Meanwhile, the three far right parties (Tehiya, Tsomet and Moledet) in the Shamir government openly criticized the government decision to request the loan guarantees from the US. Tsomet's Raphael Eytan, the Agriculture Minister urged the government to withdraw its request for the loan guarantees and recommended a ten per cent pay cut from the ministers salary in order to solve Israel's economic problems. Another prominent die hard, Deputy Minister Geula Cohen of Tehiya had repeatedly suggested that Israel dispense with US aid altogether, even if they had to subsist on olives and pitta. He also publicly advised Shamir to sack his moderate foreign minister, David Levy, who according to him was in American's pocket.²⁴ Besides, Finance Minister Yitzhal Modai of Likud party said that Israel had engaged an "unprecedented folly" by stepping up its pace of construction of the settlements and thereby provoked Washington.²⁵ It was the worst split in the relationship between the US and Israel in more than 40 years, according to Abba Eban, the elder statesman of the Labour party. His party colleague and former prime minister Yitzhak Rabin compared Bush's moves to those of President Dwight Eisenhower in 1956, when he forced Israel to withdraw from

24. Kidron, n.18, p.5.

25. Painton, n.20, p.24.

the Sinai peninsula.²⁶ However, it is noteworthy that no US President since Eisenhower had withheld the aid to Israel.

However, Bush moved with alacrity to defuse the tension between the countries. He sent a conciliatory letter to American Jewish groups assuring them that he was a staunch friend of Israel. Besides, he went before the UN on 23 September and made an impassioned appeal that the General Assembly rescind or modify its "Zionism is racism" - Resolution 3379. He said: "Zionism is not a policy, it is the idea that led to the creation of a home for the Jewish people, to the state of Israel. And to equate Zionism with the intolerable sin of racism is to twist history and forget the terrible plight of Jews in World War II and, indeed throughout history. To equate Zionism is to reject Israel itself - a member of good standing of the United Nations."²⁷

Meanwhile, on 24 September, Israel opened a new settlement at Tsur Yigal in the West Bank. He said, "All our territories that can be built on will be populated by Jews up to the horizon edge". On 20 September, the Finance Committee of Israeli Knesset had approved \$6.5 million

26. Leon T.Hadar, "The 'Special Relationship': Israel Decides Its Future", Middle East Policy (Washington, D.C.), vol.1, no.1, 1992, p.1.

27. Quoted in New York Times, 24 September 1991.

supplementary funding for settlement activities in the occupied territories.²⁸

On 25 September, meanwhile, Foreign Minister David Levy met Secretary of State Baker in New York. Levy agreed to seek the Israeli government's support for a postponement of the debate over the loan guarantees. The agreement and its implied change in Israeli strategy followed signals from pro-Israeli lawmakers and lobbyists in the US that the US Congress would not oppose Bush's demand for a delay on discussion on the aid issue.²⁹ On 2 October, the US Senate approved Bush's demand for 120-day delay in the loan guarantees. The Senate agreement was an apparent setback for the powerful pro-Israeli faction in the US Congress, which had pressed for immediate grant of the guarantees. But the setback was balanced on 2 October itself when 70 Senators agreed to cosponsor a bill proposed by Senators Robert W. Kasten (Republican from Wisconsin) and Daniel K. Inouye (Democrat from Hawaii) calling for eventual approval of the guarantees.³⁰

The West Asia Peace Conference

On 18 October Secretary of State Baker on his 8th visit

28. Facts on File, vol.51, no.2653, 26 September 1991, p.711.

29. New York Times, 26 September 1991.

30. Ibid, 3 October 1991.

to Israel and Soviet Foreign Minister Boris Pankin who came to re-establish diplomatic relations with Israel announced in Jerusalem that invitations had been issued for convening a West Asia peace conference in Madrid 12 days later - 30 October. The conference would be chaired by the US and the Soviet Union. (On 18 October the Soviet Union reestablished diplomatic relations with Israel, after it had broken off 24 years ago. Israel had made that a condition for the Soviet co-chairmanship of the conference).³¹

For months, Prime Minister Shamir had negotiated with Washington to secure conference terms that would automatically exclude an outcome unacceptable to his Likud party. In particular there was to be no advance endorsements of the "land for peace" principle, to avoid the implicit suggestion of Israeli readiness to give up parts of the West Bank, Gaza or the Golan Heights; no identification of the Palestinian delegation to the talks with the PLO, to prevent any impression of recognizing PLO Chairman Yasir Arafat and his terrorist cohorts; no Jerusalemite on the Palestine delegation, lest that be interpreted as a sign that status of Israel's capital was negotiable. Shamir's efforts were only partly successful. The principle of land for peace was not mentioned in the invitations, but when White House spokesman Marlin Fitzwater spoke about the

31. Ibid, 19 October 1991.

conference, he referred to UNSC Resolution 242 - a code word for giving up the occupied territories as part of peace settlement. As for the PLO connection, Baker's half ultimatum to the Palestinians obliged them to accept most of Shamir's formal demands. Nevertheless, the consultation between the Palestinian negotiators and PLO headquarters in Tunis had rendered the fig leaf of its non-involvement completely transparent. The list of Palestinian delegates did not include chief negotiators Faisal al Hussein and Hanan Ashrawi, both Jerusalemites, but Israel agreed to a Palestinian advisory body made up of residents from East Jerusalem.³²

On 20 October, the Israeli Cabinet approved to attend the peace conference by a vote of 16-3. Likud's Sharon, Moledet's Ze'evi and Tehiya's Neeman as usual voted against for the participation. Sharon accused Shamir of giving way on substantive issues, and recalled the Cabinet decision that negotiations would not commence before "intifada terror" was crushed. Other ministers complained that the US had not fully met Israeli demands, pointing to Baker's refusal to declare Israeli pre-1967 borders "indefensible" or submit the list of Palestinian delegates to Israeli vetting. Conversely, the US insisted - over Israel's

32. Eliahu Salpeter, "Why Israel is Uneasy about Madrid", The New Leader, 7-21 October 1991, pp.5-6.

objections - that the future of East Jerusalem was a legitimate issue for negotiations, in which the city's Palestinian residents should have a voice. But in spite of their reservations, most ministers agreed with the claims of Shamir and Foreign Minister Levy that "Israel had not given way on its principal demands". All the religious ministers, and most Likud members, supported for the participation.³³ In a related development, on 23 October, Shamir announced that he would supplant Foreign Minister Levy as the head of Israel's delegation to the Madrid Peace Conference.³⁴ Levy was an enthusiastic supporter of the peace process and the most conciliatory minister in Shamir's cabinet. Most of Israel's rivals who were participating in the conference were sending their Foreign Ministers. The unexpected diplomatic move was viewed by analysts as a signal that Israel would refuse any territorial compromise during the talks.

On 30 October, the Madrid Conference - the first stage of West Asia peace talks opened as the delegates from Israel, Syria and Lebanon and a joint Jordanian-Palestinian delegation (led by Haidar Abdul-Shafi) met around a single conference table in Royal Palace in Madrid. Besides,

33. Feretz Kidron, "Sullen Acceptance", Middle East International, no.411, 25 October 1991, p.11.

34. New York Times, 24 October 1991.

representatives from Egypt, the EEC, the Gulf Cooperation Council (GCC) and the UN also took part as observers. The conference was opened with an address by Spanish Prime Minister Felipe Gonzalez, followed by the leaders of the conference sponsoring governments - President Bush and President Gorbachev.³⁵ In his opening remarks, President Bush termed the event a "mission of hope". Bush reassured a wary Israeli delegation by speaking of "territorial compromise" instead of "land for peace", a formula that Israelis loathe. He also backed the Israeli view that the conference should lead not just to belligerency but to "real peace". Explained Bush: "I mean treaties, security, diplomatic relations, economic relations, trade, investment, cultural exchange, even tourism". At the same time, he responded to an Arab concern by calling for everyone to "avoid unilateral acts" (Israeli settlements in the occupied territories) that might "prejudice" the peace process.³⁶

During the three day (30 October to 1 November) plenary session the Israeli delegation offered no prospect of an Israeli withdrawal from the occupied territories and Arab Foreign Ministers and the Palestinians stated that there could be no peace without territorial compromise. Exchanges

35. Facts on File, vol.51, no.2659, 7 November 1991, p.833.

36. George J.Church, "Finally Face to Face", Time, 11 November 1991, p.55.

between Israel and Syria were particularly hostile. On 3 November, the second stage of the peace talks - the bilateral talks was opened. Five hours of talks between an Israeli negotiating team and members of the Jordanian-Palestinian delegation produced a joint statement which said further negotiations would be divided into "two tracks", to discuss Israeli-Palestinian and Israeli-Jordanian issues. Those negotiations would work towards the conclusion of a two phase agreement in which Palestinians would first have an interim period of self rule before negotiating a final settlement with Israel. Separate Israeli-Lebanese and Israeli-Syrian meetings finally began in the evening of 3 November after the US and Arab diplomats had helped to resolve disagreement over the procedure between Israeli and Syrian representation. There was no agreement on the venue and agenda for the next round of bilateral talks. Israelis insisted that the venue be in West Asia, a move that would provide at least tacit Arab recognition of Israel's right to exist. The Arabs demanded the venue be in Europe or Washington. With the disagreement on a venue and agenda for the next round, the bilateral talks was adjourned on 3 November.³⁷

Meanwhile, Israeli settlement activities continued without any pause. On 4 November Housing Minister Sharon

37. Facts on File, n.35, pp.833-4.

opened a new civilian settlement named 'Qeia', in the Golan Height - the day after the first round of West Asia peace talks.³⁸ On 12 November, the Israeli Knesset passed a resolution by 26 to 12 votes stating that the Golan Heights were non-negotiable territory, reaffirming the annexation decision of 1981.³⁹

On 22 November, meanwhile, the State Department officials announced that they had invited Israel and Arab negotiating parties in the West Asia peace process to resume bilateral talks in Washington on 4 December. But Israeli officials responded with irritation to what they called "bullying tactics" by the US pointing out that Israel was strongly opposed to holding talks outside West Asia, but could not afford to appear to obstruct the peace process by declining invitation. Many Israelis perceived the timing of the US action as a snub to Shamir, who was touring the US. On 21 November, Shamir had discussed the issue of negotiations site in a meeting with Secretary of State Baker, but invitations were issued and announced prior to Shamir's scheduled 22 November talks with Bush; apparently Shamir's prior knowledge.⁴⁰

38. New York Times, 5 November 1991.

39. Ibid, 13 November 1991.

40. Facts on File, vol.51, no.2662, 28 November 1992, p.891.

On 4 December, the second round of bilateral talks opened in Washington. But when the members of Syrian, Lebanese and Jordanian-Palestinian delegations came into conference rooms at the State Department, they found as they expected, Israel side of negotiating tables empty. The Israeli delegation arrived only on 9 December, since 4 December was not suitable for them to prepare for the talks. Bilateral talks finally resumed in offices of the State Department on 10 December and continued with a break on 13-15 December until 18 December. The talks ended with no progress had been achieved, no genuine meeting of the Israeli and the Jordanian-Palestinian delegations had taken place. Bilateral talks did take place between Israel and Syria and between Israel and Lebanon, without any specific progress. Both sides, however, had agreed to resume talks in early January 1992. Meanwhile, President Bush and other US officials expressed disappointment with the lack of progress during the talks, but remained optimistic about the overall peace process.⁴¹

Meanwhile, on 16 December, UN General Assembly voted 112-25 (President Bush's proposal of 23 September 1991) to rescind Resolution 3379 describing 'Zionism' as racism. The Resolution 3379 was sponsored by a coalition of Arab,

41. Ibid, vol.51, no.2666, 31 December 1991, pp.974-5.

Islamic, nonaligned (including India) and Soviet bloc states in 1975. However this time, the Soviet Union and most of the former Soviet bloc countries, and India voted for repeal.⁴²

In early 1992, the US-Israeli relations strained once again over the Israeli reaction towards the Palestinian attacks on Jewish settlers in the occupied territories. On 2 January, the Israeli Defence Ministry ordered the deportation of 12 Palestinian activists it said were "involved in terrorist activities and incitement". The expulsion order was the first by the Israeli since May 1991, and one of the largest since the beginning of the Palestinian 'intifada' in December 1987.⁴³ The US protested that action with its sharpest response yet, joining in a Security Council vote on 6 January. A clarification of American policy was made by Thomas Pickering, US Permanent Representative to the UN. He said: "We have repeatedly urged the Government of Israel immediately and permanently to cease deportations and to comply full with the Fourth Geneva Convention in all of the territories which it has occupied since 5 June 1967. We have therefore, voted in favour of this resolution which calls on Israel to refrain

42. Jerusalem Post, 17 December 1991.

43. Facts on File, vol.52, no.2668, 9 January 1992, p.9.

from deporting any Palestinian civilian from the occupied territories.⁴⁴ However, the US also condemned the increasing Palestinian attacks on Israelis resulting in death of Israelis.

Meanwhile, Arab negotiators who had threatened to boycott the scheduled bilateral talks in Washington because of the Israeli deportations of Palestinians indicated that they were prepared to resume the talks, since the US had condemned the deportations. At the same time Israeli officials assailed the Security Council action and criticized the US backing of Security Council resolution. Senior Israeli negotiator Yossi Ben Aharon said, "We can only express our bitterness, our anger and our regret that the US continues to pay a price to bring the Arabs to the negotiating table at the expense of Israel."⁴⁵

On 13 January, the third round of bilateral talks began in Washington. The talks which were scheduled to open on 7 January were delayed by the late arrival of the Arab teams in protest against the Israeli deportations of Palestinians. The Israeli delegations had arrived on 6 January. The negotiations started positively with agreement on separate Palestinian representation within the joint Jordanian-

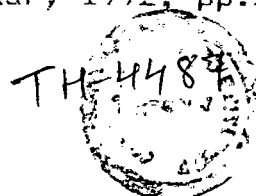
44. Quoted in US Department of State Dispatch (Washington, D.C.), vol.3, no.3, 20 January 1992, p.54.

45. Quoted in Facts on File, n.43, p.9.

Palestinian delegation, the issue which had caused the collapse the second round of talks in Washington. During the Israeli-Palestinian talks both sides put forward proposals for Palestinian self rule in the West Bank and Gaza Strip. Under Israel's proposal of "interim self government authority", Palestinians would have some measure of autonomy, but no control over security, foreign affairs or the Jewish settlements. Palestinian counter-proposal included measures to assure participation in self rule by Arab residents of Jerusalem and the election of an organ to assume authority over all people, land and resources in the occupied territories until final status was decided. The Israeli delegation refused to discuss the controversial issue of settlements in the occupied territories. Israel's talks with Syria, Jordan and Lebanon did not bear any fruit as the Israeli delegation concentrated only issues such as diplomatic relations and economic cooperation, and refused to discuss the controversial issue of settlements and interpretation of the Resolution 242.⁴⁶

Meanwhile, on 16 January, the right wing ultra nationalist parties - Tehiya and Moledet - resigned from the Likud government in protest what they considered to be the start of autonomy negotiations with the Palestinians during the peace talks. The departure of the two parties removed

46. Ibid, vol.52, no.2667, 16 January 1992, pp.20-21.



the Likud government's majority from 64 to 59 out of 120 seats in the Knesset. In December 1991, Tsomet party had withdrawn their support (2 seats) from the government in protest against Prime Minister Shamir's opposition against proposals to change Israel's electoral system for the direct election of the Prime Minister.⁴⁷ The departure of the two parties also led to a no-confidence motion against Prime Minister Shamir in the Knesset on 27 January, but it was defeated by a vote of 55 to 49.⁴⁸ However, it led to an announcement of early general elections on 23 June instead of 3 November 1992.

Despite the political turmoil that was taking place in Israel, the third stage of peace talks - multilateral talks was held during 28-29 January in Moscow to initiate talks on a range of West Asia regional issues, including arms control, economic development and resource management. It was also sponsored by the US and Russia (after the collapse of the Soviet Union). Delegates from Israel, 10 Arab nations including Saudi Arabia, the EC, and several other countries met in Moscow. Significantly this was the first time that Arab states of Persian Gulf region and many North African states had ever participated directly in negotiations with Israel. The Palestinians boycotted the

47. New York Times, 17 January 1992.

48. Ibid, 28 January 1992.

meeting in protest at the US and Russian decision not to allow the Palestinian delegation to include the PLO, East Jerusalemites and Palestinians from the outside occupied territories of Israel. Syria and Lebanon declined to attend the multilateral talks on the grounds over previous Israeli inflexibility in bilateral talks. Arab delegates who attended the talks said that the talks would not make or attain specific progress as long as Arab lands are occupied by Israel and Palestinian people continue to be deprived of their right of self determination. However, the delegates agreed to convene again in April or May to discuss regional issues.⁴⁹

On 24 February, Arab and Israeli negotiators began their fourth round of bilateral talks in Washington. On the first day of the summit, Israel introduced a plan to establish limited self government for Palestinians in the occupied West Bank and Gaza Strip. The plan which was made public on 26 February would give Palestinian authority over a wide range of local affairs, including industry and commerce, civil services, municipal government, taxation and local police forces. But the plan made no provision for an overall Palestinian administrative body to integrate the local authorities into a single regional government. The

49. Facts on File, vol.52, no.2671, 30 January 1992, pp.50-51.

plan also ruled out withdrawal of Israeli forces from the territories, a key Palestinian demand in their self rule plan and in 1979 Camp David accords. The plan exempted Israeli settlers in the territories from Palestinian jurisdiction and effectively safeguarding continued Jewish settlement in the occupied territories. Palestinian spokeswoman Hanan Ashrawi denounced the Israeli plan as "an attempt to legitimize the Israeli annexation" of the territories by creating "a system of apartheid".⁵⁰ On 3 March the Palestinians countered it with a more detailed version of an earlier proposal that called for the election of a governing Palestinian parliament and withdrawal of Israeli armed forces from the occupied territories by October 1992. That proposal was in turn rejected by Israel. The talks concluded on 4 March without any agreement and without fixing the date for the next rounds of talks.⁵¹

The US blamed the Palestinians for the failure of the talks. Unidentified State Department official on 5 March criticized the Palestinian delegation for "posturing" and stating out "maximalist" positions during the talks. One official urged the Palestinians to "pocket the gains" offered to them in Israel's limited self rule proposals.

50. Ibid, vol.52, no.2675, 27 February 1992, p.122.

51. Ibid, vol.52, no.2677, 12 March 1992, p.161.

The officials comments were widely believed to reflect the view of the Bush administration that the Palestinians should attempt to win gradual concessions from Israel rather than seek to obtain immediate independence in the talks.⁵²

Back to the Square One

On 24 January 1992, Israeli Ambassador Zalman Shoval met Secretary of State Baker to reach a compromise on the loan guarantees. Since there was no break through in the talks, Shoval met Baker again on 7 and 21 February. But once again they failed to reach an agreement. On 30 January Prime Minister Shamir had announced that none of the money Israel received through the loan guarantees would be spent on settlement activity. But the US officials dismissed that pledge as meaningless, by pointing out that the loans would free other government funds to be spent on settlements.⁵³

On 24 February, Secretary of State Baker finally told a congressional panel that the Bush administration would grant \$10 billion guarantees to Israel only if Israel halted its settlement activity in the occupied West Bank and Gaza Strip. Baker added that if Israel wanted to use its own funds to finish settlements already under construction, the US will guarantee loans in some lesser amount - \$1 billion a

52. Ibid, pp.161-2.

53. Ibid, vol.52, no.2675, 27 February 1992, p.121.

year for five years. But every dollar Israel spends on finishing settlements will be deducted from the guarantees, a stipulation that could eat up the entire loan.⁵⁴ Baker's announcement marked the first time that the Bush administration had publicly linked the loan guarantees to the settlement policy.

But Prime Minister Shamir immediately dismissed Baker's demand and said, "We will not halt building in the territories for even one day". His justice minister Dan Meridor, called the US demand for a settlement freeze "racist" and his deputy foreign minister, Benjamin Netanyahu, accused the US of "wanting to push us back to the border of Auschwitz".⁵⁵

Both Israel and the US were looking for compromise, but President Bush did not seem likely to bend. It led to Senator Patrick Leahy with the Senator Robert Kasten to draft a compromise proposal which would give Israel an initial installment of approximately \$800 million loan guarantees with in 30 days of enactment of the legislation, but it would give the Bush administration increasingly broad discretion to cut off the loan guarantees if Israel persisted in the settlement activity - after Israel received

54. Newsweek, 9 March 1992.

55. Quoted in ibid.

an installment. After weeks of negotiations, however, on 17 March President Bush rejected the Kasten-Leahy compromise. Bush indicated that proposals contained unacceptable loopholes that would allow Israel to continue to expand settlements in the occupied territories.⁵⁶ Meanwhile, Defence Minister Moshe Arens who was on a visit to Washington said on 16 March that his country would abandon its request for the loan guarantees rather than renounce right of Jews to settle in the West Bank. He said that the settlements kept Arab enemies at a distance from Israeli population centres and were in keeping with a centuries old Jewish presence in the West Bank - Judea and Samaria. He also said that Israel would not "beg or crawl" for help to absorb Russian immigrants; they (Israelis) were a small people, but a proud people.⁵⁷

Meanwhile, Bush proposed a counter-proposal to Kasten-Leahy proposal. He offered Israel \$10 billion loan guarantees over five years, with \$300 million up front, provided Israel halts all new settlements in the occupied territories. But construction under way before 1992 - 5,500 houses - could be completed, so long as they were on a list approved in advance. And Israeli violations would result in

56. Carroll J. Doherty, "Bush, Lawmakers Shuffle Blame as Israel Loan Talks Crumble", Congressional Quarterly Weekly Report, vol.50, 21 March 1992, p.733.

57. New York Times, 17 March 1992.

cutting off further guarantees.⁵⁸ But the Congressional leaders refused to budge from their proposal. Since both the administration and the Congress were adamant on their proposals, the Israeli request for the guarantees became almost dead. And the Israeli leaders then considered their request as a lost cause.

However, because of the political sensitivity of the issue, the Bush administration and the Congress had been reluctant to pronounce the Israeli request dead. Especially in an election year neither side wanted to be seen as responsible for scuttling a humanitarian programme that assumed paramount importance for many US Jewish organizations. But some pro-Israeli lawmakers had accused the administration of denying the Shamir government the guarantees in order to affect the outcome of Israel's election on 23 June 1992 in favour of the Labour party, led by Yitzhak Rabin (became the leader in February 1992) who was viewed by West Asia analysts as more conciliatory on settlements and regional issues. This view was shared by West Asia expert William B. Quandt, senior fellow at the Brookings Institution and West Asia analyst in the Carter administration.⁵⁹ He said that there might be some truth to

58. J.F.O. Mc Allister, "Uncle Sam Closes His Wallet", Time, 30 March 1992, p.14.

59. Doherty, n.56, pp.733-5.

the accusation, and Bush and Baker might well have concluded that Shamir was a hopeless case.

Meanwhile, the sense of strain in the US-Israeli relations had again increased when the Bush administration officials leaked that Israel was selling secret American military technology to other countries, including China and South Africa - both on the US embargo list. The technology transfer affair broke in public on 12 March, with a story by the usually pro-Israel Washington Times reporting that the US investigating intelligence reports that Israel had supplied China with a Patriot missile, thereby possibly compromising secrets of the only battle-tested anti-missile in the world. The Times report was followed the next day by a major report in the Wall Street Journal that significantly broadened the scope of the charges. It mentioned illegal Israeli reexports of an array of technology to a number of countries beyond China and South Africa, including Chile, Ethiopia and Thailand stated that there was "no doubt in the US intelligence community that Israel has repeatedly engaged in diversion schemes". The Washington Post joined the fray the next day by confirming the Journals charges and adding that one official said there were "lots of clear cut cases".⁶⁰

60. Donald Neff, "Bush and Shamir Ready for a Shoot-out", Middle East International, no.421, 20 March 1972, p.3.

Israeli officials immediately dismissed those charges. Prime Minister Shamir said, "This is complete nonsense, absolute lies."⁶¹ His deputy foreign minister, Benjamin Netanyahu characterized the charges as "deliberate campaign of slander... intended to undermine Israel's position in the American public and the American Congress."⁶²

On 22 March, the US, however, sent a 15 member team comprising mostly army technical specialists to Israel to inspect site where Israel kept the two Patriot batteries, which was sent by the US during the Gulf War. The visiting Americans, who were focusing only on the allegations involving Patriot missiles got full cooperation from the Israelis.⁶³ But after a week-long visit, the US team could not find evidence that Israel had transferred Patriot missiles or its technology to China. On 2 April, the State Department cleared Israelis from the Patriot missile transfer allegations and declared the investigation officially closed. "Our team found no evidence that Israel had transferred a Patriot missile or Patriot missile technology. We plan no further action on this question with Israel and consider the matter closed", State Department

61. Quoted in Time, 23 March 1992.

62. Quoted in Facts on File, vol.52, no.2678, 19 March 1992, p.183.

63. International Herald Tribune (Singapore), 23 March 1992.

spokeswoman Margaret Tutwiler said. But the apparent resolution of the issue was accompanied by renewed charges from Inspector General Sherman M. Funk who headed the US team that Israel was engaged in a "systematic and growing pattern" of unauthorized sales of US arms to the third world countries, particularly during the Reagan years.⁶⁴ Meanwhile, in London, the Sunday Telegraph said that the Pentagon then believed Saudi Arabia, not Israel, transferred US missile technology to China. The newspaper said Israeli intelligence, had evidence that Patriot technology was given to Chinese technician who worked on Chinese missiles in Saudi Arabia.⁶⁵

Meanwhile, several motives had been suggested for the onslaught by the Bush administration officials on allegations against the Patriot missile transfer by Israel. According to some observers that the administration was retaliating by besmirching Israel for the allegations against Secretary of State Baker for the obscene utterance against the Jews - in early March, which Baker strongly denied. Others argued that the leaks were timed to deflect attention from the dismal failure of the US Navy to intercept the North Korean and Iranian ships carrying 'Scuds' ultimately destined for Syria. Those observers

64. Ibid, 3 April 1992.

65. Ibid, 30 March 1992.

voted that the newest accusations were related to missile technology, whose proliferation in West Asia which the US seemed unable to stop. Accusing Israel of involvement in such proliferation would provide a convenient diversion. And others believed that since many of Israel's friends in the Congress oppose the administration's closeness to China, charges of Israeli complicity with that country would embarrass them. Putting those Congressmen on the defensive could also soften their opposition to a proposed new arms sales to Saudi Arabia.⁶⁶

Meanwhile, Vice President Dan Quayle tried to heal the wounds that had happened to the US-Israeli relations. Speaking before the American Israeli Public Affairs Committee (AIPAC) in Washington on 7 April 1992, he said, "Israel and the United States need each other. We benefit from each other. Our alliance is unshakable because it rest on two firm pillars: strategic interests and common values. Difficulties aside, Israel and the United States remain friends and allies for ever." Speaking about the strained relations on differences over Israeli settlements in the occupied territories, over the meaning of UNSC Resolution 242 and over the loan guarantees, he assured that they do not change or threaten basic principles behind their

66. David Bar-Illam, "The Patriot Smear and Its Progeny", Commentary (New York), vol.93, no.6, June 1992, p.22.

relationship. He also claimed that it was because of statesmanship of Ronald Reagan and George Bush that the Soviet Jewish emigration had occurred; the rescue of Ethiopian Jewry had happened; 'Zionism is racism' resolution was rescinded; direct peace talks on terms Israel had rightly sought for 43 years became a reality; and defeated Iraq who posed as a threat to Israel.⁶⁷

Meanwhile, Prime Minister Shamir in an interview with the Jerusalem Post said that President Bush promised Arab leaders - in advance of the US-Israel negotiations - that he would not provide Jerusalem with the loan guarantees unless Israel froze Jewish settlements in the occupied territories. "No doubt about, there was some kind of promise to Arabs. The Arabs say so," Shamir said. He said that the Arabs opposed the granting of the guarantees because their aim was to stop the immigration from the Soviet Union. He also said that Bush's move was due primarily to his sincere belief in the "land for peace" formula, but also he wanted to "appease the Arabs". And he played down Bush's role in moving against such Arab radicals as Iraq and Libya. Shamir claimed that Saddam Hussein was still in power which forces Israel to do some unfinished

67. US Department of State Dispatch, vol.3, no.15, 13 April 1992, pp.288-9.

business with him.⁶⁸

On 27 April Arabs and Israelis negotiators met again in Washington for the fifth round of bilateral peace talks. The talks closed on 30 April after marking little progress towards an agreement on interim self rule in the occupied territories. Israel put forward what it described as "pilot municipal election plan" that would provide for Palestinian self rule in larger towns in the occupied West Bank and Gaza Strip. But it was coolly received by Arabs and Palestinian delegations. The negotiations were overshadowed by the run-up to the Israeli general elections of 23 June. In order to bolster the re-election prospects of the Likud coalition, the Israeli delegation was eager to demonstrate a commitment to the peace process while at the same time avoiding major concessions to the Arabs. Palestinian delegates, meanwhile, were reportedly seeking to avoid appearing "rejectionist" for fear that Arab intransigence at the talks would help return Shamir's hard-line government to power.⁶⁹

It was the last bilateral talks between the Arabs and Israelis under the Likud government. The next round of talks took place only after the general elections of Israel in 23 June. However, the second round of multilateral talks

68. David Makovsky, "Shamir: Arabs Got Bush Promise on Guarantees", Jerusalem Post, 17 April 1992.

69. Facts on File, vol.52, no.2685, 7 May 1992, p.327.

was scheduled to take place on 11 May in Brussels for the economic development and on 13 May in Ottawa for the refugees issue of West Asia. But on 6 May Israeli officials announced that Israel would boycott the multilateral talks on economic development and refugee issue because Palestinians from outside the occupied territories would be attending those talks. As a condition for the Israeli participation in the peace effort, the US as sponsor of the talks had agreed to limit Palestinian representation to Arabs who lived the occupied West Bank and Gaza Strip. The Palestinians had countered that talks on broader regional issues should include refugees from outside the territories and Palestinian delegates had boycotted the opening of multilateral (regional) talks in Moscow in January 1992. In an attempt to keep the Palestinians involved in the regional issues, Secretary of State Baker had agreed to let so called diaspora Palestinians take part in conferences on refugees and economic matters, according to a story in the New York Times, of 28 April 1992. Israel opposed inclusion of diaspora Palestinian in the peace process because the Israeli government was not willing to begin negotiations on the right of Palestinian refugees to return to Israel or the Israeli occupied territories. Foreign Minister Levy had formally objected to the change in delegation policy in a meeting with Baker in Washington on

28 April, but Baker did not abandoned his position.⁷⁰

On 12 May - on the eve of Ottawa multilateral talks on refugees - the State Department complicated the matter further by affirming the US support for UN General Assembly Resolution 194 of 1948 - the right of Palestinian refugees to return to Israel and to be compensated for the lost property. It led to an angry reaction from the Israeli government which asked Washington for a clarification. The the State Department spokeswoman Margaret Tutwiler repeated the US support for the UN resolution endorsing the "right of return", but stressed at a news briefing, "The issues raised in both these resolutions like those raised in many other Un resolutions relating to the Arab-Israeli conflict can only be resolved through a process of direct negotiations among the parties themselves." Tutwiler also said that the US had supported UN Resolution 194 since it was adopted on 11 December 1948 and they would continue to support it.⁷¹ The Israeli government dismissed "the right of return" of Palestinians as non-negotiable. "It will never happen, in any way, shape or form. There is only a Jewish right of return to the land of Israel", Prime Minister Shamir said. For Israelis of all political stripes, from far right to far

70. Ibid.

71. International Herald Tribune, 14 May 1992.

left, there was perhaps no issue more sensitive - and no concept more of anathema - than Palestinians claims to the "right of return" to homes that they left in 1947 and 1948 as Israel come into being and fought for its survival. A large-scale return of Palestinian refugees, whose numbers were put at 2.6 million by the UN, would erode Israel's Jewish majority of 4 million and according to Israelis it would jeopardize the very existence of the Jewish state. So by reaffirming support of the UN Resolution 194, the US struck deeply into an Israeli nerve.⁷²

However, on 19 May the State Department moved to defuse the dispute by stating that the UN resolution on the Palestinian right of return was not part of the current Arab-Israeli peace talks. The State Department spokeswoman Margaret Tutwiler said that the only agreed terms of reference for the peace talks were UNSC Resolutions 242 and 338 which called on Israel to trade lands occupied in 1967 war for peace. The US changed its stand because Israel was in midst of an election campaign in which the Likud party had often tried to portray the Bush administration as seeking Israel's total return to the 1967 boundaries. The Likud had urged Israeli voters to elect a government that can stand up to the pressure from Washington.⁷³ Besides,

72. Ibid, 15 May 1992.

73. Ibid, 20 May 1992.

Israeli politicians on both the left and right had denounced the US position on reaffirming Resolution 194. The Bush administration might have feared its position on the Resolution 194 would give a healthy boost to Prime Minister Shamir's election campaign, since it was an open secret that the administration hoped for Yitzhak Rabin's Labour party victory on 23 June.

Publicly the Bush administration was not only neutral but also virtually silent on the subject of the Israeli elections. But both Israeli and American Jewish officials close to the administration had said that privately, the White House had made no secret of the fact that it very much wanted to work with Rabin. The White House was careful not to openly support Rabin as it could backfire by pushing some votes into Shamir's camp. And it did not want to risk alienating the American Jewish community, either, by openly interfering in Israel's domestic affairs, since Bush was facing re-election in November 1992. Best signs of the Bush administration's pro-Rabin tilt were the Bush administration's agreement on delaying the next round of bilateral West Asia peace talks until after the Israeli election, pinning its hopes on Rabin's flexibility in the peace talks. Another sign according to the US Jewish sources was Baker's reported tentative acceptance in meetings with American Jewish leaders of the concept of

security settlements in the occupied territories, while opposing political settlements there. Rabin's policy was to allow security settlements in the occupied territories instead of political settlements.⁷⁴

Defeat of the Likud Party and Bush's Approval of the Loan Guarantees

On 23 June, the Labour party defeated the Likud party in the general elections and ended the Likud's 15 years rule. The Labour and its allies won 61 seats out of 120 seats in the Knesset, while the Likud and its allies got only 44 seats and religious parties got 15 seats. On 13 July, the new Israeli Knesset voted 67 to 53 to accept new government of Yitzhak Rabin. During a speech to the Knesset, Prime Minister Rabin offered to visit the capitals of Israel's traditional Arab enemies and pledged not to waste "precious time" in searching for peace in West Asia. He also said that his government would "refrain from any steps and activities that would disrupt" the peace talks i.e. freezing of the settlement activities.⁷⁵

With a new perception of peace in West Asia, Prime Minister Rabin visited the US on 11 August 1992. Rabin met President Bush at his vacation home at Kennebunk

74. Allison Kaplan, "US Administration Hoping For Rabin Win", Jerusalem Post, 18 June 1992.

75. International Herald Tribune, 14 July 1992.

port, Maine, where they opened a new chapter in the US-Israeli relations with an agreement to send the \$10 billion loan guarantees proposal to the Congress and a pledge of stronger strategic cooperation between the two countries. Standing on the lawn of his vacation home, Bush appreciated Rabin's "very different approach" to the issue of Jewish settlements in the occupied territories. Without endorsing Rabin's plan to continue allowing settlements that are aimed at enduring Israel's security and prohibiting "political settlements", Bush said the Prime Minister's explanation of his policy had satisfied him and the US government.⁷⁶

With President Bush's approval of the loan guarantees and Rabin's settlement policy in the occupied territories, a new era was dawned in the US-Israeli relations ending the most fractious era in its history since the Suez Crisis.

76. Ibid, 12 August 1992.

CHAPTER V

CONCLUSIONS

The United States played a significant role in the creation of Israel. The US was the first country to give the diplomatic recognition to Israel when it was created on the basis of religion on 14 May 1948. Ever since Israel enjoyed special relationship - except during the Suez Crisis - with the US, one of the visible component of special relationship has been continuous annual huge economic and military aid to Israel. It is significant to know that Israel top the list as recipient of American economic and military aid. Besides this support for Israel, diplomatically too US has always taken the side of Israel in all the Arab-Israeli conflict since 1948 onwards except during the Suez War of 1956. During the crucial war of 1973, when Israel was facing defeat, the US provided massive airlift of arms to Israel in order to reverse the adverse situation. Meanwhile, the US even declared a nuclear alert, when there was some indication of out break of nuclear war in West Asia and also the Soviet Union threatened to interfere in the war on behalf of Egypt. At the UN, it had consistently opposed any Arab efforts to undermine the security and state of Israel.

Essentially the US policy had been to buy peace for Israel by returning Arab territories. However, the US did not go in favour of returning all territories which belonged to Arabs, as it was found almost endorsing Israeli perception that some of these territories are crucial to the security of Israel - like the Golan Heights, West Bank and Gaza Strip. Even on the matters of nuclear proliferation in West Asia, the US selectively allowed Israel to retain its nuclear capability and did not take any step to check the nuclear proliferation of Israel. Israel's Dimona reactor is the source of Israeli nuclear weapons programme. Some reports suggested that the US AWACS aircraft provided information and also assisted electronic jamming for Israel when Israeli planes carried out attacks on Iraq's Osirak reactor. The relations between the US and Israel reached an all time high during the Reagan administration which considered Israel as a 'strategic asset' and a 'bulwark' against Soviet expansionism in West Asia.

When George Bush entered the White House as the President in January 1989, he was aware of the changing global environment in the preceding years when he was the Vice President. The superpower conflict which dominated the global politics very often termed as cold war was coming to an end with ramifications in regional context in West Asia too. President Bush ever since assuming presidency was

convinced that there was no need building of Israel as a bulwark against communism, as communism itself was finding difficult to sustain itself in Eastern Europe and even in the Soviet Union. As the cold war ended, in West Asia, the US faced a situation in which it had moderate Arab states and Israel on its side, while the radical Arab states in a dilemma, having lost the Soviet connection and support. Once again the US had favourable situation of the Camp David whereby in the interest of securing peace and winning more Arab states on its side the priority had to be given to the Arabs for the return of their territories that has been occupied by Israel. Moreover there was progressive realization by the Bush administration that the US leadership and pre-eminence in West Asia would be possible provided the US solved the Arab-Israeli conflict especially the Palestinian question. Therefore President Bush unlike President Reagan, considered the Jewish settlements in the occupied territories as the greatest impediment for convening an Arab-Israeli peace talks. It was the Bush administration's policy against settlements in East Jerusalem, which Israel considers it as part of their united capital - prompted Prime Minister Yitzhak Shamir to shun the peace process. It led to disunity in the National Unity government, thereby fall of the government ending its six years of rule.

Israel having opted for the democratic form of government, the domestic politics especially the role of right wing parties with the Likud on one end of the right to the other extreme right are parties - Moledet, Shas, Tehiya - which influence the overall Israeli policy towards Arabs and Jewish settlements in the occupied territories. The presence of extreme right wing party leaders in the newly formed Likud led cabinet of June 1990 increased the tension between the US and Israel when the question of resolution of Arab -Israeli conflict was attempted by the US through dialogue and restricting the Jewish settlements. The intransigence of the Likud government in favour of increasing Jewish settlements in the occupied territories, was publicly criticized by the US as an obstacle to the peace process in West Asia. Such a US criticism of Israel was very rare and that there exist only one such parallel, i.e., during the 1956 Suez Crisis. Significantly the hotting of strained relationship got reversed and cooled following a major destabilizing development in the Persian Gulf - the Iraqi invasion of Kuwait on 2 August 1990.

It may be noteworthy that the Iraqi invasion of Kuwait resulted in the US soft peddling on issues that created heightening of tension and conflict between the US and Israel. The priority of the US following the Iraqi invasion was to organize a broad coalition of Western and Arab powers

and restrain Israel from taking part in the new conflict in the Persian Gulf at any level. The US was convinced that any Israeli involvement could deter Arab states from participating in the US led multinational force.

But a complication developed in the improved relations on 8 October 1990, when the Israeli security forces shot dead 17 Palestinians and wounded 100 others at the Temple Mount. This forced the US to draft a UN Security Council resolution against Israel for the Temple Mount killings. The US motivation in condemnation of Israel was its objective for maintaining and sustain the multinational alliance against Iraq's invasion of Kuwait. Though the US condemned Israel at the Security Council, their bilateral defence ties remained unshakable. In October 1990, the Bush administration decided to deliver on grant basis, two Patriot Air Defence units worth \$114 million as well as 15 F-15s and 10 CH-53 helicopters to be placed in stockpile. That assistance was in addition to annual \$1.8 billion military aid of total \$3 billion US aid and for Israel. Besides, the Senate on its part voted almost unanimously to provide Israel \$700 million worth of used weapons being withdrawn from Europe.

On 20 December 1990, the US joined once again in a unanimous UN Security Council decision for adopting a resolution that referred to the occupied West bank and Gaza

Strip as Palestinian territories and condemned the treatment of Palestinians there. However, the US rejected the call for an international peace conference on the Arab-Israeli conflict. On 4 January 1991 also, the US joined a unanimous Security Council resolution condemning Israel's treatment of Palestinians in the occupied territories. Once again, the primary motivation of the US joining condemnation of Israel had been not to give any chance for the Arabs to abandon the US engineered multinational alliance. Moreover, other main objective of the US supporting the Security Council resolutions at the critical juncture of the Gulf Crisis, was not to give any chance to Saddam Hussein linking the Palestinian issue to the Iraqi withdrawal from Kuwait thereby reducing the pressure on the some Arab leadership to continue participating effectively in the multinational force.

The frustrated Iraq attempted to provoke Israel into get involved in the war, by launching its Scud missiles at Israel on 18 January 1991. The US policy makers responded effectively to appease Israel to adopt a completely a non-involved posture. Concretely, the US responded to the Iraqi missile attacks against by sending to Israel two Patriot anti-missile batteries and sending some American troops to Israel, in order to operate them and to instruct in their use - it was the first time that the US had sent troops to

defend Israel. Besides, the US intensified their bombings at the Iraqi Scud missile sites from where Iraq launched its missiles to Israel. Simultaneously, the US sent Deputy Secretary of State Lawrence Eagleburger to Israel to persuade Israel for the restraint against the Iraqi missile attacks. All these US gestures and actions were to keep Israel out of the Gulf War. The US feared any Israeli retaliation against Iraq could turn the Gulf conflict into an Arab Israeli conflict. Indeed, some Arab states like Syria threatened to abandon the multinational force and join with Iraq against Israel, if Israel involved in the war. The US act of appeasing Israel at bilateral level during the period of Gulf War resulted a most cordial and the highest point of understanding US-Israeli relations during the Likud government of 1990-92.

From 18 January to 27 February 1991 till end of the Gulf War, Iraq launched 39 Scud missiles in 18 separate attacks against Israel. Only 239 Israelis were injured, 2 Israelis were killed as a result of direct missile attacks and 13 died from heart attacks or from the misuse of gas masks during the raids. Iraq never launched its repeated threat to attack with chemical weapons on Israel. Retaliation by Israel with non-conventional weapons like atomic weapons or similar retaliation from the US might have dissuaded Saddam Hussein from using chemical weapons.

However, Israel usually noted for swift and massive retaliation against any attack did not retaliate against Iraq. The prime reasons were: the restraint improved Prime Minister Shamir's domestic popularity, which his Likud party hoped to translate it into electoral gains; majority of Israelis (70 per cent) had approved the government's no retaliation policy; Israeli officials expected that their restraint would give them "a place at the table", when they would deal with the Palestinians at the Peace talks; and no retaliation policy improved Israel's image with American public, the Congress and th Bush administration, and also won the world wide sympathy for them. Most important of all Israeli officials realized that the Israeli retaliation could transform the Gulf War into an Arab-Israeli conflict and that Israeli military intervention would lead to a premature ceasefire. These two results would be hardly helpful to Israel. In contrast their non retaliation ensures Israeli desired result of the destruction of the Iraqi war machine, which the US and its allies were achieving far more effectively than Israel ever could.

In April 1991, Israel stepped up its settlement activities in the occupied territories which was a clear violation of the promise that Israel had given to the US when they received \$400 million loan guarantees. For the Bush administration, to extract any flexibility from the

Shamir government on the question of settlement of the Arab-Israeli conflict appeared as intractable as it had been before the Iraqi invasion of Kuwait in August 1990. According to the US, renewed settlement activities was the greatest impediment for convening a West Asia peace conference, which affected the US-Israeli relations badly. Nevertheless, the US defence ties remained unshakable. In May 1991, the US announced delivery of 25 more sophisticated F-15s including 15 promised in 1990 and \$210 million more to develop its own anti-missile called 'Arrow' and stockpiled \$100 million worth of sundry military equipment in Israel which in an emergency Israel could use.

On 4 August 1991, the Israeli cabinet approved to participate in the West Asia peace conference in Madrid on 30 October 1991. The primary motivation behind the cabinet decision was to seek \$10 billion loan guarantees for settlement of Soviet Jews in early September 1991. But when they requested the loan guarantees in early September, President Bush asked them for a delay of 120 days to give peace a chance during the peace conference. Moreover, he threatened to veto the loan guarantees bill, if the Congress tried to approve the bill. This led to a show down with the Bush administration and the Israeli lobby in the Congress, who wanted an immediate passage of the bill. In mid September, Secretary of State Baker went to Jerusalem

and tried to convince the US position to Shamir and asked him to freeze the settlements in the occupied territories. But Shamir did not concede. Then Baker made it clear that the US would not guarantee loan for Israel unless Jerusalem agreed to freeze settlements in the occupied territories. It was the most fractious relations between the two countries since 1956. No US administration since the Eisenhower administration withheld the aid to Israel.

Since the cold war ended, President Bush no longer considered Israel as "unsinkable aircraft carrier" of the US in the Mediterranean. Bush believed the biggest threat to the US interests stems from the Arab-Israeli conflict, which gave Muslim fundamentalists a stick which to beat their pro-US moderate Arab governments. Meanwhile, Bush could also uphold his decision primarily because he had a political advantage since 86 per cent of Americans supported the Bush administration position on the loan guarantees - according to the ABC News poll. Moreover, the Bush administration annoyed with the Shamir government which continued settlement activities in the occupied territories and violated the promise given to the US for not using the American financial aid to finance the settlements - promise in relation to the earlier \$400 million loan guarantees.

For the Israeli government, the economic morass resulting from the tide of Soviet immigrants which they had

been confronting did not permit them to ease up on their request to the US for loan guarantees. Moreover, Prime Minister Shamir's political power was shaky. If he had capitulated to the Bush administration and froze the construction of Jewish settlements in the occupied territories, the far right parties in his government might have withdrawn their support from his government (even before January 1992 two far right parties withdrew their support in protest against Israel's autonomy talks with the Palestinians during the bilateral talks) and as a result his government might have fallen. However, by the end of September 1991, the Israeli government agreed to postpone the issue till January 1992, since the Bush administration was adamant on its position and the Congress was reluctant to challenge the administration and pass the loan guarantees bill. In early October, the Senate agreed to the Bush administration's request for delay of the loan guarantees by 120 days in order to give peace a chance during the West Asia peace talks.

On 30 October 1991, the West Asia peace conference began in Madrid. It was the first time that the US brought both Israel and her Arab neighbours on a single negotiating table. From October 1991 to May 1992, there were five rounds of bilateral talks and two rounds of multilateral talks between the Arabs and Israelis. The US could not

achieve any significant progress in these talks since Israel was not willing to trade land for peace. However, Israel put forward limited self rule plan for Palestinians in the West Bank and Gaza Strip, but Palestinians had rejected the plan since Israel ruled out withdrawal of Israeli security forces and exempted Palestinian jurisdiction on Jewish settlers.

On 24 February 1992, the Bush administration made clear that the US would grant \$10 billion loan guarantees only if Israel halted settlement activity in the occupied West Bank and Gaza Strip. But they also made it clear if Israel wanted to use its own funds to finish settlements already construction, the US would guarantee loans in some lesser amount - \$1 billion a year for five years. These offers were rejected by Israel.

Some pro-Israeli lawmakers accused the Bush administration of denying the Shamir government the loan guarantees in order to affect the outcome of the Israeli election on 23 June 1992 in favour of the Labour party leader Yitzhak Rabin who was more conciliatory on settlements and regional issues. This view was even shared by William B.Quandt, West Asia expert at the Brookings Institution.

The deteriorated relations took another plunge in mid March 1992 when a controversy erupted that Israel had transferred American Patriot missile or Patriot technology

to China. It led to an enquiry conducted by the US Army. But they could not get any conclusive evidence that Israel had transferred Patriot missile or Patriot technology to China. However, the Inspector General of US Army team found some evidence of unauthorized sales of US arms to the third world countries, especially during the Reagan era.

In May 1992, the US complicated the relationship further by reaffirming its support of 1948 UN General Assembly Resolution 194 which called for right of Palestinians to return to Israel. It led to an angry protest from Israel, which forced the US to change its stance and agreed to confine to UNSC Resolutions 242 and 338 for current Arab-Israeli peace talks. The Bush administration changed its stance on the Resolution 194 because Israel was in midst of an election campaign in which the Likud party had urged Israeli voters to elect a government that can stand up to the pressure from Washington. Moreover, Israeli politicians on both left and right had denounced the US position on the Resolution 194. The Bush administration took precaution that of withdrawing its stand on the Resolution 194 to ensure that the result of the election do not go in favour of Shamir's Likud party.

Though publicly the Bush administration was virtually silent on the subject of the Israeli elections, privately they wished for Yitzhak Rabin's Labour party victory. The

sure sign was the Bush administration's agreement to postpone the West Asia peace talks until after the elections, and the administration's acceptance of Rabin's policy of 'security' settlements instead of Shamir's political settlements. On 11 August 1992, when Rabin visited the US as the new prime minister of Israel, President Bush agreed to give the loan guarantees since Rabin pledged to freeze political settlements. However, Bush accepted in principle to continue allowing settlements that are aimed at enduring Israel's security.

It could be concluded that some Arab factor was dominant in constraining the Bush administration policy towards the Likud government. The administration had to condemn Israel many times in the Security Council (which rarely had done by the previous US administrations) in order to please the Arab countries. The administration did all its diplomatic pressure to keep Israel out of the Gulf War - even in the midst of continuing Iraqi attacks on Israel - in order to keep the Arab elements in the multinational force. The administration had to withhold even \$10 billion loan guarantees for the settlement Soviet Jews (no other US administration had withheld the US aid to Israel since the Eisenhower administration), in order to ensure Arab states participation in the West Asia peace talks. The administration believed that the biggest threat to the US

interest in the region stems from the Arab-Israeli conflict. So in order to foster a better ties with the moderate Arab countries, the administration had to toughen its policy towards the Israeli settlements in the occupied territories. And the administration ensured Yitzhak Rabin's Labour party victory, by postponing the loan guarantees with an assurance from the newly elected Labour government that the Jewish settlements would not be indiscriminately established in the occupied territories.

It could also be concluded that both the US and Israel made certain policy gains in West Asia. The US was able to influence the radical Arab states like Syria to participate in the coalition which included moderate and pro-American Arab states against a fellow Arab state - Iraq. It succeeded in its policy objectives of ensuring any chance of Arab-Israeli conflict emerging out of the Gulf War. The US also succeeded in convincing the Arabs in playing a role of an honest broker by recognizing the Palestinian aspiration and succeeded in initiating a dialogue between Arabs and Israelis on the Palestinian question. Israel on its part also had its policy gains: Iraq its arch enemy completely militarily destroyed and its nuclear and chemical capabilities dismantled. On the Palestinian question, although it participated in the peace process and held direct dialogues with the Palestinian representatives at the

peace conference promoted by the US, the Israelis made no substantial concessions on the Palestinian question. On Jewish settlements too, inspite of the Bush administration effort to obtain the Israeli assurance on freezing the settlements, no concrete evidence was provided that the Israelis had conceded on this point. In evaluating the policy gains of both the US and Israel, it could be concluded that American influence over the Arab states in particular and in West Asia in general increased during the period under review while simultaneously the Israeli security too has enhanced - all at the cost of Arab disunity.

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