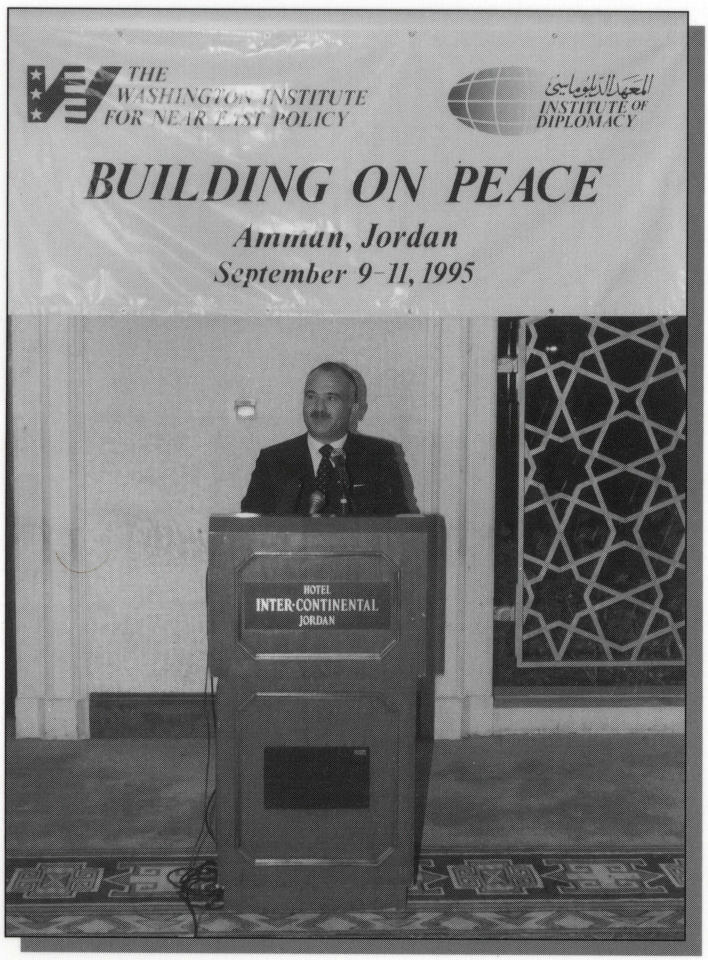
Building on Peace

Toward Regional Security and Economic Development in the Middle East



Proceedings of an International Policy Conference

BUILDING ON PEACE

TOWARD
REGIONAL SECURITY AND ECONOMIC DEVELOPMENT
IN THE MIDDLE EAST

Proceedings of an International Policy Conference

September 9-11, 1995

Royal Cultural Center

Amman, Jordan

Edited by
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The Washington Institute for Near East Policy
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PREFACE

For the Trustees, Fellows, and Staff of The Washington Institute, it is an honor to host a distinguished gathering of diplomats, scholars, officials, journalists, and other friends from America, Europe, and throughout the Middle East each year at our annual policy conference. But this year represents a special milestone, the Institute's tenth anniversary, and we felt the need to observe it in an appropriately special way.

When The Washington Institute was founded in 1985, one of our primary goals was to promote sound ideas that would lead to a safer, more secure, and more peaceful Middle East for Americans, Arabs, and Israelis alike. Choosing the location for this year's conference presented us with an exciting opportunity to translate that objective into reality.

Normally, we gather on the scenic shores of Maryland's Chesapeake Bay. This year, as the highlight of a Middle East study tour to Turkey, Jordan, and Israel by nearly fifty members of the Institute's Board of Trustees, we decided to convene our annual conference in Amman. As a research institution, this conference—our first-ever in the Arab world—serves as our way of recognizing the importance of Jordan-Israel peace and of bolstering the peace through dialogue, debate, and discussion.

With more than 200 participants in attendance, the conference provided an opportunity to put the historic IsraeLJordan peace treaty into context, to consider the accomplishments and lessons of the first year of peace, and to assess the very real obstacles that impede the profound changes that have taken place at the level of leaders and elites from extending down to the "street." Moreover, our focus expanded beyond the scope of bilateral peace to examine the possibility of using the model of past achievements to develop new structures for regional security and economic cooperation.

Throughout, we were honored to enjoy the active participation and support of His Royal Highness Crown Prince al-Hassan bin Talal, who opened the conference with a stirring keynote address. The Crown Prince's role as both builder of peace and visionary of new ideas has been one of the key factors in the success of the peace process so far. Institutions founded by the Crown Prince—including the Royal Scientific Society and especially the Jordanian Institute of Diplomacy, our partner in convening this conference—offered their full cooperation in conceptualizing and organizing the event itself.

For the Trustees of the Washington Institute who traveled to Amman for this policy conference, the candor that distinguished the discussion among Arabs, Israelis, and Americans—in plenary sessions, small-group meetings, and dinner-table conversations in private homes—was remarkable. Though the conference unearthed important points of concern, we believe that the open, healthy dialogue it fostered helps us along the path to real and lasting peace.

Michael Stein
President

Barbi Weinberg
Chairman

BIOGRAPHICAL NOTES ON PRINCIPAL SYMPOSIUM PARTICIPANTS

His Royal Highness al-Hassan bin Talal, the youngest brother of His Majesty King Hussein, is the Crown Prince of the Hashemite Kingdom of Jordan.

Robert Beecroft is the deputy chief of mission at the U.S. Embassy in Jordan. A veteran of nearly a quarter-century in the foreign service, he holds the rank of minister-counselor. Among his previous postings are Paris, Bonn, Cairo, NATO, and the SALT II negotiations.

Abdul Hadi al-Majali is the head of the *al-Ahd* party and a member of Jordan's Parliament. He formerly served as the chief of staff of the Jordanian armed forces and as Jordan's ambassador to the United States.

Othman Hallak is a Palestinian industrialist and entrepreneur and the publisher of Jerusalem's *an-Nahar* newspaper.

Major General (res.) David Ivry is the director-general of the Israeli Ministry of Defense and Israel's chief representative to multilateral talks on arms control and regional security. He is the former chief of staff of the Israeli Air Force.

Tawfiq Kawar is chairman of Amin Kawar and Sons, Inc., an Amman-based corporation active in shipping, transportation, insurance, travel, and tourism.

Samuel W. Lewis is counselor to The Washington Institute. He served as director of the State Department Policy Planning Staff in the Clinton administration and as ambassador to Israel under Presidents Carter and Reagan. From 1987 to 1993, he was president of the United States Institute of Peace.

Marwan Mu'asher is Jordan's first ambassador to Israel. He served as the director of the Jordan Information Bureau in Washington from 1990 to 1994 and as spokesman for the Jordanian delegation to the Middle East peace talks.

Dan Propper is the president of the Manufacturers Association of Israel, an independent organization representing private, public, government, labor union, and *kibbutz-owned* enterprises. He is also chairman of the Federation of Israeli Economic Organizations and chief executive officer of the Osem Group of Companies.

James G. Roche is corporate vice president and chief of advanced development and planning at Northrop Grumman and a member of The Washington Institute's Board of Advisors. He has served previously in the Pentagon, the State Department, and as the minority staff director of the Senate Armed Forces Committee.

Robert Satloff is the executive director of The Washington Institute and professorial lecturer at the Nitze School for Advanced International Studies at Johns Hopkins University. An analyst of Arab and Islamic politics, he is editor of *The Politics of Change in the Middle East and* author of *From Abdullah to Hussein: Jordan in Transition.*

Shimon Shamir is Israel's first ambassador to Jordan and, from 1988 to 1990, Israel's ambassador to Egypt. He has served as director of the Tami Steinmetz Center for Peace Research at Tel Aviv University and was the founder and director of the Israel Academic Center in Cairo.

Ephraim Sneh is Israel's minister of health and a member of the Knesset from the Labor party. As both a physician and a soldier, he has held senior positions in the Israel Defense Forces. From 1985 to 1987, he served as head of the Civil Administration in the West Bank and Gaza.

Abdullah Toukan, a physicist, is science advisor to His Majesty King Hussein. He heads Jordan's delegation to the multilateral talks on arms control and regional security and was a member of the delegation to bilateral peace talks with Israel.

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The Washington Institute extends special thanks to Dr. Hani al-Mulki (Royal Scientific Society), Dr. Victor Billeh (Higher Council for Science and Technology), and Dr. Mazin Armouti (Institute of Diplomacy) for their cooperation and support in convening this international policy conference.

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Ben Wedeman, CNN
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Brigadier Gen. Gadi Zohar, former military governor of the West Bank

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Leonard Goodman, *Executive Committee*
Fred Schwartz, *Executive Committee*
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Barbara and **Maurice Deane**
Sheila and **Alec Engelstein**
Esther and **Sumner Feldberg**
Skeets and **Monte Friedkin**
Paula and **Jerome Gottesman**
Marilyn and **Stanley Katz**
Florence and **Robert Kaufman**
Use and **John Lang**
Judith and **Allyn Levy**
Bernard and **Chris Marden**
Julius Moster and **Richard Moster**
Libbe and **Joe Murez**
Doris and **Arnold Newberger**
Susan and **Donald Rappaport**
Edith and **Marvin Schur**
Allyne Schwartz
Louise Stein
Betsy Stern
Lawrence Weinberg
Betty Weiner and **Wendy Greenes**

GREETINGS FROM SECRETARY OF STATE WARREN CHRISTOPHER

Robert Beecroft
Deputy Chief of Mission, U.S. Embassy, Amman

I convey greetings and congratulations from Secretary of State Warren Christopher to all of you. The secretary could not be with us but he is looking forward to his forthcoming visit to Amman with great anticipation. I also convey the best wishes of Ambassador Wesley Egan, who is currently in the United States speaking on behalf of the Amman economic summit and encouraging participants from the United States to play an important role in it.

I would also like to pay tribute to The Washington Institute and its executive director, Robert Satloff, whose determination, imagination, good humor, and infinite flexibility have brought this distinguished group to Amman.

We are honored by the presence of Crown Prince Hassan, who has contributed as few others have to the inexorable spread of peace through this region. It would indeed be rash for me to attempt to compete with such brilliance. Rather, I would merely invite you, as you reflect on what you have heard thus far and what you will hear in the days to come, to bear two words in mind. Those words are "courage" and "vision." These are the two key attributes of those who have brought true regional peace ever closer to fruition.

I am talking about the courage of those who have confronted the enemies of peace and offered an alternative to years of hate. And I would point to the vision of those leaders who have imagined that which only a few years ago seemed unimaginable and far beyond our reach. The Middle East has for too long lived only for the moment and from crisis to crisis. For too long, the working assumption of all but a few was based on the zero-sum thesis that my neighbor's gain was necessarily my loss. But these visionaries, with King Hussein a leader among them, have seen beyond the moment.

I refer to the political vision that has created peace between Jordan and Israel and made the dream of understanding and cooperation among Jordanians, Israelis, and Palestinians a growing reality. And I refer to economic vision, because without the feeling of well-being that flows from peace, peace itself cannot be secure. The hope of regional economic growth is best embodied in the summit meeting that will take place next month in Amman under the leadership of King Hussein. Political and business leaders from throughout the Middle East will come together for the expressed purpose of developing new ways to bring the fruits of peace to all those who live in these historic lands.

As Americans, we can take pride in the patient and persistent role that we have played in these achievements. As President Clinton said in a speech to the Jordanian parliament last October, the United States will stand by those who take risks for peace. We will not fail in that commitment. In the final analysis, however, it is the task of the leaders and the people of the region itself to achieve that peace. We can only support them in that endeavor; we cannot want peace more than they.

In that regard, I would be remiss if I did not pay appropriate tribute to His Majesty King Hussein, who has tirelessly led his people in the search for peace for more than four decades. As one who has been fortunate enough to witness the historic events that have taken place in Jordan and in the region over the past twelve months, I would point to the role King Hussein has played as the embodiment of the vision and courage of which I have spoken, for no one has striven for true peace with more patience and more determination than he.

Once again, I congratulate all of the participants in this conference for having taken the road to Amman, and express my thanks and those of my government to Crown Prince Hassan for honoring us with his presence.

KEYNOTE ADDRESS

Crown Prince al-Hassan bin Talal
Hashemite Kingdom of Jordan

It gives me great pleasure to welcome you to Amman for this policy conference. Many of you have come a long way to be here with us, which is entirely appropriate, for the whole Middle East has come a long way in the past five years. The very fact that we are here together for the first time should remind us just how far we have come in such a short time.

In a region that for generations has been riddled with conflict and torn by warfare, the conclusion of the Jordanian-Israeli peace treaty in October 1994 was a momentous achievement. The treaty is a proclamation of our intent to shake off the bonds of the past and to sweep away the compounded legacies of hatred and violence. It heralds a fresh start in conflict-resolution and crisis-management. Indeed the treaty promises to transform the region and provide a historic opportunity to chart a bold new course for the future governed by mutual acceptance and respect, and founded upon a vision of peace and cooperation.

I would like to suggest to you that a definition of security and how it is to be achieved must be at the heart of our vision.

In the Middle East as elsewhere, security has traditionally been defined by military criteria. The history of the twentieth century graphically demonstrates the inadequacy of this definition. The pursuit of ever-more deadly weapons, and the amassing of ever-larger armed forces, has not enhanced regional security. Some $200 billion have been spent on arms in the Middle East this decade. This phenomenal expenditure has fostered only insecurity as adversaries compete in an ever-escalating spiral, from one crisis to the next.

It is clear that security must be defined in a broader context. A better definition would include human resources, natural resources including land, and economic as well as military factors. Security can certainly be seen as covering a broad matrix of inter-connected issues such as food, water, energy, technology, finance, transport, and communications. It includes domestic infrastructure as well as foreign policy. A country's ability to provide jobs, housing, and services for its people can serve as an indicator of its stability. A country that is providing for the needs of its people is unlikely to jeopardize its own security and that of its neighbors.

The manner in which the Cold War ended proved beyond doubt that the power of human needs far outweighs that of conventional armies. In looking to the future of the Middle East, those same needs must be addressed if stability is to be assured, security is to be guaranteed, and peace is to prevail.

I recall that in 1986, Jordan tried to initiate a development effort to support the people of the occupied territories. The world did not heed our warning that the economic situation there was politically dangerous, and would have far-reaching consequences in terms of security. A year later, the intifada erupted. I would therefore suggest that an inter-disciplinary view of security is essential if the Middle East is to enjoy a peaceful and stable future.

Peace between Jordan and Israel comes within the context of regional transformation. In discussing security and economic co-operation, Jordanian and Israeli negotiators both realized that while talk of security could not be confined to Jordan and Israel, there was a lacuna at the regional level.

Regional security structures in the Middle East are relics of the Cold War era; they were certainly not developed to deal with Arab-Israeli or inter-Arab peace. Indeed, hardly any viable structures of cooperation exist at all.

Israel and Jordan therefore agreed to a number of regional concepts in the treaty. These included a commitment to the creation of a Conference on Security and Cooperation in the Middle East (CSCME), culminating in a regional zone of security and stability, the idea of a partnership in peace, and a commitment to human resource development at the regional level.

Such proposals embody the conviction that if peace is to succeed in the long-term, it must provide mechanisms which allow all parties without exclusion to discuss all issues without

exception. These parts of the treaty therefore call for an inclusive, interdisciplinary approach, and I believe that it is this above all that must be developed if we are to vouchsafe the future of the region.

The first task is to define what we mean by "the region." The area including Jordan, the Palestinian Authority (PA), and Israel is at the heart of all notions of the region. This area forms a natural pivot between the eastern Mediterranean, the Red Sea, the Gulf, and the hinterland which includes the countries north of the Arabian peninsula. In building a definition of the region and a vision for its future, we may begin with the heartland and work outwards; to use this conference's terminology: "expand the circle of peace." However, in the long term, it will not be possible to confine the Middle East to this core. Unless a gradual plan is adopted to involve all the countries of a well-defined Middle East, the whole project may be in jeopardy.

Iraq, Iran, and Turkey are essential components of this region and should not be kept out of our strategic plans. The inclusion of these countries will reduce the region's over-reliance on the United States and its Western allies for the security of the Gulf. I am aware as I speak that gathered in this room are some of the architects of the "dual containment" of Iraq and Iran. It may seem outlandish to suggest that unless such countries eventually take their places in a regional security order, it will be fatally flawed. It is, however, worth considering that the inclusion of Israel in a Middle Eastern security order was not so long ago thought impossible. Back in 1989,1 went out on a limb and said:

> The central spine of the Mashreq is contiguous to the non-Arab nations of the European rim of Asia such as Turkey, Israel, and Iran. Jordan's approach will hopefully make these borderlines with other nations a meeting ground of positive interaction rather than war zones of conflict and turmoil.

The same holds true today. Unless we devise a system that can involve all regional parties without exclusion in addressing all issues without exception, we will not succeed in guaranteeing security in the Middle East.

I said at the outset that it was important to define who and what our notion of security involves, and how it is to be implemented. I have addressed the who and the what: but I now face the rather more daunting question of implementation. Jordan has long called for the establishment of a forum along the lines of the Conference on Security Cooperation in Europe (CSCE), now known as the Organization for Security Cooperation in Europe (OSCE). We believe that such a forum could provide low-key institutional procedures to discuss the various inter-connected topics that bear on regional security and cooperation. A CSCME would provide a focus for a non-military perspective on security.

A CSCME would help us develop a common regional vision, founded on common goals and aspirations, and built on structures of inter-connection and mutual aid. We believe that the future of the Middle East depends on such a vision backed by appropriate instruments, and we are prepared to do everything possible to help implement it.

Looking ahead, a CSCME might dovetail with existing security structures and fora, giving the region the benefit of the international community's experience and support. There can be no doubt that dialogue within the region, and between the region and the rest of the world, would play a significant part in countering extremism and enhancing the security of all. Jordan—with its proven commitment to peace and stability, its pivotal position in the region, and its experience with these issues—has much to contribute to such a dialogue.

We must ask ourselves what framework can presently promote security and development at the regional level. In February 1995, I discussed a similar theme with thirty members of the Knesset during their visit to Amman. I suggested that the multilateral peace talks, the Middle East/North Africa economic summit, and the forthcoming launch of the European Union (EU)-Mediterranean Partnership process in Barcelona were possible components of a framework for regional security.

I would like to go further today by posing a few questions. Can the multilaterals, launched by the Madrid peace process in 1991, evolve into a CSCME? Can we integrate the process, soon to be launched in Barcelona, with the multilaterals or the proposed CSCME? Or will these eclectic

processes represent in their totality a CSCME? Can the arms control and regional security (ACRS) working group, still in its infancy, become a suitable forum for considering alternative future Middle Eastern security systems? What is the range of possibilities for such a security system?

I cannot provide the answers, but it is not too early to ask such questions. I hope that this conference might make some progress toward outlining answers that satisfy the concerns of all. For such a security system would help not only to ensure Arab-Israeli peace, but also to put in place credible machinery to tackle inter- and intra-state disputes. Such machinery is desperately needed, for the alternative to the Middle East state system—ceaseless Balkan-style ethnic strife—would jeopardize the security of all, both within and beyond our region.

As I have said, security cannot be viewed in purely military terms. Certain aspects of security must be considered in terms of regional development. Peacebuilding is now of the essence and it cannot be a "lip service" commitment. Slogans and photo-opportunities alone will not suffice. Our task is to build infrastructure relating to peoples' needs and to address the humanitarian content of the problems of the peace process.

It is our shared responsibility to conquer the fears and satisfy the misgivings of our peoples. We must show them that the sacrifices they have made have not been in vain. We must demonstrate to them the benefits of a new culture of peace and cooperation. For peace must be whole. It must be absolute to be real; it must be just to be lasting; and it must be tangible to be effective. Peace must touch the lives of all irrespective of age, gender, ethnicity, or creed. It must influence all circumstances—physical as well as psychological—and remove all barriers: actual as well as imaginary. Its maintenance will be as arduous as its making, and we must not fail the test or abandon the task. Our peoples will not forgive us and history will condemn us if we fail.

Peace must be seen to work for everyday men and women. Many Jordanians do not yet feel that they have a real stake in peace. It is true that some in Jordan feel that making peace with Israel was a terrible mistake; indeed, that the very peace process is misconceived. Likewise, there are Israelis and Palestinians who reject the process.

We believe that the doubters will not be silenced by repression but by the tangible benefits of the peace dividend. Those who disagree with the peace must have their say. The politics of hints, innuendoes, and whispers is out of keeping with the culture of peace. A public debate about the implications of peace is on and it will continue. We call for an informed debate. The opponents of peace must spell out to their public the implications of continued conflict. They must explain the alternative to peace and what it would mean for all of us. They must make clear that to reject peace is to embrace war, and that war offers no future but fear and death.

We believe that peace will be strengthened by rapid, sustainable, widely shared economic growth. A partnership entailing joint commitments based on common interests will be central to achieving this goal. Our strategy is to harness a trilateral partnership of governments, businesses, and international finance.

One of the most positive steps in this direction was the economic summit held last year in Casablanca. The Middle East and North Africa economic summit in Amman, which will be held in October 1995, goes one step further. The Amman summit will seek to connect the right business groups with the right projects, and to outline specific joint investments. It will discuss trade liberalization and industrial policy, infrastructure and resource development, and investment and financial mechanisms. The proceedings will be strongly business-oriented, and we hope that businesses of all sizes from all over the world will attend. With your involvement, we can ensure that the summit succeeds even before it convenes.

We are also considering mechanisms to institutionalize peacebuilding and to stimulate trade and investment. We are working on arrangements for a Middle East development bank, and a regional body patterned on the Organization of Economic Cooperation and Development (OECD). These should not be considered as ends in themselves, but as contributions to comprehensive security.

Our region must tap the global private investment market if reconstruction is to succeed. Lehman Brothers estimates the need for regional infrastructural investments at $45 billion by the year 2000. We have projects lined up in fields as diverse as tourism, health, industry, and export-

oriented agriculture. All are viable, and will help to consolidate the peace, but all require investment, which will assist in tackling such legacies of the conflict as debt. However, the major role in this regard belongs to governments and financial institutions.

Our domestic priority is to continue liberalizing our political system and our economy. Pluralism, accountability, and increased respect for human rights remain the goals of our democratization process. On the economic side, the EU has described Jordan as the most advanced country of the region in implementing market-friendly reforms. As an emerging market, Jordan has the largest stock exchange in the Arab world and we are planning a far-reaching privatization program. We are developing a progressive, transparent regulatory system while ensuring macroeconomic stability. Under new legislation, we will treat all foreign investors equally, protect intellectual property rights, and guarantee the repatriation of foreign capital and dividends.

Our long-term goal is to liberalize and dismantle all barriers in the region including trade, investment, labor, capital, and services. We recognize that a non-discriminatory approach must be the cornerstone of a new economic order. In pursuing this goal, we are working to establish specialized economic zones to provide a fully deregulated environment for investment. Such "free zones" can form the nucleus of inter- and intra-regional free trade, investment, and growth.

Jordan looks to the future with optimism tempered by realism. We are not seeking charity but investment in a common future. We call on all those who have an interest in the Middle East to help us to rebuild now, allowing us to help ourselves and our neighbors in the future. By this I mean not only finance but also creative thinking. The questions I have posed today about security—who and what it involves, and how it should be achieved—will directly shape the future of the region. The United States can play a vital role in this process by promoting stability on a comprehensive matrix of themes. Issues such as land and resources, identity and demography, and terrorism and weapons of mass destruction are only the most prominent of those that should concern us.

The security of the Middle East is not a short-term strategic objective, but a long-term commitment. I want to make it clear that Jordan is committed not only to its peace treaty with Israel, but to a new inclusive Middle Eastern order of peace and security for all. Its leadership has consistently worked for reconciliation in the region. The penalty for our beliefs has been high at times, but we have always maintained their integrity. I want to leave you with the assurance that we will honor our commitments and hold fast to our vision of a Middle East at peace with itself and with the world outside.

Discussion Period

Question (from the audience): *Should there be, at the end of the road, a unifying regional structure that would include under its umbrella the existing dialogues on arms control/regional security and European-Mediterranean relations? What would you lay out as the next step or two to help us reach that goal?*

Crown Prince al-Hassan: I will start with a brief description of my understanding of prominent developments in war-torn Yugoslavia and the Balkans.

As I recall, early recognition of emerging political entities led to a process known as "Balkanization": strife and conflict between the followers of three great religions and sectarian conflict which subdivided the warring factions. Numerous mediators, including the Organization of the Islamic Conference, the European Union, and the United Nations attempted to end the strife until the recent and hopefully conclusive intervention of NATO.

The end of the Cold War era created a region known in NATO parlance as "beyond NATO." In Europe the concept of "beyond conventional forces" has also been established, which used to be called "beyond the pale." The idea is that you can intervene as you wish in the affairs of a given region that has not yet been adopted in the community of regions.

My fear is that hovering around the Middle East today are these structures to which I referred. The emphasis on Euro-Mediterranean discussion is, of necessity, focused in the western Mediterranean. The possibility of the movement of European interest to the eastern Mediterranean, inclusive of all this region's countries, would hopefully carry with it the values of regional cooperation in what we may term, the Near East region, bordering regions of Black Sea cooperation and west Asian cooperation.

We need to agree on an idiom emanating from the region before we travel to Brussels and Barcelona and before we convene the working groups emanating from the Madrid process; we do not want to be told again that the legitimacy of the Madrid process is unacceptable while the legitimacy of the troika of Europe and the OECD are acceptable.

The region can be subdivided into Gulf cooperation, bilateral relations between countries north of the peninsula, and preferred status relationships between certain countries of the region and the United States. Specifically, the Egypt-Israel peace agreement is a preferred relationship that has been integral to building peace post-Camp David. I think the time has come to identify the difficulties in continuing with this set of disparate relationships against a background of what is happening and what has happened in the Balkans.

When I traveled with an Israeli minister to Bosnia, I was faced with a diplomatic mission of some delicacy. On my left was a Croat minister who had no official relations with my neighbor on my right, the Israeli cabinet minister. He in turn, had no official relations with his neighbor, the Bosnian foreign minister. Yet we all knew that what we were discussing, the Dalmatian coast, was not peace as it related to the warring parties on the ground, but peace as it related to the centers of power in Brussels, Washington, and New York.

If, from your perspective, you wish us as a region to say that we are desirous of a symbiosis, a two-way dialogue, I think I can say, that the time has come for you to define "region," not solely in terms of commitment to principles, but also in terms of implementing these principles; not necessarily in terms of structures, but in terms of new initiatives.

One of you was hasty to caution us sometime ago that, "With your commitments westward, how could you possibly consider looking eastward at Iraq and Iran? You have your hands full." To that I say, if we are speaking of comprehensive peace, how can we sit on our hands and wait for new targets to emerge, for new Middle Eastern crises, or for new Desert Storms to create a new trauma in the region?

Are we not responsible for implementing the principles of non-interference in the affairs of others and respect for the territorial integrity of others? Yet only yesterday three major regional partners met in Tehran to discuss the future of relations with Iraq.

New resolutions continue to be discussed in the United Nations over the future of Iraq. I wonder how a neighboring country, affected by these developments, is supposed to react—in a

world where political correctness is so important in overt diplomatic exchanges—other than by looking to establish a meaningful set of regional relationships that focus on human content.

I would be very happy to look at that matrix in a structural form, to look at the Helsinki process to see how it can be introduced into the Middle East region, but it is not for me to call the shots here. It is for us, in partnership, to do just that.

Question (from the audience): *What influence do existing inter-Arab structures such as the Arab League have in the region as it moves toward peace?*

Crown Prince al-Hassan: Well, it is always for the media to ask the difficult questions about the here and now, and I thank you for raising an obvious obstacle.

I recall, in Casablanca, that we were summoned to an anteroom of the economic summit conference. Without any format to the invitation, I found myself sitting with PLO Chairman Yasser Arafat, Russian Foreign Minister Andrei Kozyrev, U.S. Secretary of State Warren Christopher, the leaders of Gulf Cooperation Council (GCC) countries, Egypt, and our host, His Majesty the King of Morocco.

We looked at each other and said, "What are we doing here?" And I noticed the conspicuous absence of the secretary-general of the Arab League, and it immediately came to mind that that conspicuous absence was not unrelated to the fact that we were discussing the removal of the Arab boycott.

If we are to discuss collective security in the context of the Arab League, then permit us, in an Arab context, to have the opportunity of convening a meeting of the Arab League, where those issues can be discussed across the range of issues that need to be discussed in an inter-Arab context.

Do not assume that our commitments to peacebuilding will be affected adversely by our exercising our normal responsibilities within a context that could be described as the Middle East at two speeds or three speeds. Why is it that Europeans could speak of Europe *a deux vitesses* and *a trois vitesses}*

Provided we are committed to the same abstract concepts of the renunciation of weapons of mass destruction, of the promotion of human dignity in all its interrelated aspects, as I have just mentioned, comprehensive security can be made a reality.

Obviously, in the historical context, you could point out contradictions, but after the parable of my experience in Yugoslavia, I think that contradictions today are very much a part of the Byzantine politics of this part of the world. The main thing is not to be allowed to be so subjective as to subsume our vision under the weight of Byzantine politics and Byzantine intrigue, and to allow ourselves to be committed, in word and deed, to the abstraction of building peace in a context to which we can openly be committed.

Question (from the audience): / *wonder if you would share with us your thoughts about how the core of the peace process: Israel, Jordan, and the Palestinian Authority can take the next steps, in your definition of security, which includes the economic and social spheres beyond the strictly military spheres. The Jordanian-Israeli treaty is far-reaching in its approach to a comprehensive definition of security; the Israelis and Palestinians negotiated bilateral agreements based on this concept of security and the Palestinians and Jordanians are doing so as well I would be grateful if you could help me understand how this core will form a solid basis around which you can then build concentric rings of broader security structures.*

Crown Prince al-Hassan: I am on record as supporting the Palestinians in their search for an identity in the context of a *terra media,* which represents our shared commitment to the development of a pluralistic, prosperous commonwealth of interests and includes all core members of the peace process. Egypt would possibly act as a facilitator, a role it has played in the ongoing negotiations between the PA and the government of Israel.

There have been so many suggestions of tripartite, quadripartite—and if we get the Syrians and the Lebanese on board in the process, quintipartite, sextipartite—meetings. I think that the time has come to identify three main elements of this dialogue in the north of the peninsula.

Basic security clearly means a commitment to the principles broadly defined in the points of departure in the Madrid and Oslo accords and the Jordanian-Israeli and Egyptian-Israeli peace agreements which, after all, were a precursor to regional security arrangements.

Basic security means, apart from anything else, a psychological commitment to break the process of marking time and waiting for the next elections. It means continuing to recognize that time is not in the interest of *terra media* and of political centrism.

We recently witnessed a process leading to the celebration of 3,000 years of the creation of the city of Jerusalem under King David. You may regard it as facetious, but Arab scholars are seriously working on the idea—which I fully support—of a celebration in 1999, of 5,000 years of Jerusalem, going back to its Arab origins. I think that besting each other in futuristic concepts is sometimes a convenient diversion from current issues.

In terms of the current debate we need a sustainable dialogue—either through the creation of a trilateral commission or another formula of informal discussion—where interlocutors can go back to their respective governments and continue the process of consultation directly. This would give some breadth and meaning to the plethora of meetings that claim to discuss current issues ranging from water to armed security.

The third point that I would like to make is that it is vital to recognize the importance of the identification of "region" in terms of the perspective of the different movers who are dealing with the "region," in mercantile terms.

I referred to the outlay on weapons. I did not refer to oil. However, I think the time has come to say, as the Japanese Diet said in 1989, that oil has a hinterland. If this hinterland is not stabilized it seems to me painfully evident that the various pressures—demography being not the least of them—will continue to trouble the world for a decade to come in terms of how the chips will fall *in situ* at the sources of oil and in proximity to oil. It is for that reason that I seek broader understanding of the security requirements of this region.

SESSION I: JORDAN-ISRAEL PEACES-ONE YEAR ON

Marwan Mu'asher
Jordan's Ambassador to Israel

A stocktaking of what has been achieved since the treaty of peace between Jordan and Israel was signed one year ago shows that although the last year was not void of problems or challenges, the relationship is progressing in a healthy manner. Exaggerated expectations on both sides are now giving way to more realistic approaches and attitudes, moving the relationship along a healthier track after an initial period of political and economic visions characterized by romanticism.

Indeed, while the majority of Jordanians and Israelis supported the negotiations leading to the peace treaty as well as the peace treaty itself, they did so out of different needs and with different expectations.

For Israelis, I believe, the main need that the treaty has been successfully able to address is the acceptance of Israel as a member of the neighborhood, with the promise not only of an end to belligerency but of normal relations in all aspects. As such, the post-treaty support by the average Israeli has been accompanied by a sense of euphoria, and an urge of immediate, unimpeded normalization in all non-political fields. Israelis today are extremely active in trying to initiate economic, cultural, and social contacts with their counterparts in Jordan. As far as the average Israeli citizen is concerned, all political problems with Jordan have been resolved with the signing of the treaty, and hence there are no remaining obstacles in the way of full normalization.

For the average Jordanian, the peace treaty with Israel presented hope for a better future and a better life, but that hope has been only partially realized. Whereas Madrid presented the same starting point for all Arab parties, the Jordanian-Israeli peace treaty was not arrived at—nor is it possible for it to do so—the same time as agreements on other tracks, particularly on the Palestinian track. Thus, important issues for Jordanians, though not directly being negotiated by Jordan—issues like Jerusalem and refugees—have not yet been resolved.

Furthermore, expectations of immediate economic improvement, particularly after years of economic slowdown, have not been met. Even tangible benefits agreed to in the treaty, such as water from the Jordan and the Yarmouk rivers, will not be felt by Jordanians before the implementation of projects worth hundreds of millions of dollars—money that Jordan does not have and will have difficulty obtaining.

In short, the time lag between peacemaking and the achievement of prosperity associated with stability, as well as the hitherto unresolved political problems, have prevented many Jordanians from viewing the future with confidence. Their thinking is overshadowed by present-time difficulties. The reluctance that many Jordanians exhibit today toward full normalization with Israel is not necessarily an indication of opposition to the peace process or treaty, but rather a reaction to harsh realities that are still being encountered in their daily lives.

Romantic expectations aside, the last year has been largely spent setting the proper framework for the emerging relationship through negotiating more than twenty sub-agreements that are defining the post-peace cooperation era between the two countries. Difficult issues which highlighted the differences that exist between Jordanian and Israeli interests quickly came to the surface, but the resulting agreements, after at times very difficult negotiations, have so far been pragmatic and have taken the interests of both sides into consideration.

The results so far are rather impressive. Agreements in the fields of energy, environment, health, tourism, and others have already been concluded. Two key agreements will be officially concluded very shortly in the areas of trade and transport. These will help take the relationship to a new plateau as it will allow people-to-people interaction through trade, joint ventures, and also through the operation of regular bus lines between different Jordanian and Israeli cities. Shuttle flights will soon begin between Tel Aviv and Amman. A significant step has also been taken in opening up the West Bank market to Jordanian products, allowing trade to flow in both directions for the first time since 1967.

The Amman economic conference, which will take place in October 1995 is another step that will hopefully usher a new era of inter-regional cooperation as well as build a trusting relationship between Jordanians and Israelis. The economic and technological disparities between Jordan and Israel, coupled with the changes brought about by peace between the two countries, have placed us today in a transitional period between two equilibriums. This has led some in the Jordanian business community to perceive their Israeli counterparts with a certain degree of anxiety and even fear. Though some of these concerns are mere stereotypical fears, others may be real. Many Jordanian businessmen feel that unregulated intervention by the Israeli side will result in a "gobbling up" of the smaller and infant Jordanian industry.

During the initial phases of the new economic relationship, emphasis should be placed on equity investments, joint ventures, and production under licensing. These arrangements will build mutual trust and transfer needed technology that will in turn strengthen the Jordanian productive base. Hopefully, these activities will expand opportunities for new investment rather than limiting the relationship to mere trading. The initial signs so far are encouraging.

The political relationship faced its own challenges this past year. The crisis over the expropriation of land in East Jerusalem last May was an example not only of the obstacles in the way of a durable peace, but hopefully of a new trend in approaching difficult problems between Arabs and Israelis and addressing them more effectively. When the crisis first erupted, the sensitivity and importance of Jerusalem to the Arab and Muslim worlds was manifested in a way that in my opinion, the Israeli public as well as the government did not expect. But while such a crisis in the past could have easily derailed and may have even stopped the peace process, the outcome this time was different from what one might have expected. As far as the relationship between Jordan and Israel is concerned, several conclusions can be drawn.

The issue has illustrated in very clear terms the fact that there are important political questions which have yet to be addressed by Jordan and Israel and which do have an impact on our relationship. The same Jordanian parliament which ratified the treaty in October of last year expressed, after the expropriation decision, sharp criticism of that treaty and threatened drastic moves in reflection of the public mood in Jordan regarding this issue. The public in Israel, as well as many in government, was no doubt taken by surprise given its underlying frame of mind that all political problems with Jordan have been resolved. However, after the dust has setded, the end result will necessarily be a healthier relationship between Jordan and Israel, with a better understanding of the dynamic linkages that exist between problems on other tracks and the Jordanian official positions and public sentiments.

Jordan's position on East Jerusalem was reiterated firmly by the government—namely that East Jerusalem is part of the occupied Arab territories included in United Nations Security Council Resolution 242 and should revert to Arab sovereignty in any agreement. Though Jordan could not remain silent on such an issue, it now had new means by which to try to resolve the issue: diplomatic channels. Over the course of two weeks, Jordan made its position clear to the Israeli government that it needs to reverse the decision—quietly and away from the media.

This effort culminated in a letter from His Majesty King Hussein to Prime Minister Rabin underscoring in no uncertain terms the importance of Jerusalem to all Arabs and Muslims and expressing his view that the city should be a symbol of peace for all rather than a reason for conflict. Though it is certain that the decision by Israel to freeze the expropriation of land in East Jerusalem was made for largely domestic considerations, it is no less certain that the Jordanian position was an important factor in the final outcome.

Thus, the Jordanian-Israeli model of peace in the region passed its first major test with considerable success. It has resulted in a better Israeli understanding of Jordanian sensitivities and illustrated the commitment by Jordan to use diplomatic channels to resolve difficult issues while standing firm on its principles. The crisis no doubt demonstrated to both sides that peace brings not only added responsibilities, but also added opportunities to achieve positive results.

An interesting sector in Israel that has shown unequaled support for peace between Jordan and Israel is that of Israeli Arabs. Peace with Jordan has provided them not only with a bridge to their Arab culture and roots, but also with a long-awaited vindication of their attitudes during the last difficult forty-seven years in which their self-identity as Arabs was at loggerheads with their

nationality as Israelis; and where they were mistrusted by Israel and by Arab states alike. The Jordan-Israel peace treaty has brought hope, more so than the Egyptian-Israeli one did, of finally reconciling the two faces of what could be considered a schizophrenic life, particularly as Jordan hosts the largest number of their relatives who left their country in 1948.

Though Jordan has taken important steps to alleviate some of their suffering—they have been allowed since 1977 to perform the A«/using Jordanian passports and they have been allotted ten seats annually at Jordanian universities for their children—there is much that we can do to rebuild bridges and correct the gross misperceptions that exist in Jordan and the Arab world.

The achievements I just mentioned are indeed monumental if we are to remember the state of affairs only a few years ago. Surely, all this could not have been possible without the support not only of our two governments, but also of the public on both sides. Despite the obvious political challenges that we are presently experiencing, the fact remains that the Jordanian-Israeli peace treaty has not only been approved by both governments, but also by both parliaments, and with comfortable majorities. The confidence and determination with which Jordan acted had the support of the majority of Jordanians, as represented by the Jordanian parliament in an era where participatory democracy is the politics of choice in Jordan. This has been one of Jordan's major achievements: the ability to make bold decisions with the support of a majority committed to the principle of pluralism and a mature and healthy opposition committed to playing by the rules of the political game through peaceful means.

When Jordan opted for peace, it did so based on a strategic decision to rid itself of the politics of conflict and hopefully to help create a new region where interdependence, hope, and cooperation replace isolationism, despair, injustice, and war. It chose that option as a partner with its Arab brothers—the Palestinians, Syria, and Lebanon—in a collective decision at Madrid to end the Arab-Israeli conflict through peaceful means, and with the full participation of the Palestinians whose cause is at the core of this conflict. This set the parameters of Jordan's thinking and policies. We seek a warm peace with Israel, going beyond the mere signing of agreements between governments to normal interaction between people. This is the only model that ensures prosperity and economic sustainability through cooperation and interdependence.

We are thus not only committed to full implementation of the peace treaty, but also to a proactive approach in seeking future areas of cooperation. Furthermore, the peace we seek is comprehensive, believing as we do that it is the only model that ensures durability. With all parties to the conflict having started at the same time in Madrid, Jordan views the signing of a peace treaty with Israel as a very important milestone of a yet unfinished road toward a comprehensive solution to the Arab-Israeli conflict. Only then can we hope to create a permanent peace: one among peoples, and one that peoples will work to preserve.

This proactive approach adopted by Jordan extends beyond the Jordanian-Israeli relationship to include Jordan's relations with the Arab world. Indeed, Jordan has been able to considerably improve its relationship with a number of Arab countries including Egypt, the Palestinians, Saudi Arabia, and the Gulf states. Almost a year after the signing of the treaty, Jordan's relations with the Arab world are far better than they were on October 26, 1994. This stems from Jordan's firm belief that its new relationship with Israel should not come at the expense of that with the Arab world, and that indeed, there is no zero-sum game here.

If there is a lesson to be learned from the nascent Jordanian-Israeli relationship thus far, it is that our peace is not problem-free, but neither does it have to be crippled by problems. The model of peace that this treaty provides has already shown signs of resilience. But there is undoubtedly much work ahead of us if this model of a just and comprehensive peace, coupled with cooperation and interdependence, is to be emulated. Many difficult issues have yet to be resolved between us and Israel. Negotiations on such issues as refugees and Jordanian property in Israel will be difficult. In addition, despite the fact that the future of Jerusalem will be negotiated by Palestinians and Israelis, any imposed solution based on the balance of power, rather than on the balance of interests and aspirations, will leave a bitter taste that would make any durable peace difficult to attain. With all this in mind, the experience of the last year shows great promise in creating the proper political and economic conditions so that peace is not merely a piece of paper, but a living environment that all the peoples of the region can enjoy and protect.

Shimon Shamir
Israel's Ambassador to Jordan

I would characterize the first year of Jordanian-Israeli peace as the period in which the infrastructure of a mutual relationship has been built.

This was the year in which the borders were marked. Certain problems still remain open, such as the demarcation of the maritime border, but they are all in the process of being solved. For the first time in the history of the two countries the border between them will be precisely marked by mutual consent, thus ending all territorial claims.

This was the year in which embassies were opened. They have started functioning in Tel Aviv and Amman as full-fledged diplomatic missions and they are now in the process of moving into their permanent quarters.

This was the year in which the boycott of Israel was canceled. The legislation of this cancellation in the Jordanian parliament took perhaps longer than initially expected but on August 16, 1995 the boycott was finally removed, thus paving the road for normal interaction between the two societies.

This was the year in which the borders were opened for the movement of people between the two countries. More than 100,000 Israelis and Jordanians passed through the crossing points operating between the two countries—Sheikh Hussein and Arava—in the first eight months of 1995. Both societies are becoming accustomed to seeing visitors from the other country on their streets.

This was also the year in which about a dozen bilateral agreements have been signed or prepared for signing, covering such areas as energy, tourism, agriculture, environment, and crime prevention. The two agreements that are probably the most important, those on trade and transportation, still need to be finalized but in all likelihood by the end of the year they will be operational. These agreements regulate interaction and outline a high level of cooperation between the two communities in all relevant fields.

However, it should be recognized that this was also the year in which certain disappointments were registered within small or large sections of the Jordanian and Israeli publics. Disappointment took different forms in each society but it had a common denominator; it usually originated from exaggerated, perhaps naive, expectations, leading to feelings of frustration when it became clear that not all expectations could be immediately realized.

Among Israelis there were expectations that the signing of the peace treaty would completely wipe out the conflict and its emotional residues. Since this indeed was the case on their side of the fence, they were expecting the Jordanians to respond in kind to the offers of cooperation that they showered on these newly-gained friends. Israelis did not immediately apprehend that for most Jordanians the bilateral peace had not yet satisfied all demands and that acceptance of peace was for them a slow and painful process. Many Israelis, faced with boycotts by professional associations and hostile writings in the press tended to draw analogies to the Egyptian "cold peace" and thus became doubtful about the prospects of normalization.

Expectations on the Jordanian side were of a different nature, and they focused mostly on material benefits. Since peace was conceived upon and legitimized by essentially pragmatic considerations, it generated hopes for substantial economic dividends. Many Jordanians somehow believed that "the fruits of peace" would immediately materialize: unemployment would decrease, investments would flow, and the economy would be invigorated. Strangely enough, they did not realize that during most of this year the boycott laws were still in force, no legal framework for cooperation existed, and, more generally, economic change is always a slow process that needs periods of incubation. Consequently, a sense of frustration and skepticism became quite widespread.

Another question that should be examined regarding this first year of peace is whether, in spite of all these impediments, any challenges have taken place in mutual perceptions and attitudes beyond the political changes that altered the framework of interactions. In other words, borrowing an expression from the Crown Prince, has there been a qualitative change in *relations* and not just in *structures?*

The answer is linked to the previous points. Efforts in the first year concentrated mostly on the infrastructure of peace and faced various early-stage impediments. Consequently, there was not enough interaction between members of the two societies to substantially transform attitudes and images. In those cases where interpersonal relations did develop—for example, among the numerous businessmen who have established contacts with their counterparts across the border and started traveling between the two countries—could be perceived as significant changes.

Many such persons are telling us that once the barrier was crossed and human relations developed, long-held negative stereotypes started fading away to be replaced by new perceptions. It remains to be seen to what extent this is indicative of future trends in society at large.

The second year of peace will therefore be of crucial importance. It is in this second year that the potentialities of the bilateral relationship will be, for the first time, seriously tested. Once the necessary infrastructure is completed, and a somewhat more realistic mutual acquaintance is established, practical interaction in a wide range of areas can develop. How extensive, effective, and fruitful this interaction will be is still an open question, but it is not too hard to point out some of the variables that will influence the outcome.

Much will depend on the capabilities and the entrepreneurship of the two business and professional communities, and on their will and ability to use the tools provided by the political framework. They will have to learn to work together and to develop an awareness of each other's sensitivities and priorities.

Much will depend on the level of openness and flexibility that the two bureaucracies will be able to attain. The new relationship will necessitate modifying many deeply-rooted attitudes and practices that developed during the long period of conflict. Openness and flexibility will also be needed for successful and productive interaction within the broader global market economies.

Much will depend on the ability of the two economies to adapt to each other. It has often been claimed that the economies of the two countries are not complementary, and therefore the scope for cooperation is quite limited. This may be true but only as a reflection of the conditions that had prevailed during the long period of separation. Given the chance, the economies can develop capabilities that are geared to the opportunities created by the removal of barriers.

Finally, much will depend on the political environment. A decreasing level of violence and terrorism, progress on the Palestinian-Israeli peace track, effective expansion of the Arab-Israeli peace process, and greater political stability in the Middle East will all encourage people-to-people interaction. The involvement and position of the international community is particularly important. In this world of interdependence, the continuation of the supportive policies of the industrialized world will be vital for the development of mutually beneficial cooperative relations.

It is hard to expect the complete realization of all these conditions but I believe the prospects of these interactions are good. Jordanian-Israeli relations have a certain quality that is virtually unique in the regional peace process, and it carries the promise that close—possibly even warm—patterns of cooperation may eventually take shape. This particular quality is quite elusive and not easy to define, but it could perhaps be delineated by drawing a comparison with the only other peace existing between Israel and an Arab state: the Egyptian-Israeli accord. I do not make this comparison with the intention of making a value judgment—determining which peace is good and which is better—but merely the comparison can be a useful historical analysis in which one can find meaningful characterizations.

The two peace agreements can be compared within three concentric circles: the dynamics of the bilateral relationship, the conditions in the larger Arab-Israeli arena, and the realities prevalent in the global environment.

The Egyptian-Israeli peace emerged in the years 1977-1979, only a few years after the traumatic experiences of three consecutive wars. Accordingly, the peacemakers of that time aimed mainly at creating a situation in which the dangers and horrors of another conflagration would not recur. Their main concern was simply to prevent another war. When Begin and Sadat solemnly declared, "no more war, no more bloodshed," they were in fact expressing the essence of this new peace. It was, in the terminology of conflict resolution, a "negative peace"—not in a normative sense, but in the sense that it was an *absentia belli,* or merely a state of war avoidance.

Of course, the Egyptian-Israeli treaty contained many elements of normalization and cooperation, whose importance should not be overlooked. From the Israeli point of view, however, the main value of the peace treaty was a manifestation of the existence or absence of a serious commitment by Egypt to abandon the military option. In the Israeli parlance of the time they constituted a "test of intentions," a method for ascertaining to a suspicious Israeli polity the level of sincerity of the choice of peace. Thus, the possible concrete benefits of a cooperative relationship were overshadowed by the precedence of the requirements of a strategic renouncement of war.

Conversely, Israel's 1994 peace treaty with Jordan was concluded in entirely different circumstances. There had not been any danger of a conflagration or any threat of war between Israel and Jordan for many years preceding the peace talks. Very little mutual suspicion had existed between the two polities. Whereas highly-placed Israelis reacted at the time to Sadat's declaration that he was bound for Jerusalem by demanding a mobilization of the reserves, no such fear of deception could have existed toward Jordan. Sufficient secret diplomacy had taken place between the two leaderships to nourish mutual trust.

Thus, when Jordanian and Israeli negotiators discussed cooperation, they meant it in the full sense of the word; Jordan and Israel would work together for the benefits that cooperation can yield. The purpose was to identify areas where cooperation could significantly serve the interests of both parties. They aimed at evolving a "positive" peace based on a wide network of joint activities and projects. Accordingly, the architects of this peace rarely spoke of "normalization"—a term that carries the connotations of the zero-sum type of peacemaking—but rather referred to the concept of "peacebuilding" which goes beyond "peacekeeping" and "peacemaking" to express this notion of a cooperative relationship (according to the distinctions that had been elaborated in the conflict-resolution literature during the 1990s).

To illustrate this point further, one can look at the border regions between Israel and Egypt, and between Israel and Jordan. In the former case, the first thing that comes to mind is the MFO (the Multinational Force and Observers), in the latter case one immediately thinks of the JRV (Jordan Rift Valley) schemes. The former reflects the elaborate system of security arrangements in Sinai; the latter expresses the complete lack of such systems on the Jordanian-Israeli frontier, and the concern instead with such joint development projects as the Eilat-Aqaba riviera, the Red-Dead canal, the "lowest park on earth," and the Yarmuk-Jordan irrigation system.

In the larger Arab-Israeli circle, one can identify other differences between the two conflict-resolution processes that highlight the characteristics of the Jordanian-Israeli peace. In 1979 the notion of peace with Israel was hardly legitimate in the Arab world. Egypt certainly deserves the credit for breaking the taboos of the Arab consensus and pioneering the peace process. But it paid dearly for this daring move; two Baghdad conferences imposed boycotts on Egypt that lasted ten years. Consequently, the Egyptian regime had to face great difficulties on the domestic front as well as in its external relations. This hardship naturally cast its long shadow over the nature of Egypt's interaction with Israel.

The situation in 1994 was qualitatively different. Jordan made peace with Israel following two landmark events: the Madrid conference which had legitimized peace in terms of the inter-Arab political code, and the Oslo declaration of principles, which had legitimized it in terms of Palestinian claims. Whereas the Egyptian-Israeli accord was essentially a separate peace, emanating mostly from internal Egyptian predicaments, the Jordanian-Israeli treaty was part of a regional process; it had both conceptual and institutionalized multilateral dimensions.

Thus, the 1979 peace tended to downgrade the centrality of Cairo whereas the 1994 peace enhanced the regional importance of Amman. Following its peace with Israel, as the Amman economic summit will probably demonstrate, Jordan is attracting considerable international interest on the financial, economic, and political levels. Inevitably, this invests Jordan's peace with Israel with a sense of gain that cannot be ignored, even by its critics.

Other significant differences resulted from changes on the global scene. When the Egyptian-Israeli peace was concluded, the Cold War was still prevalent in the world and the Middle East was still subject to superpower rivalry. Therefore, once peace was labeled a *Pax Americana*, the Soviet bloc and all its clients in the region automatically rallied to undermine it.

It is evident that, contrary to its predecessor, the Jordanian-Israeli peace has consciously tried to be tuned in to the requirements and provisions of this new world. Its architects have striven to direct it toward free trade, international tourism, technological and scientific cooperation, development of new water and energy resources, protection of the environment and other objectives that are the mainstay of a world system that is evolving towards the next century.

The Jordanian-Israeli peace, heavily loaded with imperfections and difficulties, derives its particular vitality from the bilateral sphere, relying on joint interests, mutual trust, and shared visions; the regional sphere, nourished by the peace process (which it nourishes in turn); and, the international sphere, supported by the dynamics of "globalism" toward which the treaty tries to orient itself. These factors are also important determinants of attitudes and feelings of the general public which in the final analysis will be the arbiter of the nature of relations.

At the end of its first year, what are the prospects of the Jordanian-Israeli peace? To answer this question, Prince Hassan yesterday proposed an approach of "optimism tempered by realism." We certainly need generous portions of both. Abba Eban once reminded us that diplomats "inhabit the middle ground between excessive skepticism and exaggerated hopes." Let us wish that the skepticism we often confront is indeed unnecessarily excessive and that the hopes we cherish are not really too exaggerated.

Discussion Period

Question (from the audience): *Both of you said that we should temper our expectations and that premature euphoria is counterproductive. The Palestinian-Israeli track is experiencing difficulties. If and when a Syrian-Israeli peace comes it will be cold, given the realities of Syria. Change in Iraq may not happen very soon. Islamic radicalism is increasing. The attractiveness of economic benefits may be put aside for other considerations by the Islamic radicals, Iraq, Syria, and the Palestinians. How can the present momentum of the peace process sustain what I see as an impending stall, if not downturn, coming soon?*

Shamir: There are difficulties in the environment. To go back to the theme of comparison between the Egypt-Israel peace in 1978 and the Jordan-Israel peace of 1994, I think we should remember that another thing has happened since then: the growth of religious extremism, terrorism, and violence that had not existed at the same level in 1978. There is resistance. There are difficulties in the peace process with Syria. Iraq and Iran are looming quite large on the horizon, and there are other such elements that should lead us to a sober evaluation of the possibilities for rapid movement toward a regional comprehensive peace in the near future.

However, the fact is that economic interaction and development of economic relations can produce many changes on other levels. I mentioned that direct interaction between business people on the two sides is changing perceptions among other groups of society. I believe that economic relations will be the engine to move this process forward in many areas. Perhaps, if this is acceptable to the organizers of this conference, it would be useful to call the conference "Banking on Peace." This will be a way to characterize our expectations. Economics cannot produce miracles, but it is a very significant factor that spills over to other areas.

Mu'asher: I also believe that, particularly in the short-term, economic relations will pull the whole Jordanian-Israeli relationship upward. I think the signing of the trade and transport agreements, in particular, is going to be a major development in improving the present atmosphere and in effecting people-to-people interactions between the two countries. I also think—and I might be premature here—that despite the present difficulties there will be elections in the West Bank by the end of the year. Indeed such a development will certainly bode well for the Jordanian-Israeli relationship because it will be the first time in which the Palestinians will have meaningful representation and an ease of the political conditions in the West Bank.

However, the final status negotiations with the Palestinians—more so than negotiations with Syria which may take some time and may not contribute to regional peace in the short-term—will have a major impact on the whole peace process. Once you start talking about Jerusalem, refugees, compensation, right of return, settlements, and all the other very difficult issues, the whole region will be affected. The way these issues are approached and are solved will, to a large extent, define the kind of peace we will have. Jerusalem is a make-or-break issue in the future peace in the region.

Question (from the audience): *Ambassador Shamir, in your comparison between 1978 and 1994, I believe you did a little bit of injustice to Jordan (and perhaps also to Israel) because the real breakthrough in Jordanian-Israeli relations was not in 1978, it was in 1967. In that year, bridges were opened and there was a limited but mutual economic and personal normalization that became nearly completely normal relations in 1970. In fact, between 1970 and 1978 there were more "Hussein hours" than "Sadat hours." I believe, therefore, that "Banking on Peace, " as you call it, is banking on the relationship that has been established in those twenty-four years between 1970 and 1994.*

Shamir: I would be the last to ignore the historical roots of Jordanian-Israeli peace. You mentioned 1967 as a very important station on that road. I would even go back to earlier periods. I would go back to the Mandate period in which there was very intensive dialogue between the leadership of the Jewish community of that time and the Hashemite family. Not long ago I had the remarkable experience of bringing over a number of Israelis who maintained that relationship with the Hashemite palace during the Mandate period. One of the participants in

that meeting summed up the experience very well by saying: "Now a circle has closed," and King Hussein added: "Yes, we must now work fast in order to catch up with the time that we lost."

Many things happened before 1994. There were many "King Hussein hours," as the Israeli expression goes, before the negotiations on peace. However, I wouldn't go to the other extreme and say, as some Israelis do, that the treaty of October 1994 was just a formalization of an existing situation. I think it was much more than that. Remember that, in spite of the important relations that developed after the 1967 war, Jordan participated in the war of 1973—although not directly on the frontiers between Israel and Jordan—in a very substantial way.

So the treaty of 1994 meant much more than the continuation of something that existed before. It was a very courageous and visionary step on the part of the Jordanian leader, and it was very effectively led by the Israeli leadership, as well. I accept that the 1994 treaty was a completion of past attempts at reconciliation, but let us not take this to mean that 1994 had only limited significance.

Question (from the audience): */ would be the first to agree that Oslo I and Oslo II will have no real future unless we successfully resolve the problems of the final status issues. However, Ambassador Mu'asher hinted at something potentially much more dangerous: whether the Palestinians can reach an agreement with Israel on Jerusalem, the settlements, borders, refugees, and so on will determine if the expectations and aspirations of the Arab parties are really answered. If you are talking about 1947 borders, that is very frightening and totally unacceptable to Israelis. The year 1947 can become a part of any of the most difficult issues, and this would open up a very dangerous Pandora *s Box.*

Mu'asher: The refugee issue is not just an issue with the Palestinians, it is also one of the major issues in the Jordanian-Israeli peace treaty. It is mentioned in the Jordanian-Israeli peace treaty, and it is agreed by both Israel and Jordan that the final status of refugees, on a bilateral level, will be discussed between Israel and Jordan simultaneously with the start of the final status negotiations with the Palestinians. It might be a 1947 issue, but it is an issue that still needs to be resolved, and it is an issue that both countries agreed to include in their treaty of peace.

The same applies to Jerusalem. It is an issue that both the Palestinians and Jordan agreed to discuss in final status negotiations. It is part of UN Resolution 242, which is the basis of the Madrid process. Therefore Jerusalem is not only a 1947 issue; it is very much a live issue that still needs to be resolved.

By no stretch of the imagination did I even hint that we do not trust the Palestinians. It does not matter who I, personally or nationally, trust. What does matter is that, if a solution to the problem of Jerusalem is not reached that satisfies not only the Israelis but also the whole region, then the peace we are all striving for is not going to come. This is not a threat, it is a reality. We have signed a formal peace with Israel. We will respect that peace to the end of eternity, but that, by itself, does not mean that peace will prevail. Until you satisfy all of the people in the region, peace will not be durable.

Question (from the audience): *There are clearly issues that both the Jordanians and the Palestinians are negotiating with Israel. Many of the parties' positions are contradictory and overlapping. Is it possible for Israelis, Jordanians, and Palestinians to hold informal, unofficial, or secret trilateral dialogues to resolve some of those contradictions?*

Mu'asher: I agree with you that there are questions of a trilateral nature that, at one point, will have to be addressed by the three parties. It is no secret that Jordan and the Palestinians, at times, did not see eye-to-eye and did not coordinate their positions. Maybe even, at one time, one party or another thought that it could strike separate agreements with Israel without coordinating.

That is a misperception much like the exaggerated expectations that we have experienced this past year between Jordanians and Israelis. It is also part of what I called these romantic attitudes and expectations that are now giving way to more realistic attitudes. I think that the time has come when Jordanians and Palestinians have realized that, on the peace process, it is in both their interests to coordinate their positions.

As such, there are the beginnings of coordination, particularly in the economic sphere. We will have a Jordanian-Israeli-Palestinian economic meeting at the ministerial level—to be followed by meetings with other countries—during which our development will be looked at from a regional perspective. It is very difficult to plan for the future separately. I think that Jordanians, Palestinians, and Israelis will have more trilateral meetings and more coordination.

Question (from the audience): *At last night's dinner, I met xvith two women. One sits on a committee that deals with the refugee problem. The other, a refugee born in Haifa, spoke with great emotion of having been removed from her home so many years ago. Is there a committee in Israel that deals with these kinds of emotional and psychological problems of the refugees and would sit with the committee on refugees in Jordan?*

Shamir: The subject can be divided into two parts. There is the issue of the refugees and there is the issue of displaced persons from 1967. The peace treaty between Israel and Jordan treats these two issues in different ways. The discussion of the problem of displaced Palestinians, those who left in 1967—and there is some controversy about the precise definition of this category—does not depend on the next stage in the Palestinian-Israeli peace process. We have committed ourselves to start discussing it and move toward resolution.

As a result of the bilateral Jordanian-Israeli treaty we formed a forum consisting of four participants: Palestinians, Jordanians, Egyptians, and Israelis. This forum started its work, beginning at the level of foreign ministers. Now it is at the level of experts and it will go back to the level of foreign ministers from time to time in order to achieve progress in dealing with this problem.

The refugee question, of course, is part of the final status issues that will be discussed in the next stage. It has already been mentioned here with the issues of borders, the settlements, Jerusalem, and the other fundamental questions in the relationship between Israel and the Palestinians. The problem is humanitarian, political, psychological, and ideological. I think that if we achieve progress on the political and humanitarian level, the psychological manifestations of this will also be affected.

Question (from the audience): *Ambassador Shamir suggested that the treaty with Jordan is very well accepted in Israeli society. There is a lot of debate, however, about peace with the Palestinians and with the Syrians, and there is even debate about the treaty with Egypt. Why are these other tracks not as accepted?*

Shamir: The distinction indeed exists. There are different attitudes to all these tracks for a variety of reasons. Of course, the greatest controversy within Israeli society exists on the question of the future of the country that I will call now "the Holy Land," in order to avoid the different nomenclatures. It is an ideological question and a question of perception of history. The Israeli public has very deep anxieties about security. Some of the most concrete problems in the Arab-Israeli conflict appear on this level which do not exist on other levels.

With Syria, of course, the question is that of the Golan Heights and the deep, grave suspicion that Israeli society has toward the intentions of Damascus. All these do not exist in relations with Jordan. There is a level of impressive, mutual trust between the two leaderships and the two societies. In general, there is a feeling in Israel that when Jordanians make a commitment they will honor it; they say what they think, and they think what they say. Not all Israelis are sure about the position of Syria.

So there are differences between these three tracks which express themselves very clearly in Israeli public opinion polls. We do not have territorial problems with Jordan. We do not have that type of mutual suspicion. We have a record of many gentlemanly agreements that were concluded, tacitly or explicitly in the past, and were well kept by both sides. This contributes to the high level of acceptance of the Jordanian-Israeli peace treaty.

Question (from the audience): *Ambassador Mu'asher, can you be more specific about the refugees and displaced persons'? What exactly is the Jordanian stance on this? If you can give us numbers, what do you expect from the Israeli side?*

Mu'asher: Every time we mention the word "refugees," particularly the 1948 refugees, Israelis immediately have visions of millions of people coming back to Israel and overpowering them. The problem of refugees is still an open problem that still needs a political solution. It has within it elements of compensation, of return, or whatever, but it still needs to be resolved.

It is not only a regional problem. It is very much a bilateral problem for Jordan. Today in Jordan there are over one million legal refugees (meaning those who are registered with the United Nations Relief and Works Administration or UNRWA, *not* everybody who left the "Holy Land" as Ambassador Shamir puts it).

Nobody is suggesting that these million people should be taken back by Israel. We are suggesting, however, that there is still an open question that needs to be resolved regarding these million people. A large part of our population is unable or unwilling to have normal relations with Israel until the problem is addressed bilaterally between Jordan and Israel, and regionally.

Israel passed its Absentee Law in 1950 in which it admits that there is property that belongs to people who left Israel because of the various wars and that these people can reclaim their property. The law states that if the official custodian of absentee property, as he is termed, rents or sells the property, for example, the funds are not to go to the treasury of Israel but are to be kept in a special fund until such time when absentees can regain their property or funds.

The Jordanian-Israeli treaty states that there should be no discriminatory laws in Jordan or Israel against the citizens of the other state. If, after signing a treaty of peace, Israel is not going to return this property to the citizens of the state with which Israel now signed a peace treaty, the question is, when will Israel return this property? Israel itself admits that this is not its own property.

From a legal point of view, the treaty of peace forbids Israel and Jordan to have discriminatory laws against the other state. This is why, for example, Jordan repealed the boycott against Israel. However, there is a law in Israel today that discriminates against Jordanians by saying that Jordanian property is still to be held by Israel. We are contesting this on all levels.

Question (from the audience): *Israelis were shocked that Egyptian intellectuals, who were thought to be more supportive of peace than anyone, came out against it. We still see this phenomenon in Egypt and perhaps also now in Jordan: the professionals—journalists, lawyers, and even doctors—are the ones who seem to be most reluctant to have a warming of relations with Israel Do we still see a certain phenomenon of rejecting Israel ideologically and not just pragmatically'?*

Shamir: Peacemaking on the Arab side—the readiness for reconciliation and for acceptance of Israel—is based primarily on pragmatism and realism, not on an ideological conception. In other words, the Arabs are telling us: "You are here. You are in this region. We are unhappy about the fact that you came here, but this is a fact that cannot be changed. We do not accept the basic tenets of Zionism, but we accept reality. Those things that you cannot change, you have to accept." On that basis, many Arabs are ready to make peace with Israel.

On the ideological level the picture is quite different, whether from an Islamic fundamentalist perception, a leftist perspective, a Nasserite, or a neo-Nasserite view. All of these ideologies are very difficult to reconcile with this pragmatism and with this reading of the map that leads to a conclusion that contradicts so many things that have been said in the past in the Arab world.

So I can understand that, for intellectuals in Arab society, it is sometimes more difficult to accept this peace than for business people. We face this difficulty now and we shall face it in the future. The only way to deal with it is through dialogue, a patient exchange of views, and the evolving realities themselves. It is the realities of this situation that have to erode ideological resistance. I think many things can be done by Israelis themselves. Israelis have to make a decision about their place in this region in order to give an ideological and a historical answer to the questions that are being asked by their Arab neighbors, predominantly by the intellectuals.

It is a process of conceptualizing the new reality. As long as this conceptualization has not been completed, it will be difficult for many Arab intellectuals to come to terms with these changes that are taking place so rapidly in our region.

SESSION II: FROM BILATERAL PEACE TO REGIONAL SECURITY

Abdullah Toukan
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The peace treaty between the Hashemite Kingdom of Jordan and the State of Israel has provided us with a comprehensive set of issues that address the fundamental principles of our new partnership in peace. The opening paragraph of the security section lays the foundation by stating that:

> Both parties, acknowledging that mutual understanding and cooperation in security-related matters will form a significant part of their relations and will further enhance the security of the region, take upon themselves to base their security relations on mutual trust, advancement of joint interests and cooperation, and to aim toward a regional framework of partnership in peace.

It was agreed that the national security of each state will be enhanced through measures of cooperation between each other and among states in the region. In other words, the fundamental criteria of the security relationship was a cooperative search for security (usually referred to as strategies of reassurance) rather than a competitive search for security (usually referred to as strategies of deterrence).

However, as we build our partnership in peace and work toward enhancing the security of the region, each should strike a balance between deterrence and reassurance: the latter to strengthen our peace and the former to protect our peace from any external threats. In this sense, I speak of a deterrence that is based on a qualitative conventional capability for self-defense that ensures self-reliance.

Strategies of reassurance consist basically of political-military confidence and security building measures (CSBMs) in the form of declarations of intent. They are political commitments concerning the planned use of forces and weapons that become legally binding. In effect CSBMs represent a declaratory posture regarding intentions.

The treaty states the parties' commitment ". . . to refrain from the threat or use of force or weapons, conventional, non-conventional or any other kind, against each other, or of other actions or activities that adversely affect the security of the other party," and ". . . to refrain from organizing, instigating, inciting or participating in acts or threats of belligerency, hostility, subversion, or violence against the other party …"

In the treaty the parties had agreed that they should refrain from using each others' territory (land or air), or permitting any third party from using the territory of either side to threaten the others' security or the security of other regional states. Strategies of reassurances, through political declarations of intent, and the development of CSBMs would not only reduce misunderstanding, but would also reduce the likelihood of the threat or use of force and consequently war. Declaratory statements can continue to be explored as new political and strategic developments take place.

For Jordan, the central feature of the peace treaty is that it projects the strong linkage between sovereignty, territorial integrity, and the security of a state. Based upon the principle of sovereignty and territorial integrity, delimitation and demarcation of the international boundary between Jordan and Israel was initially concluded and then bilateral security arrangements on and around the international boundary were agreed upon and implemented.

In an effort to reduce the likelihood of any unintended and unwanted war, Israel and Jordan agreed to a set of principles and put in place procedures to reduce the likelihood of misunderstandings or accidental conflict. These are CSBMs at the national security policy level. They effectively impose constraints on the behavior of parties and the use of offensive military capabilities. Technical-military CSBMs that follow consist of air, land, and sea measures that promote transparency and openness.

In the language of arms control and regional security, these kinds of arrangements are technically referred to as a "limited security regime." It was clear to both parties that there was a need to broaden these principles to a regional and multilateral level, and to eventually incorporate military and non-military security related issues through cooperative regional security arrangements. The forum available to us at present to promote these principles are the multilateral Middle East peace negotiations.

The Regional Dimension

The multilateral forum was established in Moscow in January 1992. During this first organizational meeting it was agreed that the multilateral talks would be complementary to the bilateral negotiations, and that the purpose of the multilateral talks was to help create a political environment in which the bilateral talks are more likely to accomplish what we all want in the areas of peace, territory, and security.

Consequently, five sub-ministerial level working groups were formed: water, environment, economic development, refugees, and arms control and regional security. Each working group consists of regional and extra-regional parties.

Given the two frameworks—the bilaterals and multilateral—the first critical issue is how to establish a linkage between them. Secondly, how do we simultaneously integrate the regional security dimension into the process from the start, leading to a regional security framework in the broadest sense of the definition of security incorporating the economic, political, military, and humanitarian dimensions? Finally, how do we carry the peace process forward into the future, and how do we maintain and guarantee all the peace treaties and agreements reached in the ongoing bilateral and multilateral negotiations?

By definition, arms control can be considered any measure that reduces the likelihood of war as an instrument of policy or that limits the destructiveness and duration of war should it break out. It is not only technical, but is also of a political nature. Thus, arms control does not only mean arms reductions or disarmament, but it also encompasses any measure that strengthens regional stability and diminishes the use of military force as an instrument of national policy.

Within the peace treaty's framework, the two parties will work together toward a clear statement of political intent to promote regional security arrangements. The parties will develop a structure that will move the region from a confrontational security policy (offensive military doctrine) toward a cooperative security policy (defensive military doctrine).

Since the Gulf War, the proliferation of weapons of mass destruction (WMDs) and the associated advanced technology delivery systems—in particular ballistic and cruise missiles—have become a top concern of the international community, and will continue to be in the years ahead. Major initiatives to restrain both WMDs and missiles are in various stages of negotiations and implementation, including the recently extended Nuclear Nonproliferation Treaty (NPT), a Comprehensive Test Ban Treaty (CTBT), the Chemical Weapons Convention (CWC), the Biological Weapons Convention (BWC), the Fissile Material Cutoff Treaty (the objective would be to halt the production of missile material such as plutonium and enriched uranium for nuclear weapons), and the Missile Technology Control Regime (MTCR).

Recognizing these efforts and the dangers that weapons of mass destruction could cause to humanity, the Jordan-Israel peace treaty included a paragraph, within the context of the Multilateral Working Group on Arms Control and Regional Security (MWGACRS or ACRS). Jordan and Israel have also been jointly addressing the urgent need for the establishment of a Middle East free from weapons of mass destruction.

Jordan views the signing of the international legal instruments such as the NPT, BWC, and CWC as a step toward the achievement of this goal. They are a means to an end and not an end in themselves. They are looked upon as being part of a more comprehensive package that also contains assurances in the form of political declarations of intent and CSBMs, institutions for conflict-prevention and resolution, and the elimination of WMD delivery systems, in particular surface-to-surface missiles (SSMs).

We must also recognize that there are a number of prerequisites for the establishment of a zone free of weapons of mass destruction and their delivery systems. To mention just a few:

- Identifying the relevant participants;
- Identifying and defining the zone (from Morocco in the west to Iran in the east, and from Syria in the north to Yemen in the south);
- Examining the preconditions for negotiations and implementation;
- Ascertaining the linkages between the various issue-areas and the best modes of managing the linkage (nuclear, biological, chemical, SSMs, and other delivery systems); and
- Studying alternative methods of verifying compliance with prospective arms control agreements (such as regional vs. international verification systems and how they could complement each other).

We are presently trying to introduce such issues into the ACRS process.

The ACRS Process

In a plenary meeting of the ACRS working group held in Moscow in 1993, it was agreed to cluster the process into two baskets: an operational basket which addresses technical-military CSBMs and a conceptual basket which addresses political-military CSBMs.

The operational basket consists of topics such as: maritime CSBMs, pre-notification of military activities, exchange of military information, and a regional communications network system.

The conceptual basket consists of: papers by regional parties on long-term arms control and regional security objectives, a statement on arms control, a regional security center, verification and monitoring of arms control agreements, and other issues including civil defense, public awareness, and military contacts and visits. In addition, the conceptual basket called for various seminars on topics such as: the delineation of the Middle East region for the purposes of arms control, regional security arrangements, elements to start arms control negotiations, military doctrines and concepts of deterrence, and threat perceptions and security concerns.

It was agreed that the implementation of any multilateral CSBM or other arms control measures should be on a voluntary and reciprocal basis.

In the maritime CSBMs, the ACRS working group has completed the text of a regional agreement on the avoidance of incidents at sea, as well as the requirements for search and rescue (SAR) operations at sea. In the area of pre-notification and exchange of information, a text for a regional agreement similar to the European Organization for Security and Cooperation format has been developed. A communications system is presently being studied for the Middle East region to be based in Egypt, similar to the OSCE hub system that is based in the Hague.

A regional security center (RSC)—conflict-prevention center—will be established in Jordan. Tunis and Qatar will also be establishing RSC-related facilities. The initial functions proposed for the center are to provide a venue for seminars on topics that support the ACRS process, promote training and education in support of the ACRS process, assist and support work on arms control and CSBMs, function as an integral part of the ACRS communications and data bank system, and facilitate the ongoing compatibility of these institutions.

A mandate was drawn up for the centers, and on the third week of this month a group of interested regional and extra-regional parties, as well as the co-sponsors—the United States and Russia—will be meeting in Jordan to finalize the document and to recommend to the next ACRS plenary that it be adopted. The aim is to have the center up and running this year.

The statement on arms control is still under discussion and has become an important milestone in the ACRS working group. It has established in writing a region-wide political basis upon which the working group can formulate codes of conduct, subsequently itemizing an agenda of work on region specific arms control measures. The statement consists of three main components: fundamental principles governing security relations among regional participants in the arms control and regional security working group; guidelines for the Middle East ACRS process; and statements of intent on objectives for the ACRS process.

The statement has not as yet been endorsed by the plenary due to disagreements on the section that addresses "statements of intent on objectives for the arms control and regional security process." Specifically, parties take issue with the paragraph that addresses the need to

establish a WMD-free zone, but does not address the NPT treaty. There has been no consensus as yet on whether this issue should be introduced, and if so where, and how, in the statement.

The ACRS process so far has addressed CSBMs in their entirety, and their gradual implementation could, in the political dimension, reduce both the level of the threat a state perceives and its security concerns. However, if the military dimension, in terms of holdings and capabilities in both conventional and non-conventional weapon systems, is not addressed through what is commonly known as "structural arms control," then there will be no real and meaningful progress in the process.

Once a set of CSBMs—political-military as well as technical-military—are implemented and, in parallel, concepts of structural arms control are introduced, this approach would form a comprehensive arms control package. As new political developments emerge in the peace process as it moves toward a comprehensive peace, more ambitious political and technical CSBMs as well as some initial structural arms control measures can be implemented.

These two realms when integrated into the process could be mutually reinforcing. As they evolve in time with the Middle East peace process, an end result could be the achievement of one of the basic objectives in the process which is: "to achieve equal security for all at the lowest possible level of armaments and military force." Thus, at this stage of the process it is imperative that structural aspects of arms control, in the non-conventional and conventional fields, be introduced.

A clear understanding would have to be reached that structural arms control must involve all major categories of weapons: conventional weapons, ballistic missiles, and chemical, biological, and nuclear arms. This will allow the launching of initial discussions on conventional force reductions as well as the necessary steps required for the transformation of the region into a zone free of all weapons of mass destruction.

The Future of ACRS

When peace agreements between Israel, Syria, and Lebanon are reached, it would be important to make every effort to integrate Syria and Lebanon into the ACRS process. Both countries have refused to join any of the multilateral talks until a breakthrough in their bilateral negotiations with Israel has been obtained. Given the size and composition of the Syrian armed forces and its strategic role in the region, Syria's participation would be essential both for a meaningful application of region-wide CSBMs and for the conduct of structural arms control consultations and eventual negotiations and implementation.

It should be noted that within the ACRS process, every effort was made to insure flexibility in order to incorporate additional parties' suggestions when they join the process. Nevertheless, ACRS participants should reaffirm that matters concluded within the framework of their talks will not be reopened to objections aimed at jeopardizing the success of the process.

A much more sensitive issue concerns the future relationship between ACRS and relevant parties who have not been invited to take part in the talks: notably Iraq and Iran. As noted earlier, it would be impossible to implement comprehensive CSBMs as well as structural arms control in the Middle East without their active participation. Yet the admission of these states into the process would require a major policy change on the part of the co-sponsors and all the parties concerned.

Maintenance of Peace

Thanks to the complexity of the possible sources of conflict—the inter-relationships between the conflicts and disputes, and the interdependent nature of the Middle East region—linkage between the states in the region has been highlighted. For this very reason a Middle East security and cooperation forum was envisioned with the objective of strengthening security and cooperation in the region, promoting dialogue and transparency, and thereby fostering cooperation and the formation of a common security culture.

Democracy, a free market economy, and security are all interdependent. When there is no market economy and no democracy, resources needed to reinforce and maintain security are weak and ineffective. Furthermore, if security is non-existent, democracy, market economies, and

political stability would not survive or in some cases would not even exist. In other words, security defined as the absence of the threat of war, is dependent on both political and military stability.

Military and political stability are complementary; security will be enhanced if both political and military stability are high. Thus a cooperative security relationship should be comprehensive in nature, where military and non-military resources can be integrated to organize any form of response to possible sources of conflict and to deal with any form of aggression.

One such program to address issues of security and cooperation in the Middle East was proposed by Jordan. This proposal dates back to August 1990, when the idea for a conference on security cooperation in the Middle East was first introduced by His Royal Highness Crown Prince al-Hassan of Jordan. The idea was put forward as a response to the proposal by Italy, France, Spain, and Portugal to hold a conference on security cooperation in the Mediterranean (which would include Morocco, Algeria, Tunis, and Libya) along the lines of the Conference on Security and Cooperation in Europe (CSCE).

The structure of the CSCME was to be cooperative and comprehensive in nature. Eventually the structure was to be less dependent on military strategies and acquisition of arms and more linked to political and economic cooperation.

The CSCME can be visualized as a regional arrangement in the framework of the United Nations charter, in particular within the framework of Chapter VIII, in which Article 52 refers to

> regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action, provided that such arrangements or agencies, and their activities are consistent with the purposes of the United Nations.

As such, it provides an important link between Middle Eastern and global security. The regional forum will work together with the UN, especially in preventing and settling conflicts.

In his Agenda For Peace, the secretary-general of the United Nations defined the four functions that the Security Council had asked him to address:

- Preventive diplomacy, employed to prevent disputes from arising between parties, to prevent existing disputes from escalating into conflicts, and to limit the spread of the latter when it occurs;
- Peacemaking, used to bring hostile parties to agreement, essentially through such peaceful means as those foreseen in Chapter VI of the UN Charter (Pacific Settlement of Disputes);
- Peacekeeping, including the deployment of a UN presence in the field, hitherto with the consent of all parties concerned, as a technique that expands the possibilities for both the prevention of conflict and the making of peace; and
- Peacebuilding, in which the UN plays a post-conflict role in creating the foundations for economic and social development in order to avoid a relapse into instability and conflict.

The secretary-general's report further recognized that

> Regional arrangements or agencies in many cases possess a potential that should be utilized in serving the functions covered in this report: preventive diplomacy, peacekeeping, peacemaking and post-conflict peacebuilding. Under the charter, the Security Council has and will continue to have primary responsibility for maintaining international peace and security, but regional action as a matter of decentralization, delegation, and cooperation with United Nations efforts could not only lighten the burden of the council but also contribute to a deeper sense of participation, consensus, and democratization in international affairs.

In light of the new political developments that have taken place as a result of the Middle East peace process, the CSCME concept was developed further by Jordan, keeping in mind all the achievements of the various multilateral working groups. It was felt that this regional institution could, once bilateral peace treaties and multilateral agreements are concluded, provide the necessary guarantees to maintain peace and stability in the region. There is no reason why institution building could not start in parallel with the ongoing peace negotiations in preparation for the conclusion of bilateral treaties and multilateral agreements.

The Jordanian-Israeli peace treaty refers to the development of a CSCME. It states that "The parties recognize the achievements of the European Commission (EC) and the EU in the development of the CSCE, and commit themselves to the creation, in the Middle East, of a CSCME …" The two parties made clear in the peace treaty that they are calling for new regional arrangements to be developed, and not for any new regional defense alliances or pacts.

Regional security arrangements will be based on a cooperative security policy that is also comprehensive in structure. The very notion of cooperative security, implies that the parties will refrain from the very idea of enforcing security in a confrontational way. It exclusively aims at promoting cooperation in order to avoid conflict as a result of misunderstanding or miscalculation. In this sense it depends on the cooperation of all.

The comprehensive nature of this security policy will emphasize non-military means of achieving and maintaining security, and stresses the importance of the non-military instrument of security policy. The non-military approach is similar in many ways to the core recommendations of the UN secretary-general's 1992 Agenda For Peace, which called for more resources to be allocated to "peacebuilding" and "preventive diplomacy."

If all means at the disposal of the regional security arrangements fail to maintain international peace, then the region could fall back on some regional collective security system. Clearly a fully developed regional cooperative security policy framework would include a provision for collective security action as a guarantee to its participants. Cooperative security and collective security could be mutually reinforcing.

Structure and Functions of the CSCME

During the past three years, substantive progress has been achieved in the multilateral working groups. Statements of principles and projects were developed and generated. The Regional Economic Development Working Group (REDWG), for instance, completed studies on regional financing mechanisms, tourism associations, and business councils. One outcome was the idea of a regional development bank. The environment group established codes of conduct and an upper Gulf of Aqaba oil spill contingency plan. The water group developed a water data bank system and a regional desalination research center. The refugees group looked into issues such as health, child welfare, job creation, human resource development, and family reunification. The ACRS developed a regional security center, a regional communications network system, CSBMs, and a statement of principles.

In addition, a multilateral steering committee was formed, and chaired by the United States and Russia, to overview the peace process. The functions of this committee is to monitor progress, make recommendations for future work such as vision papers for the region, and make recommendations for the formation of new working groups such as one addressing the human dimension.

Once comprehensive peace has been achieved in the region, the regional countries themselves should start taking over the roles of the co-sponsors and the extra-regional mentors, with these same extra-regional countries becoming observers and consultants. The participation level of the CSCME forum could be elevated to a ministerial one.

The forum could be a policy formulation and decisionmaking body between regional participants. In addition it could be a forum for dialogue and consultations between the participants, as well as with extra-regional and peripheral countries. The CSCME could be structured around three baskets: security, economic, and the human dimension. It can also have a committee for monitoring and following-up.

The security basket would include all military and non-military security related issues. The non-military related issues could consist of energy security, water security, economic security, extremism, and other such issues that are presently not addressed in the ACRS. One reason for this is that the working group was not given the mandate to address these issues, but instead addressed only military related security issues. Furthermore, these additional topics would certainly overload the work of the group and consequently divert it from its original goals. The second proposal is the development of an interdisciplinary economic basket that addresses water, environment, energy, and economic development. The interrelationship and linkages between

the various topics on a regional level could be studied and taken into account when policies are formulated; a cost-benefit analysis should be conducted in the establishment of such a Middle East security and cooperation forum. The third basket could address the human dimension in which refugees, demography, and intercultural dialogue could be addressed.

While the multilateral working groups continue their work in their present format, the CSCME could initially look into issues that complement the multilaterals and avoid any duplication of work. Eventually, the two forums will converge and the multilaterals could be institutionally incorporated into the CSCME. This would form the technical basis, from which the CSCME could then develop policies and provide financing. Proposed institutions such as the Regional Security Center could become one of the institutions belonging to the CSCME forum.

Future Regional Security Policy

The Middle East regional security environment is certainly not structured solely around the Arab-Israeli conflict; many states in the region have participated in other regional disputes and conflicts. However over the past five decades the Arab-Israeli conflict—at its core the struggle of the Palestinian people—absorbed most of the region's energies and resources. Four Arab-Israeli wars have taken place in the past five decades, in 1948, 1956, 1967, 1968-1970 (war of attrition), and the last one in 1973. Hence, it is a fundamental requirement that Palestinian security should be enhanced and incorporated into the Jordan-Israel partnership of peace to form a central core.

To discuss future regional security policy, one could first outline possible "operational security arrangements" that could be adopted between the inner circle of Arab countries engaged in bilateral negotiations with Israel. In this initial stage, the inner circle of Arab states will have to maintain stability and tranquillity along their borders with Israel. This will entail a number of mutually agreed upon security arrangements. These typically consist of demilitarized zones, air or land early warning systems, joint patrols, etc. These security arrangements are different from CSBMs which could be implemented on a bilateral basis in areas around the borders and between military forces.

The next step would be to expand the circle to include Arab countries that are not directly involved but whose security is affected by the outcome of the peace achieved. Multilateral arms control measures can then be introduced, and in this manner the bilateral and multilateral CSBMs will reinforce the bilateral security arrangements. Finally, countries peripheral to the region with political intentions and military capabilities that may potentially impact the region, should be taken into consideration.

As for the outer ring of Arab countries, in this case the GCC (Gulf Cooperation Council) countries, we should keep in mind that they also have their own security requirements. These countries contain around 50 percent of the world's crude oil reserves, and around 30 percent of the world's natural gas supplies. Around 30 percent of the world's oil consumption is presently supplied from the GCC states, and is projected to increase. The Iraq-Iran war and the recent Gulf War have shown us how instability or military aggression around anyone could easily trigger instability in other states, between them, and in the region as a whole.

In conclusion I would like to state that the future holds a number of challenging issues, notably the question of how regional countries will view arms control and confidence building as part of their national security, how they will eliminate the future role of weapons of mass destruction and their delivery systems, and how they will adopt a policy that is based on a cooperative search for security as in strategies of reassurances.

David Ivry

Director-General, Israeli Ministry of Defense

I am pleased, indeed honored, to address this distinguished meeting in Amman. As an Israeli, as a warrior in the past, and a senior official at present, it means a great deal to be able to be here in Jordan, to participate in such a wonderful conference, and to look at the Jordanian-Israeli treaty of peace, not as a dream but rather as a living reality.

We look at this treaty of peace as a document that has relevance above and beyond the bilateral relations between our two countries. It is, I believe, also an outstanding model and source of inspiration for a cooperative security architecture, including arms control, in the entire region.

I am sure my colleague and friend, Dr. Abdullah Toukan, the head of the Jordanian delegation to the Arms Control and Regional Security Working Group (ACRS) of the peace process, will agree with this statement.

What vision for regional security and arms control in the Middle East does the bilateral peace treaty have to offer? First, it views arms control and regional security arrangements as an integral part of the effort to bring peace, stability, and security to our entire region. It also sets clear priorities. It advances the principle that progress on bilateral tracks of the peace process will pave the way for region-wide cooperative security arrangements, not the other way around.

The multilateral peace process has to support and complement the bilateral processes, and benefit from the momentum they create. It must not be allowed to get in the way of this process.

Second, the Jordanian-Israeli treaty of peace clearly recognizes the importance of creating a political climate that will make it possible to negotiate ambitious arms control arrangements in the region. It mentions many of those principles that are essential for such a political climate. These include, among others:

- Respect for the sovereignty, territorial integrity, and political independence of all the states in the region;
- Respect for the right to live in peace within secure and recognized borders;
- A commitment to refrain from threats or the use of force and to settle disputes by peaceful means;
- A commitment to refrain from any activity that undermines the security of others, and to prevent the use of one's territory for such activity by others—including for terrorism, subversion, infiltration, propaganda, and any other form of hostile action;
- A pledge not to join security or military coalitions, organizations, or alliances with a third party that is directed against the other states in the region;
- A commitment to develop good neighborly relations.

In addition to these basic principles, our peace treaty also recognizes that bilateral and multilateral security arrangements can and should complement each other in many areas, such as military-to-military dialogue, telecommunication, pre-notification of exercises and land-based troop movements, and so on. Jordan and Israel are indeed working together to implement both types of arrangements.

Only directly-negotiated multilateral regional arrangements involving many, and in certain areas all, of the states of the region, can effectively and reliably regulate arms in the Middle East. Global arms control and verification arrangements could potentially complement such regional arrangements, but in no case can they come in their stead. A clear recognition of these priorities is evident in the Jordanian-Israeli decision not to deploy any international peacekeeping force between the two countries, but instead to rely on bilateral arrangements.

The same logic also applies to regional arms control arrangements and their verification. Jordan and Israel are in agreement that the ACRS working group must be the forum for discussion on arms control and regional security arrangements for the entire region as well as its sub-regions. We are also of the belief that these arrangements must deal with all of the potential threats to security and stability in the region.

In this context, I wish to point out three specific issues covered by the Jordanian-Israeli peace treaty: First, the need to establish a Middle East order that is not built along Arab-Israeli lines,

and is free of hostile alliances and coalitions. The importance of this issue is evident to anyone who remembers the invasion of Kuwait by Iraq and the threats posed by Iran and Libya to their neighbors.

Second, the absolute necessity of establishing a region that is free of both conventional and non-conventional weapons of mass destruction. The long-term goals for Middle East arms control approved by the Israeli cabinet in 1993 are as follows:

> The goal Israel constantly aspires to is to live in a region in which full and lasting relations of peace prevail, based on reconciliation between peoples, good neighborliness, open borders, and trust among nations. Thus will our region know stability and security, dangers of war and horrors of mass-destruction will be removed, and all states and nations of the region will be able to live in peace and dwell safely. Such relations of peace will put an end to arms races, lead to arms reductions, and to the minimal levels required for national self-defense, of standing military forces, as well as defense expenditures and conventional arms. In the spirit of the global pursuit of general and complete disarmament, Israel will endeavor, upon the establishment of relations of peace, that the states of the region should jointly establish a mutually verifiable zone, free of ground-to-ground missiles, and chemical, biological, and nuclear weapons.

Third, the Jordan-Israel treaty indeed puts an emphasis on the political context that is necessary for the establishment of the weapons-free zone, namely a comprehensive, lasting, and stable peace characterized by the renunciation of the use of force, by reconciliation, and by goodwill.

Until we reach such a political climate, we ought to concentrate on confidence- and security-building measures (CSBMs) that can reduce tensions, diminish the potential for escalation, and build trust between the regional parties. Let me give you a few examples of such CSBMs:

- Agreements on naval measures such as the prevention of accidents at sea and cooperation in search and rescue missions.
- Agreements on pre-notification of military exercises and large-scale troop movements, as well as clarification of unusual military activities.
- Initiating dialogue between national security academies, general staff colleges, and other military educational institutions.

In addition, we can soon begin a preliminary study of issues that would be useful for future arms control and regional security arrangements, such as the delineation of the Middle East for arms control purposes, generic verification technologies, and so on.

The time is also ripe for establishing certain kinds of regional institutions, the first and foremost being a Regional Security Center (RSC) in Amman and sub-centers in Tunisia and Qatar. We are committed to helping Jordan establish the RSC in Amman and welcome the prospect of beginning its operation with a regional seminar on military doctrines before the end of 1995.

As a gesture of goodwill, Israel is offering to host officials from all of the ACRS participants at one of its prime defense industries this fall. We promise them an interesting tour of that industry, as well as the opportunity to discuss ideas for cooperation in defense research and development for humanitarian purposes, such as military medicine, mine clearance, and others. We hope to have the pleasure of seeing as many of the ACRS participants from the region as possible in Israel for this tour.

Finally, the Jordan-Israel peace treaty also commits both states to work together to set up a permanent forum for security and cooperation in the Middle East along the lines of the Organization for Security and Cooperation in Europe. We hope to take the first step in this direction by establishing the Jordanian RSC.

I hope when we convene for the Washington Institute's next annual conference I will be able to report further progress in realizing the common Jordanian-Israeli vision of peace and security for the benefit of all the peoples of the region.

Discussion Period

Question (from the audience): *During the Cold War, countries in Europe recognized each other despite political and military tensions. After thirty or forty years of diplomatic relations, they created an institution, the Conference on Security and Cooperation in Europe (CSCE), that you now see as a potential model for the Middle East Yet the CSCE did not prevent the conflict in Bosnia, which has been raging in the heart of Europe for so long. What gives you any hope that a CSCME could preserve the peace in the Middle East?*

Toukan: We have heard what you described many times before: that certain prerequisites existed in Europe—such as defined geographical boundaries—which prevented the outbreak of war for the past three or four decades and created an environment in which an institution like the CSCE could be established.

We are not talking about trying to implement or copy the CSCE exactly as it is. We are merely talking about the concept of a multilateral forum. We hope to eventually reach those initial conditions in Europe: no war for thirty years and the resolution of boundary and territorial disputes. We are still going through that process. A number of recent wars were based on boundary issues, including the Iran-Iraq War and the Gulf War, and there are still disputes over boundaries in some Gulf states. The problem is that there aren't any institutional frameworks within which to address these disputes.

So the first step is to set ourselves up institutionally, and we obviously hope that the Jordan-Israel peace treaty will be a model for other states to start solving their international boundaries problems. Once issues regarding sovereignty and the territorial integrity of the Gulf states are resolved, a measure of security will be established. This will slowly lead to a reduction of tensions and hopefully a definition of the Middle East region.

It would be impossible to create a CSCME now in its entirety. Rather, we should try to begin to move to a point where we can regard the CSCME as a mechanism for maintaining peace *after* the treaties and the multilateral agreements have been completed. We need a forum to officially address issues that we are not now addressing, to complement the multilateral, and to establish what you might call those "European initial conditions." We all hope that such a vision can come true and that our approach to solving the problems of the Middle East will be a little bit different from the Balkans and what has happened in Europe.

We are trying to build institutions—from development banks to conflict-prevention centers—that we hope will create a more stable political environment. We need a forum that is not hostile and that is not based on a defense pact, because a defense pact requires you to identify an enemy. We are trying to defuse the old ways of thinking and think more cooperatively, with Israel joining us as part of the region.

Turkey's southern province, which it considers integral to its security interests, is not part of the Conventional Forces in Europe (CFE) treaty because of the Kurdish problem. Turkey should be included at every stage of the process. Is it part of the region or not? It is an idea that is still being developed. Nobody is saying that the CSCME would work completely, but nobody is saying that it won't work at all. We are trying to at least build an environment and create an institution.

Question (from the audience): *What teeth would the CSCME have that the CSCE does not have?*

Toukan: The teeth that it has now are the bilateral peace talks and the multilateral forums. We're not recreating the wheel. It would have teeth in the sense that Israel has joined every single multilateral group and has participated in and contributed to each one, as have many of the Arab states. The teeth are the fact that at least the multilaterals have accomplished something. In the future, the teeth will be the conflict-prevention centers and the regional development bank: if you join in the process, you get a say in deciding where the money goes.

Ivry: The creation of a CSCME would itself be a major CSBM, by exposing the interests and concerns of all sides and by the process of trying to build up the organization. No single organization can solve all of the region's problems. It will require parallel efforts from all sides.

I'm not sure the CSC that we are describing here would be like the one that has been adopted in Europe. There are different conditions and a different mentality in the Middle East. But a venue for putting forth concerns would be a confidence-building measure in itself. We must find all kinds of processes to reinforce the peace and build confidence between people.

Richard Beecroft: Let me start out by saying that I am not speaking as a representative of the United States government. Allow me to sound a cautionary note. As you go forward with this concept, I would urge you to be very clear and appropriately modest in setting an agenda for a CSCME. What can the CSCME be realistically expected to do? What can it accomplish that will advance your goals? This is a practical and not a theoretical approach. My answer would be that it can only do what governments are prepared to let it do; no more, no less. That can be a lot, but it can also be a little.

You mentioned the "four areas" in the UN secretary-general's report: preventive diplomacy, peacemaking, peacekeeping, and post-conflict peace building. Of those four, preventive diplomacy and post-conflict peace building are by far the more realistic. The CSCE (now known as the Organization for Security and Cooperation in Europe or OSCE) describes itself as a laboratory, a place to experiment with ways to avoid a conflict or, in the event that a conflict occurs, to pick up the pieces and try to reconstruct something viable afterwards.

My problems are with peacemaking and peacekeeping. First of all, I am troubled by the fact that there is a terrible confusion out there in terminology. What is peacemaking? What is peacekeeping? What is peace enforcement? The terms are confused and used interchangeably, and they are not interchangeable.

You said, for example, that peacemaking is a Chapter VI function under the UN Charter. In fact, peacemaking is a Chapter VII function. *Peacekeeping*—in the aftermath of a conflict—is Chapter VI, and that has been the great confusion in the Balkans. The UN is still operating under the assumption that what we have in the Balkans is, and I quote, "a benign environment." Now, if the Balkans are a benign environment, I'd like to see one that isn't.

Peacekeeping is hard enough. It has shown that it can work in places like Cyprus, the Golan Heights, and Sinai. In those places, however, the combatants for one reason or another decided they wanted to stop fighting. That resulted in a situation in which the parties were willing to agree to disengage up to a certain, clearly-defined point.

The problem is that peacemaking creates body bags. It creates awful images on television. No government—at least no Western government—is prepared for that, which is why there has been such an abdication of responsibility in the former Yugoslavia. Again, I'm speaking as a private citizen. No one is ready for the price that has to be paid for peacemaking, and that is to have soldiers on the ground wearing blue helmets and getting killed in perhaps large numbers. Thus, events in the former Yugoslavia effectively defined the practical limits of what the OSCE, the UN, NATO, and peacekeeping and peacemaking can accomplish.

Finally, the OSCE has learned the hard way that there are different lessons in a Cold War situation and a post-Cold War situation. The Cold War was easy. It was also a laboratory, but it was a well-defined one. There was one social system in the East, another in the West, and the idea was to get them talking. It's much harder to do that now because that simplicity is gone and we're trying to define a brave new world that we only barely understand.

Thus, my exhortation to you would be: don't overreach. Define what can be done, what can be accomplished, and what can be achieved.

Toukan: Thank you for those wise words and the advice from a person who was out in the field. First, I should write a letter to Boutros Boutros-Ghali and tell him his book is wrong, because I was quoting from his book on whether peacekeeping was Chapter VI or not.

Second, I did talk about the non-military issues of the CSCME: preventive diplomacy and peacebuilding in particular. Non-military issues, by the way, have become the security doctrine of the Association of South East Asian Nations, and especially Japan, and we have also learned from this model.

The unfortunate thing is that, just because it's called "CSCME" and the "CSCE," people think there is a great overlap. Just view whatever "it" is as an institution that we want to think about. The CSC, automatically, is giving nightmares to people who have used that term often. Whatever the make-up of the institution we entered it into our peace treaty, and I used the term CSC for familiarity. Certainly you can call it a forum for Middle Eastern security and cooperation.

We are not saying discontinue the multilateral and put them in one of the "baskets." We are making progress and should continue with them. We're saying that there are issues that are not addressed in the multilateral at the moment that are also relevant to the peace process overall. We need a forum to start bringing these ideas in, to correlate them, and then to slowly superimpose them over the overall peace negotiations.

As co-sponsors, the United States and Russia with some "extra-regionals," brought us together and said, "negotiate." Now the baby is walking and growing up. I'm saying that the regional parties should start determining and conducting the management of this peace process when the time is right. In other words the regional parties should assume the role of the co-sponsors.

After this comes to pass, you start forming this CSCME or whatever "it" is in a more comprehensive package. That's where you start looking into how many baskets you need, what kind, and what is available. So, in other words, you can pull the multilaterals in and tie them into the three baskets that we conceived.

In addition, we must ask what experience there has been with institutions in the Middle East. What do you think the Arab League or the GCC has accomplished? If the GCC had accomplished anything, I don't think Operations Desert Shield or Desert Storm would have taken place. Other institutions that we have seen based on defense pacts have clearly failed. I remind you that I am *not* speaking for the government of Jordan.

There should not be a competitive approach to running the show. This will be decided at the ministerial level possibly by heads of government level on a rotational basis. But at least we should start addressing central issues and how they relate to each other: the Gulf War, for example, had an impact right across the Arab world down to Morocco.

We cannot look at events as isolated cases just as you cannot look at any Arab-Israeli conflict, even the negotiations going on now, as isolated cases. As you heard this morning from our ambassador in Israel: you just cannot talk about a purely Palestinian-Israeli conflict when every Jordanian family has a Palestinian connection.

One has to take these linkages into account. We are trying to bring them to the surface. We have not had one single forum or dialogue. I think history can tell that the last Gulf War occurred in part because there was no form of dialogue. If there was any dialogue, it was based on the demands of parties with greater military capabilities. So, hopefully this approach itself can get people thinking and get people talking. If we can achieve at least 10 percent of our vision we will be somewhat satisfied.

Taking the Balkans example, the UN has worked there, but it has worked in other places around the world as well. They are still subject to failure, but they're learning. Nobody has come in with a pure theory and a pure application. I think the United States has learned a lot of lessons about what NATO is there for and how it could be used. Rather than disbanding it, maybe NATO could be used in different ways.

Ivry: I think the question about Yugoslavia should be: without CSCE could it have been better? I do not know the answer. In facing a racist, fundamentalist, radical problem, an organization like the CSCE does not always have a solution. So the CSCE is not solely to blame for in Yugoslavia. Maybe the CSCE is a solution for other kinds of problems and conflicts.

Question (from the audience): *What do you see as Turkey's role? What has Turkey done in ACRS, for example? If it hasn't had a role, why not?*

Ivry: Turkey had a major role in the ACRS multilateral talks, especially as a mentor for pre-notification of size offerees, military exercises, and so on. They did a good job in preparing the papers for the operational basket that has already been agreed upon.

Toukan: There were a number of mentors that were also brought in on the arms control talks: Canada on maritime issues; Turkey on pre-notification of military exercises and the exchange of military information; the Netherlands on communications links; and the United States and Russia on long-term national objectives. France is interested in mentoring seminars on military doctrines and concepts of deterrence, and Finland is interested in mentoring on verification.

Turkey has played a very fundamental and constructive role from the beginning. That's not surprising, because it was in Turkey's interest to get into the process and play the role of a mentor rather than a regional participant. Turkey is extra-regional, because it is a part of NATO and has experience in the CSCE and the CFE negotiations. In addition, Turkey has experience with the Kurdish problem in the southern province and the negotiations to leave that province (which was used to base U.S. aircraft in the Gulf War) out of the CFE. It also has experience with a large water supply, strong Islamic ties, and it can play a stabilizing force in the Middle East.

Thus, when we define the region we must remain flexible. In defining the zone of weapons of mass destruction, for example, it is important to include countries from Iran to Morocco, Turkey to Yemen, for instance. Other issues will require different zone definitions, and Turkey may not play as major a role on every issue. Turkey was brought in because it does play a role in ACRS, it has historical ties to the region.

Question (from the audience): *To what extent is the nuclear issue holding up ACRS activities other than the scheduling of the plenary? Second, is this really a conceptual disagreement or is this a political disagreement between Egypt and Israel on the one hand and the Israeli-Jordanian concept on the other?*

Toukan: The nuclear issue has become an obstacle to completing the statement. It has created an uncomfortable political climate in the ACRS process. It has not stopped, to any great extent, the other activities that we are doing. The institution-building process—like the regional security center—has gone a long way down the road. We are meeting on the third week of this month to finalize the mandate. We hope that in Jordan in December 1995, France will mentor a conceptual basket meeting on military doctrines and concepts of deterrence.

Is the delay a conceptual issue? No, obviously, it isn't. It is really a political issue. There are different ways of thinking about this. Can we introduce the issue of the Nonproliferation Treaty (NPT)? Now, again, I'm not speaking for the Jordanian government. Egypt has pushed the NPT issue and has stood on its position that the NPT should be a way to define a WMD-free-zone. The Israelis have a middle-of-the-road kind of solution. However, there was a political argument and it was refused by both sides. So we were back where we started.

In the conceptual part of arms control, they like to hear what I have to say when I talk about introducing military capabilities and holdings, and the conceptual part of conventional arms and nonconventional weapon systems. But someone on the Israeli side always says "We don't want to end up on a slippery slope where it becomes nothing but a nuclear issue." The argument is diverted right to the nuclear issue. Although we are told to talk about conventional weapons, about the whole package together, I guess the Israeli fear is that it will turn into a nuclear issue. Some of my Arab colleagues and I are trying to tell them that this is not the case.

In November of last year in Paris, General Fakhr proposed the elements to start the arms control negotiations and he came up with over six committees to address six different issues. One of the six was the nuclear issue. However, he gave a wide spectrum of other issues to be considered at the same time: military holdings, air, land, conventional weapons, capabilities, and defense spending. The United States and Russia must push Israel, Egypt, and ourselves to formulate an approach whereby all parties can feel comfortable and be more constructive.

Ivry: The nuclear issue is delaying some of the process. It is a conflict that has not yet been solved. Our approach is that there are a lot of questions that should be answered in the future. If people ask questions too early about some of the issues that are not yet mature or ripe, the process will be blocked. We are committed in the long term to a nuclear-free zone in the Middle East, but we will not discuss the issue now. There is a process that we have to go through. Once we achieve peace with all nations in the region, we will discuss all kinds of issues, including the nuclear issue.

SESSION III: TOWARD REGIONAL ECONOMIC COOPERATION, DEVELOPMENT, AND GROWTH

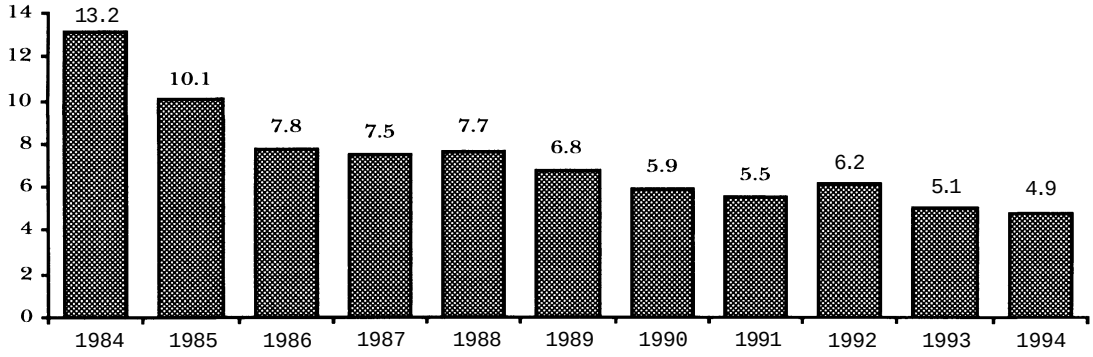
Dan Propper
Chairman, Israel Manufacturers Association

Business is the building of peace, but we are not there yet. That is, we are not building *on* peace, we are still building the peace itself. In the long run, peace in the Middle East, like peace anywhere else, can be built only on business and economic relations. In the modern world, people are tired of war and politics and they now understand that a healthy economy is the path to a better life. In the process of building this peace our task as business people—besides looking out for our own interests—is to build bridges, cement relations between peoples, and defuse tensions between nations.

The real problem in the Middle East is the huge gap between peoples' standards of living. If we do not bridge this gap, there will be no future for peace. So our task in the business world is to close this gap and by doing so to alleviate tension and give people hope that their dreams will be realized. We must build something that everybody in this region will lose if peace collapses.

Israel's strategy of economic development has been based foremost on bolstering its market economy. We recently had inflation of about 18 percent in Israel, as compared to 450 percent in 1985; in a common effort by the government, the unions, and industry it was driven down. That was a major achievement. Some of the growth stimulus policies the government undertook between 1984 and 1994—such as reducing subsidies in the current government expenditure (see chart below)—have shown us how fast we can reduce inflation. We had 14 percent inflation last year and expect single-digit inflation this year.

SUBSIDIES AS A PERCENTAGE OF CURRENT ISRAELI GOVERNMENT EXPENDITURE*



Another very important element of our economic improvement is the reduction of our defense budget. In 1981 military spending was at a tremendous rate of 24.5 percent of total government expenditure. We recently reduced that to about 11 percent, a rate we will probably maintain for the next few years as the peace is stabilized. By reducing the defense budget, the government was able to reallocate funds toward education, technology, and infrastructure. In the future, we will probably achieve a single-digit figure as is the case in most Western countries.

As a small country with very few natural resources, Israel's industry and economy as a whole are dependent on foreign trade. Through trade liberalization policies, Israel has exposed itself to the three major economic blocs of the world. Between 1983 and 1993, the government reduced tariffs and levies on imports by about one-third, and this process is continuing. As a result, Israeli industry has been increasingly exposed to foreign competition and has improved its productivity.

* This and subsequent charts provided by Israel Manufacturers Association.

Similarly, free-trade agreements with economic blocs around the world have become very important. We signed an agreement with the European Union in 1975 that fully came to fruition in 1985. We signed a trade agreement with the United States in the 1980s that is now being expanded to the other NAFTA countries. We also signed an agreement with the European Free Trade Agreement (EFTA) two years ago.* Thus, all levies and customs between Israel and these three economic blocs have been removed.

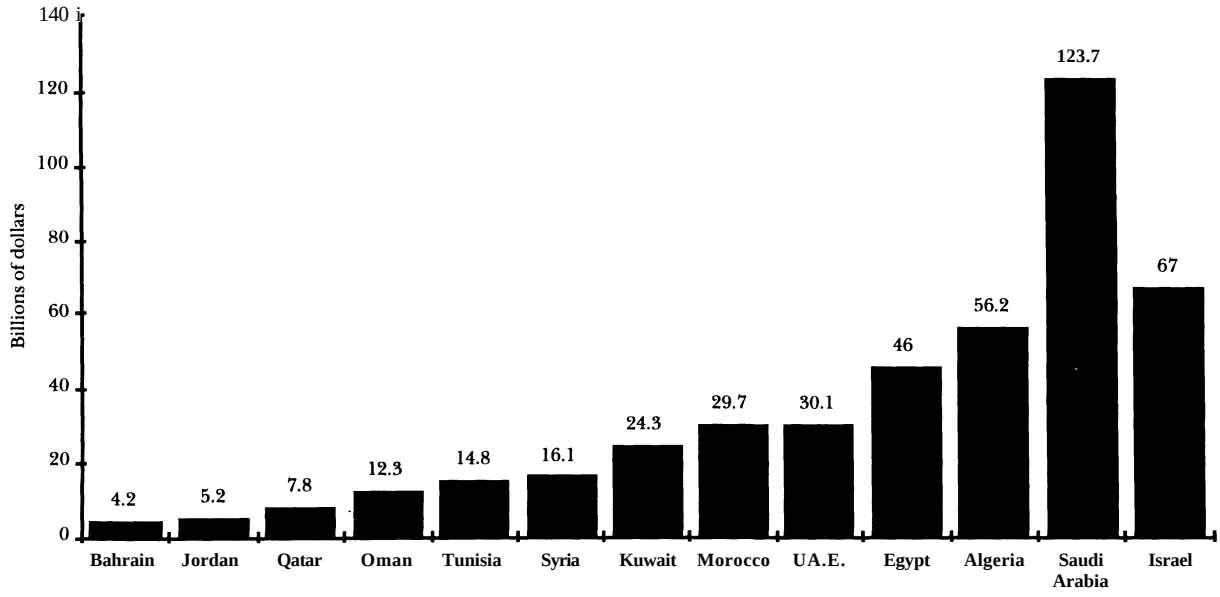
In Israel, expenditure on research and development (R&D) is about 3 percent of gross domestic product (GDP), more than many Western countries including the United States. This relatively large expenditure on R&D is what boosts our electronic and high-tech industries. The World Economic Forum ranks Israel in the top third of Western countries in terms of its scientific and technological capacity, far higher than other Middle Eastern countries.

The same sources have also graded Israel's economic competitiveness as higher than most of its neighbors—although not as high as its scientific and technological capacity, because we lack the natural resources that some of these other countries have. Still, when the Bank of Switzerland developed a formula to forecast the future competitiveness and economic growth of various countries based on education, technology, and present rates of growth, Israel was rated third behind Korea and China, two of the most dynamic economies in Asia.

My reason for illustrating Israel's economic strength is not to boast. Rather, I am concerned that Israel is very vulnerable to the failure of the peace process. If peace is not achieved, Israel's economic efforts and accomplishments could be reversed. At the same time, Israel's economic achievements can help to solve some of the region's problems. The two are linked: the peace process will spur economic growth, and economic growth will solidify the peace process.

The chart below shows the absolute GDP of some Middle Eastern countries. At almost $70 billion, Israel's GDP is much higher than most of its neighbors'. One of the tasks of the business community in the region is to help other countries raise their GDP.

1993 GDP OF SELECTED MIDDLE EASTERN COUNTRIES



The contrast is even more stark when you factor in population (see chart at top of opposite page). Israel's GDP *per capita* is nearly $14,000, compared to about $1,000 in Egypt, Jordan, Turkey, and Syria, for example.

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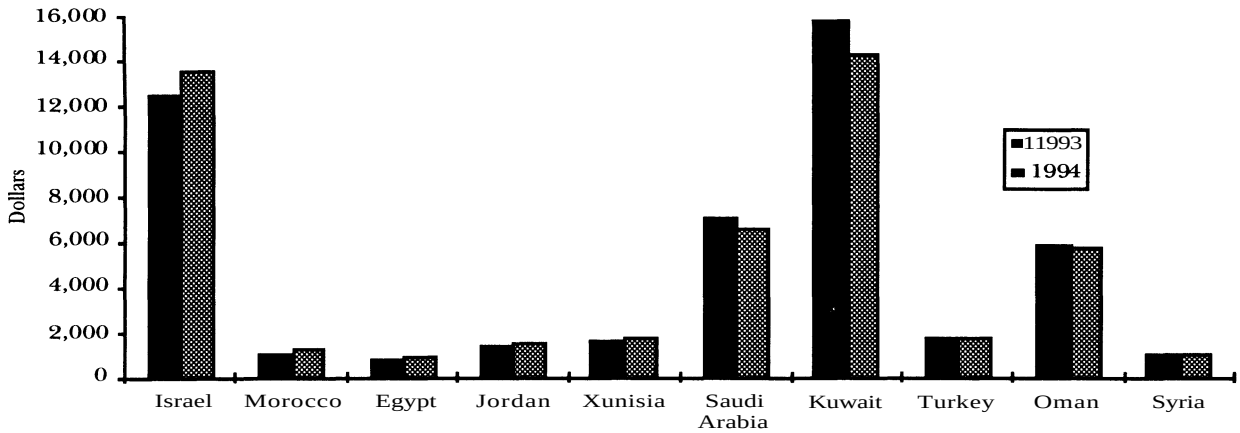
* EFTA includes Sweden, Switzerland, Norway, and European countries that are not part of the EU. These countries are currently joining the EU, which will effectively dissolve EFTA.

1993 AND 1994 GDP PER CAPITA OF SELECTED MIDDLE EASTERN COUNTRIES

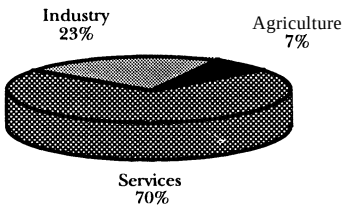


Most Middle Eastern economies suffer from unequal distribution of income, dependence on the rest of the world for food (mainly grains), scarcity of water, poor planning and control, a high birth rate, and movement of workers to the cities. In addition, many have underdeveloped levels of technological capacity and education. Low income *per capita* has resulted in a low standard of living and a low cost of labor, which presents a problem as well as an opportunity.

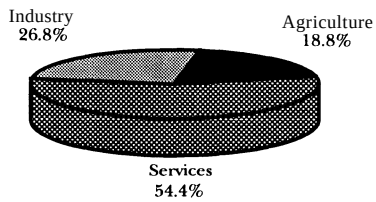
The chart below compares the sectoral composition of Middle Eastern economies. We see that industry contributes a much bigger share of the Israeli economy than in Jordan, Morocco, and Egypt, which like most Middle Eastern countries tend to have a high proportion of agricultural production relative to their overall GDP.

SECTORAL PRODUCTION AS A PERCENTAGE OF GDP IN SELECTED MIDDLE EASTERN ECONOMIES

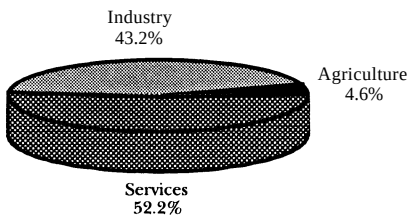
Jordan 1993



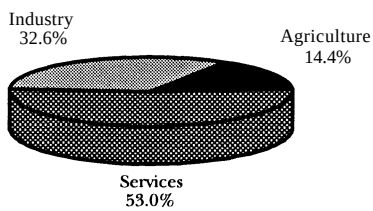
Egypt 1993



Israel 1993



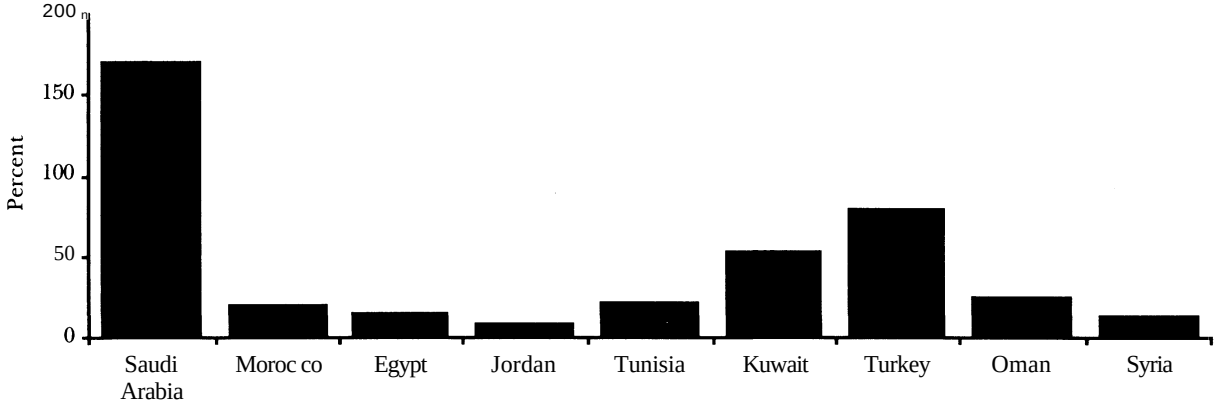
Morocco 1992



In oil-producing countries such as Saudi Arabia—where the "problem" is that when they drill for water, they find oil instead—the economies are overly dependent on oil because they have not developed other sources of income. These countries must be encouraged to diversify and broaden their economies. One of the ways to achieve this is through trade. Apart from oil-exporting Gulf states, the rest of the Arab countries combined export less than 50 percent of total Israeli exports. The same holds true for imports; in large part, Middle Eastern countries are economically undeveloped and are not trading with the world.

Currently, only 1 percent of Israel's roughly $34 billion in total imports comes from Arab countries. Within five years, however, Israel's imports from Arab countries should increase by a factor of ten to about $3.35 billion or about 8 percent of total Israeli imports. By trading with Arab countries and importing their goods—excluding oil—Israel will enhance the economies of its neighbors.

1994 EXPORTS OF SELECTED ARAB COUNTRIES AS A PERCENTAGE OF ISRAELI EXPORTS



Transportation is a vital element in regional trade and development. The cheapest and fastest way to transport goods from Arab countries to the Mediterranean is through Israel. More money will need to be invested to build roads leading from the east to the Mediterranean and from the northern Middle East to Egypt and the south. These highways will serve as the infrastructure for the industry of the whole region. The business community can contribute to regional transportation projects by building toll bridges or toll roads.

Other forms of transportation can be developed to deliver energy to Europe, the major importer of Middle Eastern fossil fuels. Using new and existing pipelines, for example, we can transport oil and gas through Israel's Mediterranean ports. Similarly, the Aqaba port, and a planned airport nearby, will serve as trade terminals for both Jordan and Israel simultaneously.

Tourism is and will continue to be one of the first industries to benefit from the peace process. Travelers can already buy a travel package that allows them to see Petra, Jerusalem, and the pyramids in the same week, and this is only the beginning. Of the $2.5 billion that is expected to pour into this industry, hundreds of million dollars are already being invested.

In the longer term, there will be projects for the development, management, storage, and conveyance of water; the treatment of waste water and desalination of sea water; and the irrigation systems at a cost of about $9 billion. Agricultural projects (including, for example, farming, animal breeding, marine agriculture, and fisheries) will require about $300 million.

Overall, investment in transportation will require $4.5 billion; communications, about $1 billion; and logistics and trade, another $1 billion. All in all there will be a total of 162 projects requiring $25 billion of funding. Not all of these will be realized in the first year, the second year, or even the third year, but some of them are already in the planning stage.

These kinds of projects must be implemented with a view toward the region as a whole and with the willingness of all governments involved to invest in them. We must also create a framework for financing regional projects with outside funds from international organizations such as the World Bank.

Although there will be opportunities for private investment in transportation, tourism, and agriculture, the major role for business people will be creating joint ventures in industry, which has the greatest potential for bringing peace to the Middle East. By improving standards of living, we can reduce tensions between peoples and give them a stake in the success of peace. The business community can contribute to this process and benefit itself at the same time by combining Israel's industrial experience with the competitive advantages in Jordan, Egypt, and other countries of the region.

I envision a three-stage plan designed to gradually reduce the disparities in standards of living and *per capita* income. In the first stage, Israeli entrepreneurs will combine their capital, technology, and market access with low-cost labor in neighboring countries. In doing so, they must work hand-in-hand with their Jordanian and Egyptian counterparts. I do not believe that these ventures can be built by Israelis alone; any Israeli venture utilizing Jordanian or Egyptian manpower should have a local partner.

This will lay the groundwork for the more important second stage, which is the transfer of science and technology to Jordanian, Egyptian, Palestinian, and the other Arab entrepreneurs and industries in the Middle East. This second stage should create a situation in which local entrepreneurs and business executives control the use of this technology and start applying it to the domestic markets created by joint ventures with Israeli entrepreneurs in the first stage, as well as to markets—mainly to the east—that are already available to Jordan and Egypt.

The third stage is the natural result of the first two: the creation of a free-trade zone among Israel and its neighbors. The free movement of goods, labor, and funds will be possible only after Israel's neighbors achieve a higher standard of living and when the experience of successful cooperation has reduced their fears of open borders without customs duties.

By that time, hopefully within fifteen years, we will have created a Middle East trading bloc, because in the new world economy, there is no future for a country that is not part of such a bloc. To achieve this goal, which is essential for any progress in the region, we must eliminate all boycotts and other trade barriers and establish instead non-political "economic" borders among all the parties concerned, including the Palestinian Authority (PA).

Joint industrial zones, which will be built along the existing borders between Israel and the autonomous areas using a combination of Israeli technology, Palestinian labor, and capital from both sides, should be the first stage of the relationship between the Israeli business sector and the PA. In the future, industries will also be built entirely within the autonomous areas.

As foreign minister, Shimon Peres favored the idea of creating a series of industrial parks funded individually by France, Spain, and Britain. If we work hard at it, these industrial parks could be operating within one or two years. In addition to the obvious benefit of employing people from the autonomous areas and thus improving their economic situation, I personally like this idea because I can envision having breakfast at the English industrial park, going for lunch to the French one, and for obvious reasons having a *siesta* in the Spanish one.

The Amman summit at the end of October 1995 will be very different from the summit in Casablanca the year before. The latter was political; the former should have more of a business and economic focus. If the Amman conference emphasizes economics and provides a venue for business people from Israel and other countries of the region to discuss projects, it will have achieved its goal and we will be well on the way to the first stage in my plan.

In conclusion, I would like to mention that Israeli business leaders have developed plans for some sixty different projects that will not only benefit their own businesses but also include Arab entrepreneurs as active participants. This list will be bound into a booklet and distributed at the Amman conference, where I hope that some of these projects will actually be launched.

Tawfiq Kawar
Chairman, Amin Kawar and Sons

It is indeed an honor for me to be given the opportunity to address this distinguished group on the subject of regional economic cooperation, development, and growth. Amin Kawar and Sons was established as a trading company in 1946 and moved into shipping, its current backbone, six years later. This year we are celebrating forty years in shipping services. My father, the late Amin Kawar, a graduate of the American University of Beirut, opened the first pharmacy in Amman in 1926. In 1935 he discovered the phosphate mines in Rusaifa, fifteen kilometers northeast of Amman.

He continued to hold the majority of shares in the mining company until the government of Jordan moved in on the business in 1953. In 1955 Kawar and Sons moved into chartering, ship brokerage, forwarding, travel and tourism, and air cargo. The company has also diversified into trade, industry, real estate, computers (such as Apple and Compaq), and other activities.

Jordan is geographically situated between five countries—Iraq, Saudi Arabia, Syria, the Palestinian National Authority, and Israel—which makes it a perfect transit country for cargo, similar to the role that Austria plays in the heart of Europe, except that Jordan has the advantage of a sea port.

The peace agreement between Jordan and Israel is supposed to generate trade between the two countries. If and when peace is extended to Jordan's other neighbors, we can expect even more trade and increased transit cargo through the various ports in the countries that are parties to peace. Since shipping and transport are the backbone of trade, it is important to focus on the transport sector and examine the regional role it will play.

Shipping

To understand Jordan's role in international shipping, one must consider the role Aqaba has played as a regional port in the last fifteen years. It is estimated that Jordan invested about $2 billion in port facilities—berths built for the export of phosphate, potash, fertilizers, and bulk cement. The investments also included sophisticated ship-loaders (with a high rate of loading per hour), highly efficient container berths, and large grain silos.

In subsequent years, nine deep-water berths for general cargo were added as well as various mechanized handling equipment. In addition, highways were constructed to connect the port to inland destinations, as was a 190-kilometer railway line to the al-Hasa phosphate mines.

These investments paid off. Cargo discharged in the port rose from 600,000 tons in the mid-1960s to ten metric tons in 1989 and cargo loaded reached nine metric tons. In all, the port handled 19 million tons of cargo in the year before the Gulf War, with 71 percent of the cargo discharged in transit to Iraq. Land transport flourished as well. Jordanian, Saudi Arabian, and Kuwaiti lorries carried cargo from Aqaba to Iraq and even northern Saudi Arabia.

The shipping industry is now moving from ships that can carry 20,000-25,000 tons to larger ships that can hold 60,000 tons and over. Instead of a capacity of 2,000-3,000 TEUs (a TEU is a unit for measuring containers), the newer ships have a 4,000-5,000 TEU capacity. There are even some ships with a 6,000 TEU capacity that are under planning or construction. Using larger ships will lower freight costs and rates and ultimately benefit the entire region.

To accomodate these larger ships and the increased cargo volume they will bring, the ports will have to be extended and modernized and the cargo operations should be privatized. With efficient, cost-conscious computerized management, the ports can guarantee quicker unloading and discharge of ships and thus lower handling costs.

Israel's Mediterranean ports, Haifa and Ashdod, could attract additional shipping at low rates, particularly from other ports around the Mediterranean and the Black Sea, for transit to Jordan and beyond. Of course, importers and exporters will compare the multimodal "through rates" and other costs to determine which routes are most cost-effective.

Land Transport

Most of Jordan's land transport is controlled by the private sector, and needs the same tax exemptions and other advantages that industries established under the foreign investment law enjoy. Investment in this sector carries more risks than in other industries, due in part to the mobility of its assets. As a result of the peace process, land transport will serve a greater number of countries of the region and carry larger quantities of cargo, and thus rates will definitely be lower in the future.

The important regional roads in Jordan are the 333-kilometer Aqaba-Amman highway (except for seventy-five kilometers of non-highway), which continues north from Amman 111 kilometers to the Syrian border; the Aqaba-Baghdad highway (except for the same seventy-five kilometer section) and an alternate route to Baghdad, part of which is already completed highway; a coastal highway between Aqaba and the Saudi border via Haqel (although 125 kilometers in the south through Maarl needs additional work); and the Aqaba-Eilat highway, which will connect with the Israeli road network but needs additional work and investment. Because Eilat is more of a tourist resort than an active commercial port like Aqaba, the feasibility studies on the Aqaba-Eilat highway focus on the anticipated quantities of cargo that could be transported between central Israel and the east, thereby avoiding Suez Canal dues.

To ease the transit of cargo, it is essential that the roads in neighboring countries also be upgraded to highways. The western sector of Iraq, beyond the frontier post of Rwaished, has about 600 kilometers of concrete superhighway similar to those in Europe. The northwestern sector of Saudi Arabia is also highway. The southern sector of Syria has a partial highway, but the part closest to the Jordanian frontier is still under construction. The main road in Jordan to the Sheik Hussein border post with northern Israel is presently under construction to make it into a highway; additional construction is required on the Israeli side from the border to the nearest highway junction. The roads on the Palestinian side of the King Hussein/Allenby Bridge will require similar upgrading.

The construction and upgrading of highways in our part of the world has been the prerogative of the public sector, which is overburdened with expenditures for various social, health, educational, and other fields that are priorities in our social structure. Therefore, I suggest that the private sector be allowed to examine the possibility of applying the BOT (Build, Operate, and Transfer) system of finance. Under this system, the private sector builds a highway, operates it under a toll system for a number of years, and then transfers it to the public sector.

Toll roads are common in the United States, Europe, and in many other areas. This type of financing has also been successfully applied in the construction of airports, bridges, and power stations. Why not apply this system in our region to build peace? As a general policy, governments should reduce the transit bureaucracies at their borders for both passengers and cargo and thereby enable people to actually enjoy the fruits of peace.

Transport by air or rail is less prevalent in the region than by sea and land. If the enormous capital required to finance development of these modes were made available at low interest rates, however, these sectors could be expanded and add further momentum to the peace agreement.

Conclusions

Transport, in all its aspects, is a major catalyst in developing relationships among all nations in this region. Allowing the free movement of people and the efficient and competitive transport of goods from one country to another—based on simple and efficient rules and regulations—would be a substantial contribution toward extending the fruits of peace in the Middle East. This will ultimately cement regional economic development and growth.

To insure the realization of peace beyond the official level of king, government, and parliament, it is essential that the man on the street feel that peace consists not only of words but also of deeds. The regional transportation system, which is the fulcrum of trade, will not change substantially until peace on the Israeli-Palestinian track has also progressed substantially in a positive direction.

During the 500 years of Ottoman rule, the people who inhabited the areas that are today Jordan, the PA, and Israel developed extensive trading relationships. For example, families

traveled and conducted trade between the West Bank city of Nazareth and Ramtha on this side of the Jordan River on the Syrian frontier. Goods were also exchanged between Nablus and Salt, a major city at that time west of Amman. The masons of Nablus built many of the houses in Salt and you can see the close similarity in architecture. Further south, Hebron and Madaba-Karak, south of Amman, also exchanged goods, including wheat and other merchandise.

After World War I, when the League of Nations Mandate was established in the early 1920s, the inhabitants of the rural areas of Jordan were basically farmers, Bedouins, and a few Circassians (immigrants from the Caucasus). With the help of the resident British governor, Emir Abdullah brought in experts from Palestine to establish the foundations of a modern state, such as a postal system, health care, land management, and a financial bureaucracy. After the founding of the Emirate of Trans-Jordan in 1922, Palestinian traders, teachers, and officials began settling on the East Bank. This was later followed by successive waves of Palestinian refugees in 1948 and 1967. Intermarriages created further cohesion between Palestinians and Jordanians.

As a result, Jordanian society can best be characterized as intrinsically "dual" in its character. Thus, whenever there is an anti-Palestinian action in Israel, the counter-reaction is immediately felt in Jordan. Resistance to peace grows and there is an increase in fundamentalism. The fundamentalists have adopted the slogan "We Told You So," which implies that their warnings that peace with Israel would not be real peace have proven true. The pace of normalization with Jordan directly corresponds to the pace of progress on the Israeli-Palestinian track. If Jordanians are encouraged to trade and forge transport links with Israel, a new reality and atmosphere of cooperation will emerge between the two countries. The ball is now in Israel's court: Israelis must transform words of peace into deeds of peace.

Otfaman Hallak
Industrialist and Publisher, An-Nahar

After the signing of the peace accord between the Palestinians and Israel, under the present circumstances, what comes next? After twenty-seven years of occupation, with no history of independence or self-rule, after years of hardship that have led to the degradation of our land and the disruption of our society and economy, how will we survive the transition?

The development of the Palestinian economy and culture is the only path that will provide the answer to the plight of the Palestinians and alleviate our grievances. It may be the only way to defeat extremism and reduce the frustration of the people both in the Palestinian territories and in the rest of the Arab world. But the building of a stable future is impossible without the commitment and measured support of the donor countries.

The bilateral issues underway may help to create the framework for resolving certain issues of interest to the outside world, such as arms control and the environment. But once the talks have ended and the agreements are signed, how do we transform the lives of the Palestinian people in the middle of a region with so many problems? Since the Palestinians have been unable to develop their social and economic services for the last twenty-five years, the resultant inequalities have led to frustration and discontentment.

It is no secret that the region was passing through one of the most destabilizing periods in its history when a new path of negotiations for peace changed people's attitudes. This occurred despite the opposing, anarchic elements and extremists in search of fertile ground for their activities and aims. These forces, who have been excluded from the peace process, have sabotaged all efforts not based within their factions, and thus threaten any hope for a better life for the Palestinians.

An Open Middle East Market?

It is overwhelming to hear Israeli economists speak of the great opportunities for Israeli industry and agriculture in Arab markets once peace is made. Will we Palestinians have any opportunities to trade with the Arab world, especially if our economy remains linked to Israel's, with its high costs and taxes? This Israeli view sees the Arab world as an economic desert, a huge market they can invade, as though they can easily displace producers with whom the Arabs have traded for decades.

The Arab countries can be divided into two categories: the oil-rich, with per capita incomes of around $5,000, and the poor countries, where incomes average less than $1,000 per year. Rich countries such as Saudi Arabia have invested billions of dollars on giant industrialization and agricultural schemes. The production goals are not only for their own needs but for export as well. By the year 2000, wealthier Arab countries hope to be self-sufficient in food, consumer goods, and medicines. Smaller and poorer Arab countries also have development plans, though not as ambitious as their rich neighbors.

One example is Jordan's dynamic role in the pharmaceutical field, where five multi-million dollar plants have targeted 70 percent of their production for export. These are high-quality products that are competitive in world markets. Another example is Syria, where the textile industry floods most Arab markets with products whose quality and cost beat even the cheap products of the Far East. Syria is also the only Arab country that is self-sufficient in food.

Thus, it should be stressed that if borders are opened, Israel will find it difficult to penetrate any of these markets. Though the Arab world lacks a presence in the high-tech fields, the Israelis will have to compete with the giants of Europe, the United States, and Japan. Israel used to have an edge in the field of health care. Some Arab countries are now cutting that edge by providing the same standard of care at lower costs. In Jordan, a new branch of the Mayo Clinic is being established. In addition, three new hospitals are being funded by private Gulf capital, one of which specializes in open-heart surgery.

One field that will flourish after the peace process is completed is tourism, which could have a great impact on the region as a whole. Though Israel's arms industry has sales potential, one would hope that the billions of dollars currently spent on weapons could be converted into other

investments for growth. The other fields of Israeli expertise—agricultural technology and chemical production—have the greatest potential for export to Arab countries.

So the question is not how Israel should invade the Arab markets, but what is the real dimension of its role, and the direction it should take to integrate into the region? Answering these questions will open the way for cooperation and better understanding. When Israelis realize, as President Ezer Weizman did, that there are more industrial workers in one suburb of Cairo than in all of Israel, they will acknowledge that they should share their rich experience with others and do their utmost to gain acceptance and recognition in the region.

The Palestinian Dimension

The economy in the West Bank and Gaza Strip is weak and fragile. Once dependent on agriculture, the economy has shifted toward industry, as access to land and water resources was whittled away by the Israelis. Private capital investment has led to the creation of various industries such as shoe manufacturing, sweets and chocolates, food, textiles, pharmaceuticals, detergents, cosmetics, paper, stone, and marble. In addition, there are several huge quarries and hundreds of concrete manufacturing plants.

All of this development in the West Bank and Gaza does not amount to 6 percent of Israel's GNP. Yet already Israeli industrialists are crying "unfair competition" by Palestinian producers. Many Palestinian industries depend on raw materials from Israel or imported through Israeli ports, where they are taxed. While Palestinians have lower wage rates, Israelis enjoy the presence of financial institutions, easy access to markets, and strong unions in different industrial fields whose function it is to protect each facet of the Israeli industry.

Nonetheless, Israelis feel at a disadvantage and ask for government regulations and protection to prevent products from the West Bank and Gaza from entering Israel. Free trade is a two-way street; if the West Bank and Gaza are going to be open to Israeli products, then the opposite should also apply. Many Israeli industrial sectors over the last quarter century have lobbied the government to prevent or to delay development of industries in the Palestinian territories. However, Palestinians have managed to develop some industrial ventures, employing 14 percent of the labor force in the West Bank, but less than 5 percent of workers in the Gaza Strip.

Although Israel is an economic giant compared to the Palestinian economy, the Palestinians are not afraid of this competition, provided there is fair competition and no discrimination against Palestinian products. Although there is no denial that we have gained a great deal from Israeli expertise in industrial technology and agriculture, if forced to be rivals, we could manage without their help.

Even if the peace process does not advance to the desired level, there has to be a new era of Palestinian-Israeli relations built on mutual respect, equality, and justice. In the best-case scenario, I envisage a new relationship between the two economies wherein Israel will concentrate on industries with a technological base, leaving the simpler, labor-intensive industries to Palestinians. The Israelis, who have more expertise in marketing, could export both their products and Palestinian merchandise.

Economic Separation or Integration?

The economy of the Palestinian territories should be understood in relation to the Israeli economy. For the last twenty-five years, Israeli policy had a clear goal: to integrate the economy of the occupied territories with that of Israel. Thus, there was no desire and therefore no possibility for Palestinians to develop their industrial or agricultural capacities. This policy is now haunting Israel, since more than 40 percent of Palestinians from the territories have found work in Israel. Initially Israel was satisfied with the cheap labor provided by Palestinians, who also filled jobs which Israelis refused. Today, with the closure of the West Bank and the Gaza Strip, the situation has changed, with deep repercussions for the Palestinian economy.

Under different circumstances, the Israeli measures might have been welcomed, but considering the lack of opportunities for employment in the territories, the Palestinians stand to suffer severely from this closure. Although isolating the Palestinians and their labor force from

Israeli society and the Israeli economy may serve Israeli interests, it is unjust and illogical to implement such a dramatic reversal in an abrupt manner since creating alternative sources of employment will require time and a long-term strategy.

While the Israeli government declares that this decision is irreversible, it has not devised a formula whereby the economy of the Palestinians will be able to survive. Thus, the only outcome is an increase in unemployment, which has reached up to 60 percent, and is accompanied by a rise in the suffering and despair of the Palestinian people. Naturally, this will have a direct impact on the current peace agreement, since the more pressure placed on the Palestinians, the less credibility and confidence they will have in the peace process, and the more the peace process will be undermined.

The question remains, what is going to happen to the Palestinian economy with the present closure policies? Perhaps Israel can do without the cheap labor supplied by the territories; but the Palestinians, with one-third of their labor force dependent on Israeli income, could hardly take the punch. $1 billion dollars is derived from Israel annually, from remuneration for labor. However, it should be noted that Israel, since the closure, has issued permits for 25,000 laborers to go back to work in Israel. It should also be noted that as economic conditions deteriorate in the territories, more and more workers will penetrate the green line in search of work. The closure has been reflected in immediate poverty for the Palestinians, with no hope for development. Since the closure, the average per capita GNP in the territories has dropped from $1,200 to $600.

It is in Israel's interests that their immediate neighbors prosper. A situation where Israel prospers with a poverty-stricken neighbor along its borders will not create stability in the region. As Ezra Sedan, advisor to the Israeli Defense Ministry once said: "Development of the Palestinian territories is the foundation of peace, without it there will be no prosperity for the Palestinians and no peace in the region."

A Plan for Joint Action

So what is the course of action, apart from training, technical assistance, and professional formation, which Palestinian businesses desperately seek in order to establish a viable base for Palestinian growth? The most critical assistance needed is in support of income-generating projects within each Palestinian community. With unemployment approaching 60 percent in the Gaza Strip and the West Bank, I suggest the creation of a Development Bank to make modest loans to local entrepreneurs. This would give some people with initiative the first opportunity in their lives to establish themselves as businessmen, while providing jobs for the unemployed. Such loans could also enable already established businesses to expand and to encourage the spirit of independence and self-reliance, something which Palestinians—always linked to someone else for their survival—have never had.

UNRWA initiated such a program for refugees in 1991, and now funds a variety of projects from home-based knitting machines to furniture-making. However, the budget for this program is a meager $500,000. The aim remains to support and create enterprises, primarily in import substitution industries. Needless competition and duplication of products could occur if it is not professionally controlled and comprehensively planned. If designed as part of a training scheme for the evolution of cottage industries, the impact could be sufficient to push Palestinians towards a sophisticated, streamlined industrial sector.

Another UN agency, the United Nations Development Program, tried for a time to encourage business development and set up a few workshops to train entrepreneurs. The trainers, however, were young graduates, inexperienced in business, and therefore unsuitable for the task. Thus, UN efforts have not shown the level of professionalism needed in order to revitalize the Palestinian economy. Rather than sinking more money into their administration and encouraging their lack of coordination or accountability, the Palestinians should establish a development board to play such a role. This board could actively shepherd the Palestinian economy along a path that either has a chance in a competitive market, or shares with other partners in the region successes of industrial production.

Such income-generating programs need not wait for long, since the support provided to the Palestinians should enable them to build a society that can withstand the rigors of autonomy. The aim is not mere charity but a revolving loan fund with a strong commitment to proper training and repayment of the loans. The recipients of the loans pay interest and the loans will be guaranteed by co-signers.

This strategy of job creation and import substitution will help to create an economic infrastructure. Current lack of credit prevents the establishment of small industries which form the building blocks of an independent economy and a stable society. Until now, the Palestinian productive sector lacked the ability to produce the needs of the Palestinian society. The resultant deficit in the balance of trade reflects why outside help is now needed. Palestinians have relied on aid from UN agencies, the EC, United States private voluntary organizations, and European non-governmental organizations. UNRWA funds were sunk into relief more than development. All other funds were spent on development, with little to show for it.

The Western countries provide the sole foreign governmental assistance to the Palestinian territories. Much of this aid went to infrastructure development in cities and villages, amounting to an annual investment of about $20 million. However there has been no proper evaluation of the efficiency of this capital expenditure, and no strategic evaluation of this assistance and its impact on Palestinian society or the economy of the PA. A lack of coordination among these organizations has led to duplicated efforts, crossed purposes, and the meager successes that stem from an inadequate knowledge of a society and its complexities. Greater results would be evident with investment in Palestinian individuals, both in the short- and long-term. While much foreign aid to the Palestinian territories is earmarked for political purposes (in support of the PA) if such funds are not invested in a way that produces benefits for all, they will have the opposite effect.

In short, the Palestinians of the territories need a financial apparatus that can channel investment and aid into development strategies, as well as close professional guidance to assist in the evolution of the agricultural and industrial sectors. Without these economic institutions, the Palestinian economy and society can neither exercise successful self-rule nor satisfy the needs of the population.

Water Resources

Apart from credit, expertise, and access to markets, one pressing issue remains as a key to successful Palestinian development: the allocation of scarce water resources, now and in the future. Not only do new industries and agricultural strategies have to take into account water use and be revised accordingly, it is essential to develop a plan with various scenarios for supplying countries of the region with water. A few years ago, Turkey proposed a $21 billion network of dual pipelines to cross Syria and Jordan to the Arabian peninsula, to take water and bring back oil. If a peace settlement is achieved, this plan could include the Palestinian territories and Israel.

Since 1967, Israel has allowed only seven wells to be drilled to provide Palestinians with drinking water. Access to adequate water supplies has been an issue long considered a crucial test of Israeli intentions toward the Palestinian territories. Permission for Palestinians to develop their own water resources has been denied. If Palestinians are to have adequate resources to develop, Israeli settlements work against that goal. One million Palestinians in the West Bank use 113 million cubic meters of water per year; 140,000 settlers use 50 million cubic meters of water. There is not enough for both of us. Thus issues of land and water are closely linked to our development strategy and economic viability. It will be difficult for Palestinians to make serious moves to expand industry, agriculture, and the economic infrastructure until the water problem is resolved.

Economic Cooperation among Jordan, Palestine, and Israel

In order to understand the economic situation in the three neighboring countries, it is important to compare some of the economic indicators, which demonstrate the substantial gaps between the three economies. These dramatic disparities will continue to limit economic cooperation among the three countries, even after a final peace settlement is reached between the Palestinians and Israel.

CURRENT ECONOMIC INDICATORS IN ISRAEL, JORDAN, AND PALESTINE

	Israel	Jordan	Palestine
Gross National Product	$70 billion	$5 billion	$3 billion
Per Capita Income	$11,000	$1,500	$1,200
Real GNP Growth	6.4 percent	5.8 percent	2.1 percent

However, there are windows of opportunity for cooperation in regional projects, including joint water and power projects, dams, roads, bridges, railroads, and other infrastructure projects. Telecommunications is another field where the three countries should cooperate to build a joint plan to serve the three peoples by communicating for a better future. There is also potential to cooperate in the monetary field, in lower and higher education, in banking, in postal services, and in air and land transportation.

While the above are regional and governmental projects, perhaps the contributions of the private sector will be more pronounced in other areas. Since the private sector has a totally different yardstick in evaluating projects, each one will be evaluated on its own merits and feasibility. Such opportunities (for the private sector) are in the fields of tourism, industry, and agriculture.

In agriculture there is a need to cooperate in the production of seeds, fertilizers, herbicides, and insecticides. But perhaps the most important field of cooperation is in the marketing of agricultural produce. Israel has been very successful in this field for many years, and could market for all three countries if a joint venture was formed for this purpose. AGREXCO (Agriculture Export Company), the giant Israeli organization in agricultural marketing, could form a new entity which would include production from the three countries. This type of cooperative would promote new understanding and build confidence among the three peoples, and would reflect positively on all parties.

With regard to industrial projects it is a well-known fact that none of the three countries are blessed with an abundance of natural resources. However, Israel is the more advanced in technology and industrial know-how, while manpower in Palestine and Jordan is much cheaper. The private sector could utilize these factors in identifying projects that could take advantage of these conditions. Again we have to stress that it is not enough to produce; it is very important to market. The populations in the three countries are relatively small, Israel has 5,000,000 people, Jordan 4,250,000, and the Palestinian autonomous areas, 1,800,000.

The industrial production from these countries is much greater than their needs. A joint marketing policy of cooperation, which will gear production for exports, is very basic to achieving the goals of the three countries. Participating jointly in international fairs to promote the products from the three states could assist in advancing exports, and would reduce the cost of such a promotion campaign.

The main goal of economic cooperation among the three countries will be to reduce unemployment and to advance trade among the three sides and with the outside world. This plan will stir the economy, support growth, and raise the standard of living in the region. Integration of the three economies will take a long time, however, since there is no symmetry or balance among them. The growth of the economy will be sustained through increasing production to create a level of self-sufficiency in the various fields, and exploiting the various resources, with great emphasis on tourism. The private sector should invest in joint projects such as hotels and other tourist sites; tourism should be promoted to the three countries as one joint package.

It should be emphasized that trade agreements should be based on the open market strategy. The exchange of industrial and agricultural goods should be based on freedom of trade and the lifting of barriers among the three countries. Israel has been very strict in the past in regard to free trade, and has established very harsh rules for the movement of goods to Israel. Under an economic cooperation agreement, there should be a gradual lifting of customs and duties on products flowing from any of the three countries in any direction. This will stimulate trade and growth of the three economies.

Furthermore, the three countries should have free access to the Mediterranean ports and the port of Aqaba. Free market zones should also be established on the borders between the countries to facilitate trade exchange and transit shipment to other countries. In summary, all "protection policies" should be removed, and new laws and regulations should be instituted in the three countries to encourage free trade.

Are the economies of the three countries capable of generating sustainable economic growth that will allow for this ambitious scheme? While Israel has the capability to advance more rapidly and independently, Jordan and Palestine will need assistance, particularly to build the infrastructure that will encourage the private sector to invest in industry and agriculture.

One big advantage in this coming stage is that peace and stability in the region will encourage not only the private sector to invest, but also the donor countries to provide assistance to the countries, especially to the Palestinians, where help is most needed. The Palestinians need to overcome structural fiscal problems when moving independently to establish their own monetary system. Cash flow, budgetary planning, and tax revenues are problems that should be tackled in order to close the deficits in the Palestinian economy.

There is no doubt that the Palestinians will be able to catch up with the other two economies in growth and economic expansion, provided the economy is managed by an efficient team of professionals. Although the Palestinians suffer from serious budgetary problems and imbalances, their problems can be overcome. Given the high quality of human resources and the stable climate which the peace process offers—which will encourage investment by the private sector—it is expected that the economic situation will greatly improve. This situation, together with donor money for infrastructure, and remittances from Palestinians working abroad, will help alleviate the ills of the past.

EMINENT PERSONS ROUNDTABLE

In this session, Ambassador Lewis and Dr. Roche offered comments on issues raised during the conference and reported on the outcome of working-group discussions they chaired earlier that morning. General Majali and Minister Sneh provided their impressions of central issues on the conference agenda.

Ambassador Samuel Lewis
Counselor, The Washington Institute

The notion articulated by Crown Prince Hassan in his keynote address—that is, of creating an umbrella regional security organization modeled on the Conference on Security and Cooperation in Europe (CSCE) as a forum in which all Middle East states could try to negotiate some form of unity rather than remain in divided alliances and separate blocs—is, in the long run, a worthy goal.

It is too early, however, to think of mechanisms to achieve it until we see more progress on actual peace treaties within the core states of the peace process, including Syria, and until Iran and Iraq—both considered rogue states by the U.S. government—change their attitudes toward their neighbors. In the short-term, the scope of the existing multilateral working groups—which include some states that are not yet in full peace with Israel—should be expanded and attempts should be made to entice Syria and Lebanon into that framework as soon as feasible. The long-range goal of a CSCME is a worthy one, but in the short- and medium-term it seems a bit visionary as the Crown Prince outlined it.

Beyond this idea of a broad umbrella organization, where does Iraq—and particularly its relationship with Jordan—fit into the question of regional security, in light of Jordan's new relationship with Israel and Iraq's somewhat cloudy future? Everyone understands the degree to which Jordan's economic future is tied to Iraq, as its traditional trading partner and economic neighbor. There is, however, a new security situation which may lead to some misunderstanding by the United States. Historically, the Jordanians have seen Iraq as a security hinterland and, in a sense, a security assurance against Israel.

Now, in light of Jordan's changing relationship with Israel, this is no longer the case. In fact, Jordanians have begun to see their role as a buffer between their new partner, Israel, and their old partner, Iraq. This is a different concept that has yet to be well assimilated. However, on the economic sphere, there has been no change in Jordanian attitudes toward the traditional importance of Iraq for Jordan's economic future. This distinction between the way Jordanians see Iraq from a security standpoint and from an economic standpoint is little understood by Americans. That's an important note to add to this debate.

Economics and Peace

The key question before us is how to meet elevated Jordanian expectations about the economic consequences of peace. Those expectations have already been badly disappointed and public support toward the treaty has declined, though according to the polls, it is still in the 60 percent range. That declining support reflected exaggerated expectations at the beginning, just as was true with the Palestinians right after the Oslo agreement and was certainly true in Egypt after the Egyptian-Israeli peace treaty, but it is a serious issue that has to be dealt with in the next year or two if the promise of the treaty is to be met.

There has been emphasis on Jordan's need to do more about making itself an attractive place for international business. We discussed the measures being taken by the government to try to revamp Jordan's economic legislative structure, but at the same time we emphasized the responsibility of the international community. The United States had done its part by waiving the debt owed to U.S. sources. Unfortunately, none of the other debtor nations have followed our example, with the exception to a slight extent, of the British. Moreover, the at-least-implied commitment of the international community after the Oslo agreement—$500 million from the United States and $2.5 billion from the international community over five years—has not been promised to Jordan after its treaty with Israel.

Consequently, there has been a considerable sense of letdown by Jordanians about the reaction of the world to their joining hands with Israel in what is, perhaps, the most far-reaching and innovative peace treaty ever drafted between two former enemy nations.

The United States ought to do a little bit more, if possible, to encourage a more generous attitude toward Jordan from the U.S. Congress. Unfortunately, the climate for foreign aid is totally different in Congress these days. If this were twenty-five years ago, the U.S. government response to this treaty would undoubtedly be quite different. It is not unlikely that the climates in many other Western countries are also far less sympathetic to foreign aid than in the past.

Therefore, much is expected of the private sector. Jordan has to do a lot more in making itself attractive to investors and the international community owes a lot to undergird this peace than has yet been done. One thing Americans can do given the climate toward foreign aid is to encourage tourism in Jordan—an untapped and largely unknown part of the world for Americans. Exposure to Americans will begin to broadly change the climate and could have a positive effect on Congress in the longer run.

Many here have expressed skepticism about the Amman economic conference in October 1995. Nonetheless, the solution is to link up international business investors and Israeli investors with the Jordanian economy to provide some kind of economic dividend. There is some debate, particularly among Jordanians and Israelis, about the degree to which Jordanian industry is ready to do business openly with Israel, as long as the political climate in Jordan remains tenuous. We were discouraged to hear that even Jordanian businessmen who were quite ready to look at the possibilities of joint ventures with Israeli firms would not like to have them mentioned publicly.

Many of the economic relationships and the future realization of the economic peace dividend are unlikely to come about unless more attention is given to this economic problem of linking these three economies in new and creative ways. Jordanian-Palestinian trade is not going to be the answer for either country. Israel's relationship with the Palestinians and with the Jordanians, bilaterally, is not going to be the answer for either country.

Some specific suggestions were rather interesting, such as trying to promote a full preference scheme in favor of Jordanian exports to the United States, parallel to the one the United States temporarily has agreed to with the West Bank and Gaza. A free-trade area would threaten Jordan's protected industries; the idea instead is the preferential entry of Jordanian exports to the United States—apparently the current amount is only $35 million.

There were other creative ideas mentioned in the plenary such as trying to set up some kind of fund to encourage joint project development in the private sector. I suppose overall what the Jordanians would like to see out of the United States that they don't see enough of—in addition to money—is a more proactive role for U.S. diplomacy in hastening the conclusion of peace between the Palestinians and the Israelis and, for some Jordanians, the Syrians and the Israelis.

There was some concern about Ambassador Mu'asher's remark regarding the dangers that the Israel-Jordan treaty will run into in the future if it is not accompanied by a satisfactory resolution of the very tough outstanding final status issues between Israel and the Palestinians. Some took this as a warning that the treaty was temporary or lacking in promise, and that if Israel does not reach a peace that satisfies the Palestinians, Jordan might pull out of it. I interpreted it to mean merely that the degree to which the Israel-Jordan treaty is successful in broadening and deepening the relationship will be affected by events in the West Bank, given the links between Jordanian families and Palestinian families.

Remember that at the time of Camp David and the signing of the peace treaty between Israel and Egypt, many Israelis and some Americans viewed that treaty as very fragile. They wanted all sorts of guarantees that it would never be violated, and there are things written into the treaty to accommodate Israel's worries on that part. Now, fifteen years later, the Egyptian-Israeli relationship is far from perfect, but both sides have observed the treaty's essential terms—that is, its security portions—to the letter. It survived the 1982 Lebanon War, which put enormous strains on the relationship right after the treaty came into effect. It survived many other crises because it reflected the basic interests of the two countries.

I believe that the prospects for the Jordan-Israel treaty are even more solid because it reflects the long-term interests of Israel and Jordan and that's what makes treaties ultimately succeed.

Abdul Hadi al-Majali
Member of Parliament, Jordan

First of all, I would like to say that I am committed to peace as a person, as the chairman of my party, and as a member of my parliamentary group. I am talking as a Jordanian concerning Jordanian issues. I am also talking as an Arab concerning Arab issues and the struggle in the region; and, I am talking as a Muslim, concerning some of the religious issues related to Jerusalem.

This gathering is a genuine opportunity to exchange different ideas concerning the future and the requirements of real peace in this part of the world. His Royal Highness made an important statement when he reaffirmed that security is an essential factor in making peace.

I would like to say that strategies to achieve peace devised in times of struggle and confrontation should be replaced by strategies that originate in peaceful times based on a real need for peace. Strategies for peace should be based on the concerns of parties directly involved in the peace process along with the patrons who catalyzed the process. These parties should work hand-in-hand to bypass the pain of the past and present eras and to evade the fears of proceeding further.

A first step, then, is to draw the baseline of a new future of prosperity in line with the expected development of new economic standards in the twenty-first century. This will be, without a doubt, the guarantor of the success of the peace process.

Therefore, Jordan as a very seriously committed party to peace, is also committed to its people in satisfying and fulfilling their expectation of a better life and narrowing gaps in the adjacent economies of two equal partners in this process. Jordan's people are waiting with hope and care to see and feel the outcome of the Amman economic conference in October 1995, where all the regional and international parties involved and concerned with the development of the region will be present.

We realize that there are some parties or forces from all sides—Jordanians, Arabs, and Israelis—that are still working against peace. In spite of this, we believe that building a successful model of peace in our region, together with better economic, political, and social opportunities, will show everybody that the past fears will not undermine the success of Arab-Israeli peace; its fruits will advance shared interests.

With our genuine ability to bypass the past, we will open a new economic horizon by changing the economic, social, and political conditions that prevailed in the region during the long period of struggle. We in Jordan want to make the peace treaty with Israel an example of a dynamic posture.

We should not forget that there are other issues of great concern to us; the Syrian track, and the Lebanese and Palestinian issues, for example. We believe that they should be solved in the same behavior and manner adopted in the Jordanian-Israeli treaty; i.e., the parties should adopt the slogan "land for peace," recognize the legitimate rights of other parties, and preserve the principle of the right of self-determination on one's land.

The peace efforts on the Palestinian track lack both economic and psychological development. I think this track requires a new spirit in the sense of abandoning the old understanding of security that has proved to be a failure.

We must address the issue of refugees—arguably the most important issue. Under the Palestinian-Israeli accord, it will be dealt with only in the final phase of negotiations. I think our understanding of this issue will evolve with time. However, if we are not psychologically prepared to discuss this issue, we should not postpone it until phase two. We should evolve in our thinking and in our practices every day to see that this problem is addressed and solved.

The Arab-Muslim-Jordanian demands in East Jerusalem are important problems. Again we cannot put it off to the second phase of negotiations. We should prepare ourselves psychologically for serious discussions in the future.

I am sorry to say that the Israelis are not working step-by-step to see that these questions are discussed. I believe that we cannot wait to deal with the difficult issues: the best answer to these feuds is to address the settlements, the Jerusalem issue, and the refugee problem.

I believe that the United States can play a great role in building on peace. We should not be left alone in our discussions because the balance of power, on all negotiations, is not in our favor. The Israelis have the upper hand. They have everything: they have the water in the West Bank and they occupy most of the disputed land. We are requesting recognition of our rights.

We need an honest broker to judge our discussions and to help the parties reach agreement. I think that we have permanently abandoned the use of force as a means to solve our problems. We reached an understanding that peace and dialogue is the only answer to our problems. We need good friends to help us reach our goals.

I also think the United States has a role to play on the issue of weapons of mass destruction. Israel has these weapons. We know that it will not use them and that they are deterrent weapons systems. However, I think from a psychological point of view, we should reach an understanding that these weapons will not be used and should be eliminated from our region. We greatly fear the potential impact these weapons of mass destruction could have on future generations. As the leader of the world, the United States should help address this important issue.

The world is aware that Jordan has problems; large debts are only one of many. However, we are very proud that Jordan is implementing far-reaching changes that will improve its economic situation. We have achieved great successes, but I don't think we will better our overall standard of living if debts still hang over us.

We are grateful that the United States has waived the debts we owe it. However, this has not been the case with Europe. The United States could pressure the Europeans to forgive our debts and thereby free us up to achieve even more economic success.

We also need help in encouraging foreign investment and in trying to raise our standard of living. In this way we can eliminate the extremists in our country and prove to those who oppose the peace treaty that they are wrong.

Of course we have to liberate our region, not only from the fears of the past, but also from all barriers and obstacles to free trade, investment, and labor and capital flows. Above all, we must better the standard of services we render.

The core of the peace process is human prosperity because poverty, need, and injustice are the concrete grounds for violence and terrorism. Therefore, our investment in human resources must parallel our investment in financial and economic capital.

We realize that the Middle East region is still not understood by many key decisionmakers, but it is worth confirming that Jordan, Palestine, and the Fertile Crescent, in addition to Israel, make up the heart of this new structure. Removing all causes of conflict in the region, and I mean ending the sanctions on the Iraqi people, resolving for good the Iraqi-Iranian problems and finding a formula to eliminate the struggle among Turkey, Iran, Iraq, and Syria, is the only way to achieve an everlasting peace; conflict in one area is not the price for peace in another.

James G. Roche
Northrop Grumman Corporation and Washington Institute Board of Advisors

Public expectations of peace dividends have been raised too high. Even the Amman economic summit is not a one-time fix; it's the beginning of a longer journey. Issues of timing and risk are very important to business leaders. They don't just leap into things. An understanding of markets and comparative advantage—the classic economics and business issues—are also very important. In discussing the Amman summit or other aspects of economics based on peace, it is very important for the Israeli, Jordanian, and U.S. governments to sing from the same sheet of music, so that expectations are not raised too high.

In discussing how the United States could facilitate economic activity, we need to remember that local parties can do things for themselves without depending on Washington's money. There are other approaches beyond "just send money." Those of us from the private sector are anti-bureaucracy. Though we agree with our colleagues who say there needs to be a central focus and infrastructure and therefore a role for some sort of a development bank, our approach is to get the benefits of peace to the people as soon as possible.

We do not think it most effective to wait for resources to trickle down. Instead we must simply let entrepreneurs be entrepreneurs. Governments must present opportunities to people and let business leaders take action. It is very important to understand the time dimension: there are some things that can be done in the short-term, others in the intermediate-term, and yet others in the long-term, but we must begin.

A clear short-term priority should be education—in technical areas, in business systems, and in business processes. We discussed finding foundation money to support multiple business school scholarships and eventually building schools in Amman and the Palestinian areas. We also discussed the possibility of establishing technical schools to develop expertise, so that we can get away from the recurring situation of Israel providing the expertise and somebody else providing the labor. Ultimately, we will need to include expertise from Israel, Jordan, the Palestinians, and other countries if we want to build a vibrant economy.

We are realistic enough to know that there are some major infrastructure problems in places like Gaza. We have one colleague who would be glad to explain to all of you what it's like to get across the Allenby Bridge. The point is that business leaders simply aren't going to tolerate situations where there is no flow of traffic; business traffic is very important.

The Proper Role of Government

It is clear that the United States must assert, at each and every opportunity, its intention to fulfill its commitments to the parties in the region. But beyond that, the United States has a duty to stay involved and provide leadership. It can facilitate both political and economic networking opportunities for business leaders and those involved in major social issues. The United States could set up an incentive structure whereby parties in the region would know that if they accomplished A, B, and C, then the U.S. government would commit to doing D, E, and F. In this way, it could give everybody an understanding of what is within the area of possible.

Regional governments must also provide appropriate incentives. They must put facilitating laws in force, build infrastructure, and streamline bureaucracies. If they want to encourage investment before all risks are assuaged, they must provide some form of "hold-harmless," such as loan guarantees. The governments who have led the peace process are going to have to learn to play a service role. They are going to have to serve people and businesses if peace is to flourish. They are going to have to hand off responsibilities and empower others who make economies function.

The Palestinian entity is behind in infrastructure relative to Jordan and Israel. All interested parties must keep this in mind and address this terribly important component of the region. We can't impose on the Palestinian Authority the same sort of things that we can impose on more advanced economies. We should bring the Palestinian economy up to the point where it can be a vibrant contributor as well.

The PA needs to develop infrastructure and not make the mistakes of over-centralizing control, making ideological instead of economic decisions, and hampering their own opportunities for progress by getting involved in "turf" issues. The PA should have a long-range vision in mind and work toward it. Establishing basic security, for example, is absolutely necessary for any kind of economic development.

The U.S. government can work on such issues as incorporating Jordan into the free-trade agreement it has with Israel and the PA. We should avoid a situation where Israelis invest in Jordan, Jordanians manufacture components and then the Israelis export the finished product under an Israeli name. Instead, let's allow Jordanians to export their own products. Jordan's ability to export should be a concrete manifestation of the benefits of peace. The United States can help by providing information on markets.

Regional Security

Washington can also support Jordan's efforts to bolster its defense. This is important in terms of the regional perception of the benefits of making peace and, more generally, it's also the right way to think strategically. Jordan needs to be able to deal with its problems on its eastern border when it wants to, by itself, or with help from others when it believes necessary. It is very important for Jordan to have a sense of national self-assurance to deal with its own defense. There should be a perception that a concrete benefit of peace is a good, secure self-defense capability.

U.S. security assistance, based on the Camp David agreements, needs to be reexamined. Jordan has taken great risks for peace. Egypt will always deserve the credit for being the first to make peace, but Jordan has as well. We may find that Israel and Egypt will have to contribute a bit. Although there is obvious value to peace, economic realities dictate that instead of adding more U.S. dollars to reward peacemakers, we may have to redistribute existing financial reward packages.

Israel has the complicated task of not taking sides in the Middle East, but instead being prepared for the inclusion of other states in economic arrangements. Israel, the Palestinian areas, and Jordan cannot have all sorts of arrangements to the exclusion of all others. In the spirit of Crown Prince Hassan's remarks, the strategy needs to be inclusive and long-term.

I personally feel that the United States has a major military role to play here. We have the obligation to deter enemies of peace and their long-range weapons of mass destruction. Friends having certain weapons is not as much of an issue as enemies having them. Israel's enemies are quite often the same as those of its neighbors. At the most basic level, the United States has to make clear to those states that it will use its military power to defend friends and oppose enemies.

There are intermediate steps, however, that we can take to prevent things from getting to that point. The United States can work on technology transfer issues, for example. Certain European governments are permitting their companies to transfer technologies to dangerous regimes in the Middle East. We have an obligation to prevent this and it's in our interest to do so. After all, regional security is a precondition for building regional peace. We can't expect a regional country like Jordan to be able to do much to prevent a Russian transfer of pressurized water reactors to Iran. We have to do something about it.

In discussing arms control in the region, we should keep in mind that some important parties are absent from the negotiating table. Thus, any agreement among the parties that are present will be a lot like the Benelux countries agreeing on European security without including Russia in the negotiations. Agreements among friendly countries shouldn't obscure the true purpose of arms control, which is getting nations that *oppose* one another to agree to limit risks to security.

Finally, it is important not to threaten. Peace is in the strategic, political, economic, and social interest of all parties: Israel, Jordan, and the Palestinians. I caution against threatening that if the process doesn't work out in a certain way, peace won't be durable. It's not going to fall apart. Move forward, build on peace, and have patience. As David Ivry suggested, the parties should answer the answerable questions now, let confidence build, and *then* get to the really tough questions.

Dr. Ephraim Sneh
Minister of Health, Israel

Although yesterday was not the first time I crossed the Jordan River, my excitement was still very high. Two weeks ago I signed an agreement of cooperation in Umm Qeis with my Jordanian colleague, Dr. Arif Bakinah. When I looked at Tiberias from Umm Qeis, and when I crossed the bridge and headed westbound, I realized that we have changed the Middle East. I am very proud to be a member of the government that helped bring about this change. On the western side of the Allenby Bridge, there is a small memorial stone for three Israeli paratroopers, more or less my age, who were killed in March 1968. For those three men, the peace came too late.

We are actually building a new political structure: the triangle that we speak about between Jordan, the Palestinian Authority, and Israel. This structure is based on the fact that between the desert and the coast of the Mediterranean live 12 million men and women whose leaders decided to create a new reality. It is very clear that not all the 12 million people share and support their leaders' decisions. But, the linkage between the three parties is inevitable and its final form will be shaped toward the end of this century, down the road of the peace process. However, even though each of the three partners has its own view of and own vision for the triangle, all are committed to its existence. This commitment is the real cement of the new political structure. All three partners should fight together against those factors which threaten the existence of this new alliance. Maybe a year ago, I used the word "configuration," but today I may use the term "alliance."

This newborn structure is endangered by instability, poverty, illiteracy, and extremist radicalism. I do not say Islamist radicalism because Saddam Hussein is an extreme radical ruler who is a Muslim, but his ideology has nothing to do with religious Islam.

Those opposing factors exist all over the Middle East and all over the world. We have to think together how the three of us can protect ourselves against them. There are mainly two ways to accomplish this. The first is a coordinated effort—political as well as military—to combat terrorism. The second way is to accelerate the pace of economic development. In the long run, underdevelopment causes extremism and radicalism. In the short run, a lack of economic progress exacerbates a built-in defect of the peace process: the time gap between price and reward. Jordanians, Palestinians, and Israelis all feel that they paid the price for peace and they don't see any reward. Many have expressed disappointment.

Our efforts should be aimed at narrowing this gap because it is a window of vulnerability in the peace process. The enemies of peace try to take advantage of this frustration to undermine the peace. They ask the 12 million people involved, what gains does peace bring?

We need to bring rewards as soon as possible and to speed up the delivery of the tangible, visible fruits of peace especially in the economic domain. Our top priority should be projects that create more jobs and instant income.

We should first invest in tourism and infrastructure where we will see the most rapid results. I humbly made these recommendations to the people who are dealing with the Amman conference. Our government takes this conference very seriously; we can't allow it to fail and set back the peace process.

The European Community, the United States, Canada, and other industrialized countries have to learn the lesson of Algeria. Algiers is the "best" or, if you prefer, the worst example of the kind of disaster economic incompetence may bring about. More attention and more generosity in the past could have prevented the panic of today. Today European countries are ready to pay any price to contain the steam coming out of Algeria. It may be too late. Algerian radicalism may sweep the entire Maghreb with terrible outcomes for the European community. This is a case where big trouble could have been prevented.

This lesson should be applied to our region. Every cent funneled into Jordan, the West Bank, or the Gaza Strip—as a donation, a business investment, or a loan—is a net investment in stability, security, and peace. It is the best possible investment. Every effort should be made to convince governments, corporations, banks, and international organizations to funnel more and more funds for business, infrastructure projects, transportation, and tourism here in our region.

I believe that if this triangle is strong it will deter the hostile factors from trying to break it, and it will encourage other countries in the region to join in peace. We want a broader and stronger political configuration in the Middle East. There is not one single country that is excluded from the option of joining this configuration.

The last word which I would like to mention is "patience." Relative to our expectations it appears that we are proceeding too slowly. However, relative to history we are going very fast. This is the emotional discrepancy. Many times I watched this auditorium on television, never dreaming that one day I would sit here on the podium. We have to make all possible efforts to accelerate our pace on all tracks. However, we should be sober enough to understand that it can't go as quickly as we want. The most relevant proverb is: "God is with those who have patience."

Discussion Period

Question (from the audience): *Mr. Majali, the main danger to the peace process seems to stem from rivalry, competition, animosity, and antagonism between Jordan and the nascent Palestinian Authority. I think it can do more harm to the process itself and the new structure than any sabotage by outside forces. You have sometimes been referred to by the Palestinian press as a representative of an "East Jordanian" approach. I would be interested to hear how you see the shaping of the relationship between Jordan and the PA and how it will affect the peace process ?*

Majali: Some people also characterize me as a representative of the "Jordanian Likud." To answer your questions, we are not East Jordanians as many people think. We believe in a Jordanian nationalism that includes the people living on the land of Jordan and its political system. It can include Jordanians of Palestinian origin. It can also include Jordanians of Syrian or Saudi or Iraqi origin. We share values and loyalty to our constitution and our political system. If these beliefs are shared, one's origin or religion does not matter.

In the past, the unity between Jordanians and Palestinians—within the Hashemite Kingdom of Jordan, including the West Bank—lacked a Palestinian identity; it never mentioned such an identity. The Palestinian problem led to the creation of the PLO in 1964. In 1974, the Arab League recognized the PLO as the sole legitimate representative of the Palestinian people. This gave us the idea that we should support a Palestinian entity.

After Oslo, a Palestinian entity and identity is becoming a reality. The basic formation of a Palestinian state has been established in Gaza and in Jericho and it will expand to the West Bank. To us this means that we should define those people who identify with the Palestinian state. We believe all Palestinian people can be included in this definition, even those who are living in Jordan. But it should be a matter of choice, especially for those who came from Palestine in 1948. Those who we call "displaced Palestinians" are the people of the West Bank and Gaza.

At the same time we must look to the future relationship; this is something that has not yet been finalized. Nothing has been officially changed regarding the refugee problem. According to our constitution, displaced persons are Jordanians. However, we believe that whenever an agreement has been reached granting political rights to Palestinians or Jordanians of Palestinian origin, those rights should be exercised in Palestine.

During the last fifty years, mixed marriages, cooperation, friendship and coexistence have been the norm between Jordanians and Palestinians. We believe that there must be some sort of unification in the future. However, this unification should occur at the right time, after the Palestinians gain some independence. Unification can range from a sort of federation, which I prefer, to confederation or to complete unity. This is, I think, what the majority of the Jordanians and the Palestinians would look forward to seeing in the future.

In our understanding, when you talk about the Palestinian entity it is a temporary measure to get away from the friction which has been present in our relations over the last fifty years. Palestinians should have their own identity and then, as independent nations, we will sit down and discuss our future unification.

Professor Abbas Kelidar: Our American friends sense the shadow-boxing going on between Palestinians and Jordanians in our discussion. There is a very simple problem. Jordan has made peace; the Palestinians are making peace. The problem is that there are some Jordanians who want the progress of peace to be dependent on what happens on the Palestinian-Israeli front. There are others who disagree. It seems to me that though the Jordanians may be prepared to help the Palestinians and coordinate with them, they should not have a veto on the progress in the implementation of the treaty. For too long, the Palestinians have felt that Arab politics should be more or less "held hostage to their destiny." I think the Palestinians would have been in a better situation if they had allowed Arab states to go forward without them, from the Peel Commission of the 1930s to Camp David in the 1970s.

There is a Palestinian state in the making. What kind of a Palestinian state it will be is subject to the negotiations going on now. Sooner or later, the Palestinian community in Jordan is going

to be faced with choices. Some of them will want to be repatriated, and they will have to have the right to go to Palestine. Others may wish to identify themselves as Palestinians and stay in Jordan. Presumably they would be looked upon as expatriates working in another Arab country. Still others will choose to become Jordanians and enjoy the full rights of Jordanian citizenship. The sooner people talk about these choices the better. There is no reason why we should hide in the dark and say, "He's a Palestinian, he's a Jordanian. He's not loyal and he's loyal," and so on.

General Ahmed Fakhr: I am a little bit reluctant to speak because I don't want to spoil this excellent conference. But during the last couple of days I have been somewhat confused. The majority of distinguished people who have made presentations here have talked about a triangular relationship involving the "core of the region." This triangular cooperation can turn into an alliance, they said, and I heard a distinguished colleague add "include Lebanon, it is also a part of the core of the region."

I don't understand. Maybe it's my problem, or maybe it's a problem with the conference's agenda. I came here to talk regionally, but the theme of a triangular relationship has been the conference's focus. Egyptians will tell you that Egypt, Jordan, Palestine, Israel, Syria, and maybe even Saudi Arabia are the core of the region. Exactly what kind of a message should I give my Egyptian colleagues back home? Is there an emerging tendency to develop a sub-region as a core of a region and marginalize others? Do we need to reconsider the old security assistance to Israel and Egypt?

I'm not saying these things as an Egyptian; I'm speaking regionally. I think this is going to cause problems in the perception of other partners who are very keen to implement real peace in this region. We want other Arab peoples to join security regimes, economic cooperation, and the peace process. Do we tell them that Jordan, Palestine, and Israel—about 12 million people in total—are the "core of the region"? What about the other 195 million people in the Arab world?

Michael Stein: I would like to reassure the general that, at least in my discussions, one of the points made very definitely was that this triangle is not to be an exclusive club. It must be all-embracing, including all of the other countries of the region. I think everyone in the room would be delighted to know that everybody wants to get into the club. We're not looking for an exclusive club and we're certainly not looking to exclude Egypt.

I'm a little bit confused on another point. I have been hearing about the price people pay for peace, and there is an impatience on the part of many people to see the rewards, now that they have paid the price. I'm not sure what price has been paid. Is it the price to give up hatred? Is it the price to give up the right to kill and be killed? I don't quite know what the price is.

On the other hand, I think I do see rewards. We were talking about how important tourism is. Hundreds of thousands of Israelis and Jews from around the world are now pouring into Jordan. I heard last night that one of the problems is that they are building too many hotels, and some people think they can't build them fast enough. But it's happening; Jordan has been opened up to a part of the world.

Israel now has relationships with more countries than it ever had. The economy is bubbling. People are optimistic now about a future of peace. I think it's something tangible that can be felt. The Palestinians start from perhaps the lowest point, but the autonomy is moving; elections are coming. They have an element of self-rule already and it's being extended. They also have their own police force. There are things that can be seen and things that can be felt already.

I understand the impatience, but I think we need to emphasize the positive more than we have. Emphasize the things that have already happened, draw attention to them, give them publicity. We should think more positively about the half-full part of the glass instead of the part we think is still empty.

Lewis: General Fakhr has articulated the angst of many Egyptians—as demonstrated in the Egyptian press and undoubtedly other circles—who feel that Egypt, which led the way to peace, is now being subjected to some kind of conspiracy by the Americans, the Israelis, the Jordanians, Hussein Kamel and a lot of other folks. I appeal to you: don't go back to Cairo with that message.

That's not the message of this conference at all. This is a conference about the consequences of the Jordanian-Israeli peace treaty, one year after, how to strengthen it, and its implications for regionalism.

Frankly, the regional discussions have not really proceeded very far because at this point the Jordanians and the Israelis are understandably concerned about how they will complete this treaty's promise. It's a promise of openness. It's not a treaty with a promise of new blocs and new alliances. It developed a core, but not the core of the Arab world. Egypt is the core of the Arab world. It has always been. Please don't feed the paranoia that seems to be rife in Cairo.

Majali: I think we paid a price for peace. We in Jordan have boarded more than one and one-half million refugees and shared the country's resources with them. Whatever the solution will be we still will share with those people and this is a price. In the Gulf War, the United States had to pursue its own interests. After the war more than 300,000 Jordanians came back from the Gulf to share our water, schools, and so on. To accept the realities on the ground now, and to accept Israel as a country, while still dealing with the displaced people from Palestine, I think is a very great price to pay. Accordingly, we are suffering economically and I think the whole world has a responsibility to compensate us.

Sneh: The question of paying the price is very subjective and psychological. Sometimes people think that if they abandon their old prejudices, they pay a price. Maybe this is the case.

Sometimes a small particle holds together a large construction. For years we were told that the Israeli-Palestinian issue is the heart of the conflict. We are just 12 million, and we are not the most important. We are not the largest; we are maybe not the strongest. But if we quarrel, there will be instability all over the Middle East.

So the strength or the success of this trilateral, new relationship is essential to the peace in the Middle East. I didn't try to belittle the historic role of Egypt in changing the Middle Eastern equation. Once it was Israel on one side of the equation, and all the rest of the Arab countries on the other side. Today this is not the case. Egypt played a major role in this process; its weight is on the good side of the equation.

The solution of this conflict is crucial. The broader configuration would be much stronger if more people in Egypt would be committed to the new Middle East. I have discovered that there are too many people that, maybe not in their minds but in their hearts, are still with the old Middle East.

SUMMATION

Robert Satloff
Executive Director, The Washington Institute

For me, this conference is emblematic of the candid, open, and, in many ways, democratic discussion that can now take place in Amman. In our working-group discussion this morning, Hirsh Goodman articulated what could be the overarching theme: peace is complex. The signing of the Jordan-Israel peace and the handshake between King Hussein and Yitzhak Rabin did not put to rest all issues and all discussions between the people on either side of the Jordan River.

Since the signing, the parties have begun to build a common foundation. This does not mean that the work is finished; the title of this conference—"Building on Peace"—suggests that there is much more to be done bilaterally, trilaterally, and regionally.

In the plenary we had pleas from Ephraim Sneh and Mike Stein for patience. In our discussion groups, we had pleas from all the Jordanians for patience and pleas from the Israelis for rapidity. Looking at things through different lenses shows you different outcomes. That is the dichotomy of time.

There is also a dichotomy of space. Several years ago King Hussein severed Jordan's links to the West Bank and then suggested that the PLO was responsible for taking care of itself. This can naturally lead Israelis to think that the Jordanians have no right to hold their relationship with Israel hostage to what goes on in the West Bank. After all, Jordan no longer has responsibility for the West Bank.

Nor are Jordanian-Palestinian relations solely defined by King Hussein and Yasser Arafat. Indeed, Yasser Arafat's name did not even come up over the last couple of days. The idea of Palestinians as a people came up quite a lot; it's a personal and a political issue. That is a harbinger of good things to come.

What we are now seeing is the distinction between contractual peace and the pace of normalization. Contractual peace has been made and is firm, because that's what the leadership of Jordan has decided. However, no declaration from above can sever what is, as Marwan Mu'asher said, the family relationships and the emotional relationships that link the people on this side of the Jordan River to the people on the other side of the river. We will have to deal with these relationships over time.

The other aspect of space has to do with economic orientation. There is no doubt that Jordan is going through an internal discussion about its own economic orientation: to the east, to the south, or to the west? Or, put another way, toward Iraq, the Gulf, or the Mediterranean? These are not solely economic issues; they are political as well. Thus, the peace between Jordan and Israel deals with larger issues throughout the region.

There is also a debate between the private sector and public sectors in Jordan, not only in regard to Jordan-Israel peace, but also about how the kingdom and its government are changing domestically, and this will have a big effect on peace and regional security.

If we came up with any suggestions on how to build peace, they have to do with education, with the media, and with the role of religious leaders in mosques and synagogues. They have to do with government leaders, not just from the palace but from the cabinet, political parties, and local constituencies on both sides of the Jordan River. All of these groups must bring peace home to the people on a regular, daily basis.

Ten years ago I was a student in Jordan learning Arabic at Yarmouk University. In a very profound way, it is clear to me how far this country has come since then in terms of its democratic development, its economic openness, and its approach to Israel. Back in the 1980s, the great fear was that Jordan was Palestine—that Israel would expel Palestinians over the bridges to Jordan. The peace treaty directly addressed those basic fears. The demographic weapon that each side can use against the other—Israel expelling Palestinians to the East Bank or Jordan expelling them to the West Bank—will not be used. Building on that is the great opportunity that this peace provides.

Concluding Note

For quite a long time, there was an historical anomaly concerning Jordan's name. According to the archives, British diplomats officially referred to this country as the Hashemite Kingdom of *thejordan.* Only in 1952 did the Jordanian cabinet issue a decree formally confirming the English name of the country as the Hashemite Kingdom of Jordan.

In some ways, the original name had certain merit—especially now as we begin to think about the trilateral relationship—because the Hashemite Kingdom of the Jordan speaks to the relationship of all parties along the Jordan River: Israel, Jordan, and the Palestinian Authority.

That is both a core issue and a building block that we need to consider. I only hope that this is the first of many discussions between Americans, Jordanians, Israelis, and other Middle Easterners about how we can use our best efforts to make Jordan-Israel peace and the wider peace process reach its worthy goals.

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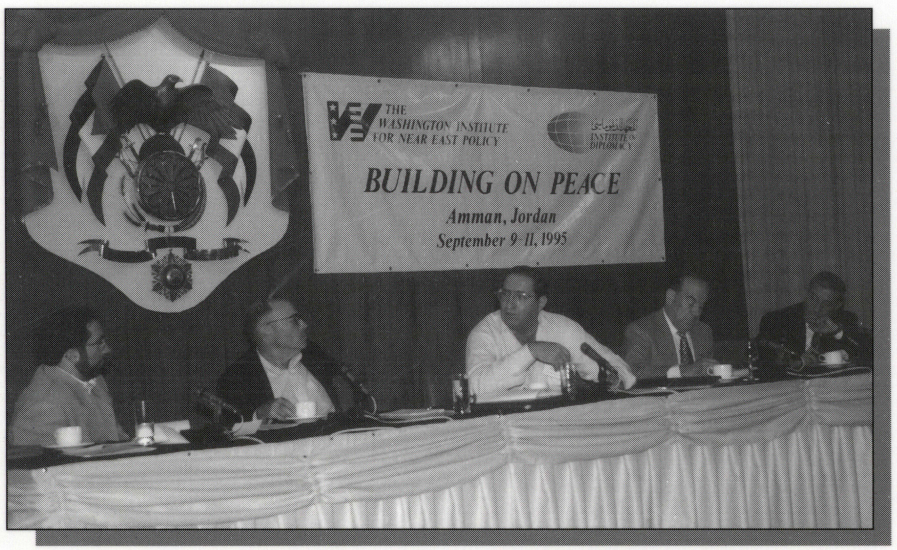

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