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Prime Minister;

I send you a paper written
by Elie Kedourie discussing
whether or no the Arab-Israeli
question is the fundamental
problem of the Middle East.

Hugh Thomas

October 17, 1980

CONFIDENTIAL

THE SIGNIFICANCE OF THE ARAB/ISRAELI QUESTION IN THE MIDDLE EAST

1- It is very widely believed that the Arab-Israel conflict is the central issue in the Middle East. It is undoubtedly the case that this conflict is the central issue for Israel, for the Palestinians, and for some (but by no means all) Arab states.

2- But for other countries to take for granted the centrality of this issue is to allow the interests and passions of those who are directly involved to distract them from their own, necessarily quite different, interests and priorities.

3- Thus, if we look at the main issues and problems which this country had to deal with in the Middle East during the decades following the establishment of the state of Israel, we find that in fact they had little or nothing to do with the Arab-Israeli conflict. The evacuation of the Suez Canal base, the Baghdad Pact policy, Nasser's challenge and the Suez expedition, the Iraqi coup d'état of 1958 and the destruction of the Baghdad Pact which followed, the Iraqi attempt to take over Kuwait, the abandonment of Aden and the Gulf, the downfall of the Shah, and the Soviet invasion of Afghanistan: in all those decisions and events with all their consequences for British interests, the Arab-Israeli conflict was not central, but marginal - and sometimes even less than marginal.

4- The same is true today. There are, in this area, three paramount objectives for Great Britain: (a) to prevent the extension of Soviet power and influence, (b) to ensure the security of the sea-lanes between the Persian Gulf and Europe, and (c) to ensure an uninterrupted supply of oil at

prices which do not continually rise. Assume the Arab-Israeli conflict somehow ended either through a settlement acceptable to the parties involved, or through the disappearance of Israel, it would do nothing to diminish the Soviet interest, or increase the security of the sea-lanes, or bring about the disappearance, or the neutralization, of the cartel operated by OPEC.

5- There is another substantial British interest in the Middle East. Because of their enormous revenues, the oil-producing states constitute a most important market for British exports. But this market does not operate according to ordinary commercial principles. Governments overwhelmingly decide what is to be bought and from whom, and are thus in a position to exact a political price for buying foreign products and services. This naturally sets up a competition between exporting states not only as regards quality, prices and delivery, but also in terms of supporting the political interests of potential or actual customers. Today, this means supporting the stance of one or other of the Arab states in the Arab-Israeli conflict, marginal though this conflict might be to British or other Western interests. But this is a fundamentally unsound position since it means an open-ended and endless series of political demands made by governments which are unstable, unsure of their legitimacy and hence capricious, and upon the satisfaction of which commercial transactions are made conditional: today it is the Arab-Israeli conflict, tomorrow it will be something else. The only real remedy is the dismantling of the cartel; but given that in the short term at any rate this is unlikely to happen, and given that foreign competitors will offer political inducements, HMG will feel bound to offer similar inducements in order to help British exports.

6- For this reason, and also because the Arab-Israeli conflict is used by the USSR in order to advance its influence and power, it seems sensible to argue that a settlement of the conflict would be very desirable.

7- But as in all political issues, the desirability is relative, not absolute. A settlement exacts a price from, and presents risks for, the parties immediately involved. But those who take it upon themselves to facilitate, or mediate, or press the parties to reach a settlement, may also face risks and have to pay a price, and the question arises whether the risks taken and the price to be paid are justified.

8- We must here consider whether the Arab-Israeli conflict is now as acute as it had intermittently been in the interval between 1948 and 1973. The great difference between the present situation and that which used to obtain is that Egypt has now withdrawn from the anti-Israel coalition. Without Egypt the remaining members of this coalition are likely to consider war with Israel to pose unacceptably high risks. It is difficult to see Syria or Jordan jointly or separately initiating active hostilities against Israel. Their policy must be to persuade or threaten Egypt into rejoining the coalition. But if this policy does not succeed, sooner or later they must work for an accommodation with the enemy. Would therefore not the best policy be, for those outside powers who fear the consequences of a new Arab-Israeli war, to try and make sure that Egypt never rejoins the coalition?

9- It may be said that this line or argument overlooks two important considerations. First, that even a relatively quiescent Arab-Israeli conflict creates anti-Western hostility among Muslim and Arab states at a time when their support against the Soviet action in Afghanistan is most desirable. It is, however, very doubtful whether the Muslim and Arab states will, even in the absence of an Arab-Israeli conflict, act in unison. Their circumstances, their political attitudes and interests are so varied and sometimes so contradictory that it is chimerical to hope to will them into an anti-Soviet coalition. It is also most doubtful whether such a coalition would have any weight to speak of, or whether it would deter the Soviets from continuing the occupation of Afghanistan, or engaging in other adventures further afield.

10- In the second place, it is feared that continuation of the Arab-Israeli conflict might incite Saudi Arabia to place an embargo on the supply of oil to the West. An embargo is an extremely serious matter, and has undoubtedly to be prevented. Satisfaction of Saudi Arabian desiderata over Palestine - if satisfaction is possible - will perhaps avert an embargo. There is, however, no guarantee that an embargo may not be threatened in the future over some other issue. Such a situation is neither safe nor acceptable, and the only way of guarding against it is to neutralize the ability to threaten. In any case, it is by no means clear that Saudi Arabia can afford to put such threats into action. The Powers against whom the embargo is threatened, and the United States in particular, are the only Powers who can shield Saudi Arabia against Soviet designs, and the Soviet encirclement which the Saudis must see as a present and clear danger.

11- But what is it, in any case, which would satisfy the Muslim and Arab world, and the Saudis in particular? This is not entirely clear - and it is not clear for a good reason, namely that there is no agreement among Arab states about what would constitute a satisfactory or an acceptable settlement. This indeed is one of the most important reasons why the conflict has remained intractable for so long. There are a great many parties to the conflict and their interests are divergent and sometimes irreconcilable.

12- In connexion with a projected settlement, Jerusalem and the PLO are usually mentioned. On both these issues Israelis of all political colours have been adamant; they would not give up Jerusalem, and they would not negotiate with the PLO so long as its objectives are those set down in the Palestine National Covenant - objectives which are incompatible with the existence of Israel as a sovereign state. It is therefore on the cards that any attempt to satisfy the Saudis in this respect would raise tension and even activate what is now a quiescent conflict. The results of new hostilities being unpredictable, the policy of attempting to satisfy the Saudis must thus be seen as equally unpredictable in its consequences. There is no safe and easy way of securing the benefits anticipated from this policy, nor does the objective give any guidance as to the steps or the path by which it is to be reached.

13- Apart from the possibility of new hostilities between Israel and her neighbours - hostilities which may now involve Saudi Arabia - another contingency has to be kept in mind. Let it be assumed that somehow a PLO-governed state is established in the West Bank and/or Gaza. By its nature such a state would be poor, irredentist and unstable. It

would be a threat as much to King Husain as to Israel. Israel might be thought quite able to defend itself against such a state; but given the preponderance of Palestinians in Jordan, the present regime would be vulnerable to subversion conducted by a Palestinian sovereign state, particularly if this state were to be armed and supported by the Soviet Union and its allies.

14- Another risk incidental to such a policy must be considered. The United States has repeatedly emphasized its commitment to the continued existence of Israel. Other Western countries have taken the same line. Whatever private reservations underlie this public posture, the survival of Israel is widely taken to be somehow associated with Western, and more especially United States prestige in the Middle East and elsewhere. The Soviet Union in particular has, for its own purposes, sedulously propagated this notion. Prestige and power are mutually supportive. If therefore those Powers who are supposed to be Israel's friends are seen to be pressing Israel to give way, this will be ascribed to their fear of Israel's enemies, and their prestige will be to this extent diminished. The Soviet Union - we may observe in this context - is never seen to press its friends to give way.

15- The policy of pressing for a settlement of the Arab-Israeli conflict seems thus fraught with risk and uncertainty. The political advantages to be gained from it seem equally problematic. When it is remembered how many and grave are the other causes of instability and disorder in the Middle East, which will persist regardless of this particular conflict or its outcome, abstention rather than active involvement in this issue seems the wiser course.

15- This paper was written before the outbreak of hostilities between Iraq and Iran. The situation which these hostilities have created, but also in some measure simply unveiled, will serve to reinforce the argument here set out.
