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# Showdown at the settlements corral: can Obama remake the Bush-Baker classic?

Posted By Leon Hadar ■ Thursday, March 25, 2010 - 1:15 PM ■ [+](#) Share



Nearly twenty years ago, President George W.H. Bush and his Secretary of State James Baker made it clear that they were not going to pursue the pro-Israeli policies of the Reagan administration and were expressing strong criticism of the "Greater Israel" policies of the Likud government in Jerusalem as they attempted to revive the Middle East peace process.

Today, another American president and Secretary of State are using a misstep by an Israeli government led by another Likud Prime Minister to pressure Israel to put a freeze the settlements in what Washington and the entire international community regard as occupied territories (including East Jerusalem). Once again, U.S. officials explain that the American failure to bring about a change in Israeli policy is damaging American credibility in the Arab world and making it more difficult to revive the peace process.

It seems the writers of the script for the 2010 production are thinking about making a re-make of the 1991 movie. In that case, they should consider that in that plot, the White House occupant refused to back down from a confrontation with the tough, nationalist leader in Jerusalem. He decided to take the diplomatic fight into the open, confident that the American public would support him. And he won. But

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history does not repeat itself. The political context at home and abroad are dramatically different today, and the Obama administration needs to learn the right lessons from Bush and Baker's experience if it hopes to prevail.

Bush and Baker's engagement with the Israeli-Palestinian issue, like Obama's, began early. In May 1989, Baker famously told an American-Israeli Public Affairs Committee (AIPAC) conference that Israel should abandon its "expansionist policies," while President Bush reminded reporters that East Jerusalem was an occupied territory. The arguments then were the same as today. American supporters of the Israeli government argued that American pressure on Israel would not work and would prove to be counterproductive by creating an anti-American backlash among Israelis and if anything, it could strengthen the nationalist Likud government and Prime Minister Yitzchak Shamir. The notion that Washington could and should use its power to force changes in Israeli policies -- even if such a move would be construed as "interfering" in Israeli politics -- was dismissed by pundits in Washington as unworkable. But it did work -- in part because back then, it seemed any Israeli leader who failed to preserve the close relationship with the United States would suffer in Israeli polls.

It was the Israeli government that provided the American administration with an opportunity to take action when in May, 1991 it asked the United States for a five-year, \$10 billion loan guarantee package to help absorb immigrants from the USSR, Eastern Europe and Ethiopia. President Bush and Secretary Baker, who were trying to convene an Arab-Israeli peace conference in Madrid, Spain, decided to use the Israeli loan guarantees request as a diplomatic opening by sending a clear message regarding the most contentious policy issue in the Israeli-American relationship: the insistence by the Likud government to continue building and expanding Jewish settlements in the occupied Arab territories. They believed that this particular issue was damaging American credibility as a mediator.

Hence, on September 6, 1991, appearing with Baker in the Oval Office, Bush asked congress for a 120-day delay on the loan guarantees, a move that he described to be "in the best interest of the peace process," adding that he thought that "the American people will support [him] on this." Six days later, speaking from his podium in the press room, President Bush even threatened to use his veto power unless congress would delay debate on Israel's request for loan guarantees. The televised press conference ended up creating the conditions for an electoral earthquake.

Shamir and his defense minister, Moshe Arens, expressed strong opposition to linking the loans (what they described as a "humanitarian" issue) to the settlement debate. Shamir and Arens gave a green light to its Israeli lobby to launch a campaign to win congressional support for the loan guarantees request, confident that pressure from Congress and the public would force the Bush-Baker duo to back down. But they didn't. Enjoying high job approval ratings following the U.S. military victory in the Gulf War, Bush succeeded in holding off the coordinated political assault. The administration was able to win congressional support for a delay on the decision on the loan guarantees.

Bush's diplomatic victory on the loan guarantees helped the Americans win points in the Arab world, and led to another American diplomatic triumph: the convening of the Arab-Israeli peace conference in Madrid in October, 1991. The Americans continued to reject various Israeli and congressional proposals for compromise on the loan guarantees. In fact, during a congressional testimony in February, 1992, Baker insisted that Israel freeze the building of new Jewish settlements in the occupied territories as a condition for receiving the loans. And contrary to the warnings by lawmakers and columnists that the American pressure on Israel would help unite Israelis and American-Jews around the Shamir government, the debate over the loan guarantees instead helped produce political fissures between Jews in Israel and the United States with many of them arguing that Shamir was damaging the relationship with Israel's leading ally.

The crisis with the U.S. helped erode the support for the Likud government in Israel and brought about its crucial electoral defeat in the Knesset in 1992 -- which brought to power a Labor government led by Yitzchak Rabin. The new Israeli Prime Minister took immediate steps to repair the relationship with Washington and then went ahead to negotiate peace with the Palestinians (the Oslo Process) and with Jordan that helped strengthen Israel's diplomatic position in the Middle East and other parts of the world.

But there are many obstacles to a remake of High Noon, 1991. The current geo-strategic realities and domestic political conditions are quite different from those that existed in 1991 and may be less conducive for producing the same kind of an American-Israeli face-off that could translate to a change in Israeli policies. The United States doesn't enjoy the same global status that it benefited from in 1991 in the aftermath of the twin victories in the Cold War and the first military confrontation with Iraq when America was at the peak of its unipolar moment. It is still fighting two inconclusive and costly wars in Iraq and Afghanistan, has yet to recover from a devastating economic recession, and facing challenges from rising global and regional players. President Obama's weakened political position at home -- notwithstanding his political victory in the health-care debate -- is a reflection of the economic and military challenges facing the U.S. and restricts its ability to win a fight with the Israeli government.

Yet the fact that there are growing challenges to American power in the Middle East may leave Obama

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no other choice but to embrace the strategy pursued by the first President Bush. In a way, the costs of maintaining the current status-quo in the Middle East in 2010 could prove to be more costly for the U.S. -- and for Israel -- than any attempt to shatter it, even more than they did in 1991. A failure by Obama to prevail in his challenge to Netanyahu over the settlements would not only diminish the chances for reviving the Israeli-Palestinian process. It would also lead to greater erosion of U.S. credibility and power in the Middle East and play directly into the hands of Iran and its regional satellites as well as potential global challengers (Russia; China). In short, such a diplomatic debacle could weaken the power of Israel's global patron and make it even more difficult for Washington to protect the interests of the Jewish State.

Coupled with the growing agreement among the American people and their leaders that U.S. military power is overextended worldwide and that the current condition of the American economy necessitates major cuts in the military budget, the collapse of the American efforts to bring the Arab-Israeli peace process to a successful conclusion, may prove to be the final blow to American influence in the Middle East and could mark the beginning of a gradual U.S. disengagement from the Middle East, leaving Israel to face the regional threats to its existence on its own.

The U.S. is still in a position to influence the continuing debate among Israeli Jews about the long-term strategic goals of the Jewish state. On one side are those on the political right who hope to derail any chances for establishing an independent and viable and want to secure Israel control of Judea and Samaria (the West Bank), including East Jerusalem) by establishing new Jewish settlements there and expanding the existing one. From the perspective of the members of Israel's ultra-nationalist camp, Israel is doomed for a never-ending and bloody struggle for survival with the Muslim World. Hence, they hope to ensure that the United States join the Israeli in this clash of civilizations.

On the other side there are those mostly liberal and secular Israelis that support the creation of Palestinian State with East Jerusalem as its capital that would side by side in peace with Israel as an outcome of negotiations leading to Israeli withdrawal from most of the occupied West Bank. They expect the United States to help provide them with the necessary margin of security to deal with threats from Iran and other regional threats. But they also want Washington to use its diplomatic power to help the Jewish State reach peace with its neighbors like it did during the peace negotiations with Egypt. And they recognize that continuing control of the West Bank would force the Israel to either provide the Palestinians with citizenship and turn Israel into a bi-national state or to deny them legal and political rights and be transformed into a Middle Eastern version of South Africa's Apartheid system. Their vision is that of a modern and westernized Israel that could become a commercial and scientific center in the globalized economy.

There is no reason why President Obama and other officials should not use the American connection with Jerusalem to try to strengthen those forces in Israel whose vision of the country's future converges with American interests and values. That would mean taking sides in the ongoing debate in Israel by making it clear that the settlement policy threaten Israel's ties with the United States, its lifeline to the international community. Cutting the U.S. economic aid to Israel by the amount it spends on building and expanding Jewish settlements could be on was to send that kind of clear message to the Israeli public and elites.

At the end of the day, some very hard and painful choices would have to be made by the Israeli people. But Washington is a position to matter. There is no reason why President Obama and other officials should not use the American connection with Jerusalem to try to strengthen those forces in Israel whose vision of the country's future converges with American interests and values. That would mean taking sides in the ongoing debate in Israel by making it clear that the settlement policy threaten Israel's ties with the United States, its lifeline to the international community. An Israeli leader who fails to maintain the American connection or worse, one who harms those ties - would eventually be punished by the Israeli voters like Shamir had been in 1992. A tough stand by Obama would force Netanyahu to consider that unless he changes Israeli policies he too could be facing the same political fate. It would be his own choice; but Obama could help him make it.

*Leon Hadar is a research fellow at the Cato Institute and the author of "Sandstorm: Policy Failure in the Middle East," (Palgrave Macmillan, 2005).*

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