

THE PRICE OF MIDDLE EAST PEACE

Mary E. Morris

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On September 13 the world witnessed a sight that would have been unimaginable even a few months ago: Yitzakh Rabin and Yasir Arafat shaking hands on the south lawn of the White House, after signing a statement of principles that extended mutual recognition to each other. The events of that September day are likely to have reverberations far beyond Israel and the West Bank; they will affect the future of other states in the Middle East, as well as the relationships that those states develop with non-regional powers, including the United States.

For over 40 years the region and the world has been fixated on the Arab-Israeli standoff, a problem which has both obscured and intensified other, more fundamental, regional problems. With the tempering of the Arab-Israeli dispute, these problems are coming into sharper focus. As discussions begin on the economic requirements for constructing viable Palestinian institutions, for example, we begin to see more clearly the need for structural reform throughout the Middle East. Indeed, for peace to really succeed in the Middle East, economies must succeed. Successful economies are tied to responsive political institutions; for the most part, these, too, are lacking in the Middle East. The price of true peace in the Middle East will be the reconfiguration of political ambitions and objectives and the restructuring of both economies and societies. For some regimes, this will be a high price indeed.

Beyond economic stresses, the Middle East suffers from a surplus of ideologies that range from political and religious fundamentalism to traditionalism on the right, to liberalism and calls for democratization on the left. In many ways, ideological orientation is tied to both economics and politics. The radical Islamist group Hamas, for example, thrives in conditions of deprivation and despair. The surest way to defang this and similar groups would be to achieve swift economic successes, but the achievement of such success depends on a level of political will and international assistance that may be difficult to achieve.

¹ Speech delivered to a meeting of the World Affairs Council, Riverside, California, September 23, 1993.

A number of other problems also plague the Middle East. These include demographic pressures stemming from expanding populations in relation to decreasing resource bases; increasing urbanization; and continuing population movements for political, economic, and environmental reasons. Demographic pressures are aggravated by ineffective governments, struggling economies, and political and religious challenges to regimes.

Tonight I will discuss first the general situation faced by countries in the Middle East to provide the backdrop against which peace negotiations and accords will take place and to provide some rationale for what often seem incomprehensible actions by Middle East actors. Then I will briefly look at events that are likely to occur in the near future, and I will discuss what this means for the United States.

Frequently, when we discuss the Middle East, we tend to concentrate on political and social issues: the lack of political participation in most Arab countries, for example, or the denial of human rights. There is no question that much progress must be made in these areas; indeed, most Middle Eastern governments are aware of this, and most have made at least some cautious moves toward alleviating conditions that could, in the end, threaten their own existence. Associated with political and social problems, however, is a whole range of other problems which I will loosely group under the category of demographic situations. The growing severity of these situations is providing Middle Eastern regimes with enormous challenges.

Demographic Issues

The population of the Middle East has doubled since World War II. It is likely to double again in the next 20 years. One consequence of this population growth is the increasing generational gap; by the year 2000, 50 percent of Arab populations will be under the age of 15. Most of them are likely to be unemployed; already, in Algeria, it is estimated that 35 percent of employable young men will *never* have jobs. In Egypt, where Gamal Abdul Nasser promised jobs to every college graduate, the bureaucracy is stuffed with graduates of the 1970s and early 1980s; those who graduated after 1984 are still on waiting lists. The large numbers of unemployed, many of them not only literate but well-educated, are currently providing a fertile field for radical Islamists, who point out--correctly--that in most Middle Eastern states, government is simply not working. Few of these young people, as well, recognize any similarities in either experience or history between their own situations and those of their leaders.

At the same time that populations are growing, less land is available per capita each year, as growing amounts of acreage are lost to overgrazing, erosion, and desertification. Most arable land in the Middle East is already under cultivation--but increasing numbers of people mean that most countries must boost their food production from 2-4 percent annually to keep up with population growth. Failing this, they must either use their savings or borrow money to buy food from other countries, thus initiating a cycle of increasing debt, particularly to Western European countries.

Regarding population growth, countries of the Middle East have some of the highest annual population rate increases in the world--an average of 3 percent per year compared to less than 1 percent annual increase in the West. However, while population control must be emphasized, birth rates have actually *decreased* in most Middle East states in the past 25 years. For example, Turkey's birthrate in 1965 was 41 per 1000; by 1990, the birthrate had dropped to 28 per 1000. Algeria dropped from 40 to 35 per thousand in the same period, and Jordan dropped from 53 to 39. During the same period of time, however, death rates dropped as well: in Saudi Arabia from 24 per 1000 in 1965 to 15 per 1000 in 1990; in Algeria from 18 to 8; in Jordan from 21 to 6. Declines in the death rate, with more infant survival, more recoveries from previously fatal illnesses, and longer life-spans due to improved health and hygiene practices, thus have effectively wiped out gains made by population control methods in the Middle East.

Three other factors are associated with population increases: environmental degradation, population movement, and urbanization. The growth of populations in the Middle East has led to an increased demand for scarce resources. Water, in particular, is a coveted resource in the Middle East, more precious to indigenous populations than oil. This is an area of scarce rainfall, where primary water sources are three river systems and a number of prehistoric aquifers deep underground. Neither rivers nor aquifers are respecters of borders; in this area of volatile political tensions, disputed land ownership, and scarce natural assets, water has thus been in the past both a cause and a target of conflict. In particular, water issues between Israelis, Palestinians, and Jordanians have been persistent and worrisome as triggers for potential conflict. The events of recent weeks, however, may make water the new building block for peace rather than the source of new wars, as people of good will--and pragmatism--on both sides seek methods of cooperation.

Nonetheless, the scarcity of water and the generally poor policies of use and management in the region have had a serious impact on the quality of the land. In a

region that has relied primarily on agriculture for survival, increasing amounts of land are becoming subject to erosion and desertification each year. As land becomes more scarce, and rural opportunities diminish, greater numbers of rural workers migrate to urban areas, where they frequently present economic, social and political problems. Ineffective government policies aggravate the problem. First, such policies tend to favor urban over rural areas--after all, urban areas contain the concentration of people that could represent a threat to regimes. By neglecting rural areas, however, governments fail to enact sound conservation and ecological practices that could preserve and extend arable land and keep people employed in rural communities. As a consequence, more migrants enter the cities, increasing the potential for instability, insurgency, and internal conflict.

As urban populations increase, most governments fall further behind in providing services. As it is, most governments today in the Middle East are barely keeping up with current population demands. Yet predictions are that the populations of major Middle Eastern cities such as Cairo, Amman, Damascus, and Tehran, will triple or even quadruple in the next decade.

The overall impact of these demographic problems is to put existing regimes under increased stress, to aggravate political and social tensions, to accelerate ideological competition, and to deepen economic woes. Regimes are severely and critically challenged, not by Israel, the former Soviet Union, Iran, or even each other so much as by internal economic, political, and social conditions that they cannot deal with alone.

This is not to deny that external dangers exist in the region, for they do indeed. A short list of these potential perils includes:

- o The future course of Iran, especially with regard to weapon purchases
- o Unrest on Turkey's borders, particularly with regard to the Kurdish irredentist movement
- o Instability in Central Asia, as former Soviet republics decide whether their future lies with fundamentalist Islamic state or with the West
- o The issue of Iraq: whether and how the U.S. will enforce U.N. Resolution 688, the mandate to deter Iraq from future violations and from repression of Iraqi citizens
- o The continuing potential for water wars in the Euphrates region between Turkey, Syria and Iraq; in the Jordan Valley between Israel, Jordan, the West Bank and Syria; and in the Nile region between Egypt and Sudan
- o Economic implosions in Egypt, Jordan and possibly Algeria

- o A struggle over Gulf hegemony between Iran, Saudi Arabia, and possibly a resurgent Iraq
- o Palestinian leadership and government crises.

Palestinian Challenges

I will turn now to the most immediate--or at least most recent--issue on the Middle East agenda: Palestinian self-rule. One of the toughest and most immediate challenges to Palestinian self-government is a lack of institutional and administrative experience coupled with the range of services that need to be provided to the Occupied Territories.

The present condition of the Occupied Territories is a source of major concern. After 25 years of Israeli occupation and 5 years of the intifada, telecommunications, the electrical grid, water, and sewers are on the verge of collapse. Infrastructure in terms of housing, roads, and social institutions is practically nonexistent. As an example of the enormity of some of the problems, let me turn again to water issues.

At the present time, more than 80 percent of the Occupied Territories' water resources are used by Israel. In the West Bank 30 percent of households are not connected to a water supply system. Approximately 40 percent of water consumed in urban areas of the Occupied Territories comes from the Israeli water company, Mekorot, at prices higher than those paid by Israelis living in Israel or on the West Bank. Water losses are as high as 50 percent due to leakage in aging and poorly constructed networks, and most operating wells are in need of repair and maintenance. Only 12 of the West Bank's 29 municipalities have sewerage networks; the only sewage treatment plant is in Ramallah. Built in 1975, it is seriously in need of repair. All other sewage from urban systems is discharged into adjacent valleys, causing health hazards and contamination of ground water sources downstream. In Gaza, the aquifer providing the primary source of fresh water is likely to be completely contaminated by seawater within 5 years at the present rate of consumption. Additionally, increased consumption and use of chemical fertilizers and pesticides has led to increased chemical content, leaving 85 percent of drinking water wells unfit for human consumption. Only 30 percent of households are connected to sewage systems. Sewage collects in open ponds, leading to chemical and microbiological pollution of underground water and shallow wells, environmental problems, and pollution of coastal waters where untreated sewage runs into the sea. All of these critical

problems are now likely to fall to a new and untested Palestinian government for resolution.

Cementing peace will require creative approaches to these and other resource problems; it will also require new economic stability and growth, the surest way to undercut the violent opposition of militants and fervent nationalists. One of the strongest radical arguments has centered around the multiple economic inequities that abound in the Middle East. While these inequities are most noticeable between richer Gulf states and the poorer states of the Levant, radical opponents of peace between Palestinians and Israelis point as well to the inequities between these two groups: for example, Israeli per capita income is \$10,920, while it is \$1,700 in the West Bank; Israel's gross domestic product is \$60 billion; the West Bank and Gaza, together, produce \$3 billion; unemployment in Israel is 11 percent compared to 40 percent in the West Bank. Life expectancy in Israel is 75 years, while it is 65 years in the Occupied Territories.

Overall, there are three areas in which Israelis and Palestinians need to reach agreement. These are:

1) *The civil-political arena*, including governing and administrative institutions and functions that need to be turned over gradually to Palestinian control; Palestinian planning mechanisms that are accountable to the public must also be developed. At present, Palestinians have little or no say in political and administrative policies and practices that affect their lives, and are prohibited from exercising meaningful political, press, and institutional freedom.²

2) *Security considerations*, which include bilateral arrangements coupled with a comprehensive regional security system and the meshing of Israeli and Palestinian internal security requirements. Additionally, there must be assurance that the newly-constituted Palestinian police authority can maintain civic order. There must also be recognition that the security needs of Palestinians and Israelis are asymmetrical, i.e., Palestinians are threatened communally by Israel's military occupation and by their vulnerable status in Arab countries. For Israel, the focus is on regional security; assurances at the regional level are necessary for Israel to consider withdrawing militarily from occupied areas.

² For a detailed study of the prerequisites for Palestinian self-government, please see Ann Mosely Lesch, principal author, *The Transition to Palestinian Self-Government: Practical Steps Toward Israeli-Palestinian Peace*, American Academy of Arts and Sciences, September 1992.

3) *Economic and resource issues*, including substantive shifts in economic and resource practices. Industrialization has proceeded at a very slow rate in the West Bank and Gaza, and most money that has flowed into the territories has been controlled by local PLO officials, who have tended to dole out aid dollars in exchange for political support.

The Israeli-PLO agreement can serve as the starting point for major improvements in the environment of the Occupied Territories. The opportunity for a Palestinian-elected "interim self-governing authority," or council, would give Palestinians control of taxation, health, education, welfare, and tourism, as well as any other sectors to be negotiated later. The withdrawal of the Israeli army from the Gaza Strip, Jericho, and "populous areas" in the rest of the West Bank should also put an end to military curfews and harassment. Economic and infrastructural development should also be given a boost through the creation of an electricity authority, a development bank, an export promotion board, an environmental authority, a port authority in Gaza, a land authority, and a water authority.

At present, policymaking and planning lie in Israeli hands, as do control over land, water, electricity and finance. There has been limited opportunity for Palestinians to develop agriculture, industry, trade and services. There is now a chance for this to change. Here, too, there will be costs, however, particularly for Israel, which could lose guaranteed markets and easy access to a large, low-cost labor pool in the Territories. Regional gains, however, are likely to outweigh costs in the long-term, especially in the absence of the Arab boycott. In this case, Israel would realize gains in the Arab world through trade and tourism as well as through increased access to regional resources.

Investment in the Territories by millions of diaspora Palestinians and Jews is the most realistic way to generate both jobs and eventual prosperity, with privatization and deregulation used as tools to finance local growth. Local governments throughout the Middle East can be encouraged to build up capital markets to prepare for privatizing their economies, with international investment houses providing expertise and international support for the creation of a Middle East common market.

Looking Ahead

Investment in the Middle East, however, presupposes that there will be a level of political stability to make investments fruitful. While the recent accord

between Israel and the Palestinians is a giant step toward eventual regional stability, it is by no means a guarantee of calm waters ahead. Indeed, many issues are not addressed in the agreement, including the status of settlements, the return of refugees, and resolution of the question of Jerusalem. In the short term, in fact, it is likely that we will witness sporadic outbreaks of violence from groups that are becoming increasingly marginalized as governments and their people move more closely to a centrist position. Many of these groups, such as Hamas, derive their legitimacy from opposition to peace; they are not likely to surrender their existence without a struggle.

In the wider region, as well, there is likely to be both outright opposition to peace agreements and cautious foot-dragging. The opposition will come from the usual suspects: Iraq and Iran, who have adamantly opposed peace with Israel, each for its own ends. The foot-dragging will come from countries who have both much to gain and something to lose from the peace process. While it is likely, for example, that Jordan will arrive at a peace treaty with Israel in the near future, Syria may be somewhat farther behind. The reason for the caution, I believe, is not that these countries are opposed or unprepared to make peace with Israel. Rather, the pace will be set by political considerations. In Jordan, for example, over 60 percent of the population is Palestinian. While many Jordanian Palestinians are focused on the continuing development of democratic processes in Jordan, many others are primarily focused on the creation of a Palestinian state. King Hussein will want to avoid the appearance of "selling out" his Palestinian majority to Israel; at the same time, the Jordanian government has carefully prepared the Jordanian people over several years for the possibility of peace with Israel. It is an inevitable outcome, but one that may not be immediate. In the meantime, the signing of principles of intent between the two countries indicates the willingness of both to deal with each other.

Syria is a somewhat more interesting case. Regardless of recent news evaluations of Hafez al-Assad's reluctance to deal with Israel, it is quite likely that major steps toward a Syrian-Israeli agreement have already been reached. What is critical, however, from both Syrian and Israeli points of view, is timing. Syria, under Assad, has maintained a vision of itself as a leader among Arab nations and as a guarantor of Palestinian aspirations. At the same time, Syria was for many years a virtual client state of the Soviet Union in the Middle East and a major recipient of Soviet and Warsaw Pact arms. Additionally, Syria has for a decade been allied with Iran, and has acted as a conduit for radical and

terrorist groups operating out of both Syria's Beka'a Valley and out of Lebanon. With the collapse of the Soviet Union and the withdrawal of its patronage, Syria has had little choice but to ally itself as far as possible with Western interests. The need to establish credentials with the West and with the oil states of the Gulf, as well as the bitter personal animosity between Hafez al-Assad and Saddam Hussein, accounted for Syria's decision to support the allies in the War for Kuwait.

Nonetheless, the rationale for the kind of police state that Syria has become under Assad has been the confrontation with Israel. The opening to the West that Assad created because of his support for the Western alliance comes with a price tag, i.e., demands that Syria abandon its support of terrorist groups and that it make positive moves toward liberalizing both its society and its economy. These demands have put pressure on the Assad government to change in unaccustomed ways; negotiations with Israel have created more disturbing vibrations. From Assad's point of view, peace with Israel can only come with full return of the Golan Heights--and even with its return, Assad will face condemnation from radical elements in Syria who continue to protest any accommodation with Israel. Assad, however, has been fully able to deal with dissidents in the past, and will no doubt continue to do so, even if the dissent is over liberalization of the Syrian government.

From Israel's point of view as well, it may appear better to make haste slowly. The return of any part of the Occupied Territories is a hotly debated and frequently emotional issue in internal Israeli politics. To negotiate a settlement for return of the Golan at practically the same time that portions of the Territories are being returned could well tip an already-precarious balance against the Rabin government. It is clear that there are major hurdles for Rabin to overcome, and it is thus likely that he would prefer to proceed with more deliberation than enthusiasm in concluding additional regional arrangements.

The American Perspective

After this brief tour of the region, it seems fitting to come back to where tonight's talk began--the scene on the south lawn of the White House--and to ask ourselves why we, as Americans, really care about the Middle East, especially if there is an end in sight to the Arab-Israeli conflict. There are many possible answers to the question of why we care, beginning with the fact that the United States is the preeminent global actor in the international system. Aside from a

commitment to international order, which has been reiterated by both Presidents Bush and Clinton, however, the United States has specific relations and responsibilities with regard to the Middle East. While we are in no way as dependent upon Middle East oil as are our allies in Western Europe and Japan, the United States still purchases some 30 percent of its crude oil from the Persian Gulf. The Middle East has become an increasingly important trade partner as well. In addition, military and political arrangements have tied the United States to the fortunes of the Middle East in a number of ways. We now have formal or informal security arrangements with Israel, Egypt, Saudi Arabia, Kuwait, the United Arab Emirates, Bahrain, Qatar, Oman, and Turkey.

We are also tied to the Middle East through historical and cultural relationships. While the United States does not bring the imperialist and colonialist baggage to the Middle Eastern relationship that European powers do, it has had long and occasionally intimate relationships with several states in the region, most notably Saudi Arabia, Israel, and Iran. Ties between the Middle East and both the American Jewish and American Arab communities continue to flourish. For all of these reasons, it is highly unlikely that the United States will lose its interest in the Middle East.

Political uncertainties and instabilities, as well as military and political aggression in the Middle East, thus affect the interests of the United States and become cause for concern. As we have seen, the most likely causes of future conflict in the Middle East reside within individual states, with the failure of governments to effect necessary reforms, with continued population growth, urbanization rates, and migration, and with increasing threats to both urban systems and regimes. Continuing regional militarization as well as the destabilizing effects of transnational radical groups and the persistence of Saddam Hussein's tyrannical government also contribute to an environment of regional unrest.

The United States has a unique opportunity to alter this environment, however. By recognizing that most of the negative phenomena we see in the Middle East are symptoms rather than causes of instability, the United States can focus on the sources of problems and take leadership in a number of international efforts. These efforts could include technical expertise and advice in areas such as population control methods, environmental programs, urban renewal plans, agricultural reclamation schemes, help in developing regional cooperative efforts, restrictions of arms sales, and emphasis and open support for

political liberalization and democratization movements and the expansion of human and political rights throughout the region. In addition, the United States can remain an active participant in the ongoing Arab-Israeli peace process, in all its phases. By so doing, the United States can emphasize the significance of the Israeli-Palestinian accords and make sure that their impetus is not lost.

The events of the past few weeks in the Middle East have given us hope where there was little before. While there are enormous challenges ahead, there is now enormous opportunity, and while there may be setbacks caused by both deliberate sabotage and inadvertent mistakes, there has still been a miracle in the desert. We have seen two old enemies find the courage to transcend their differences, to put aside the history of hurt and vengeance that is undoubtedly true and undoubtedly painful for both sides, and to focus their energies on the future, on the children of their children. The peace that Israel and the Arabs buy today may be costly in the near-term, but it is in reality an investment in the future, as well as a guarantee that there will be one--and that it will be shared.

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