

AMERICAN INTERESTS IN THE PERSIAN GULF AND THE MIDDLE EAST

JAMES A. BAKER, former Secretary of State

October 30, 1996

The 1996 Issam Fares Lecture



"American Interests in the Persian Gulf
and the Middle East"

with

The Honorable James A. Baker III
former Secretary of State

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T U F T S U N I V E R S I T Y

JAMES A. BAKER



James A. Baker has served in senior government positions under three United States Presidents. He served as the nation's 61st Secretary of State from January 1989 through August, 1992 under President George Bush. He also served as the 67th Secretary of Treasury from 1985 to 1988 under President Ronald Reagan and was also chairman of the President's Economic Policy Council. From 1981 to 1985, he served as White House Chief of Staff to President Reagan.

Mr. Baker's record of public service began in 1975 as Under Secretary of Commerce to President Gerald Ford and concluded with his service as White House Chief of Staff and Senior Counselor to President Bush in January, 1993. Mr. Baker received the Presidential Medal of Freedom in 1991 and has been the recipient of many other awards for distinguished public service.

A native of Houston, Mr. Baker graduated from Princeton University in 1952. After two years of active duty as a lieutenant in the United States Marine Corps, he entered the University of Texas School of Law at Austin. He received a J.D. with honors in 1957 and practiced law with the firm of Andrews and Kurth from 1957 to 1975.

He is presently a senior partner in the law firm of Baker & Botts and Senior Counselor to the Carlyle Group, a merchant banking firm in Washington, D.C. He is Honorary Chairman of the James A. Baker III Institute for Public Policy at Rice University and serves on the boards of Rice University, Princeton University, the Woodrow Wilson International Center for Scholars and the Howard Hughes Medical Institute. He recently published «The Politics of Diplomacy,» his reflections on the post-Cold War era.



Issam Fares

The peace process in the Middle East is without doubt the main issue of our age. It is, to a great extent, the center of international relations. It is central in US-Russian relations and in US-Asian relations, and it is crucial to the security and stability of the millions of people in the region.

We are honored to have among us this evening the architect of the peace process, Mr. James Baker, the former US Secretary of State, who succeeded in bringing together the opponents in the region in order to start up the peace process. In his address, he will focus on American interests in the Persian Gulf and the Middle East, a subject that is organically related to the peace process. American politicians agree that American interests in the Middle East are the following:

- To protect the Gulf's oil.
- To ensure its transportation to American markets and the markets of US-allied states.
- To ensure free air and sea routes in the region.
- To support pro-American Arab regimes.
- To support Israel.
- To encourage democracy in the region.
- To endeavor to establish a new pro-American order in a peaceful Middle East.

American foreign policy is undoubtedly determined by national interest. We expect, however, that the national interest in a democratic country like America will always take into account the system of moral values, such as freedom, justice and equality, that have marked its political and social institutions since the founding of America 200 years ago. My country Lebanon is also a democratic country, which inherited a system of political, human and cultural values that are based on justice, freedom and equality and date back 6,000 years.

Although Lebanon is a small country, it is at the same time big, due to the ambitious goals and outstanding achievements of the large Lebanese Diaspora wherever it exists, regionally and internationally.

Their qualitative influence is much more important than their modest quantitative value. And at home, thanks to its people's skills and energy, Lebanon has become the regional center of political ideas and Beirut has become the real capital of the Arab world, culturally, politically and ideologically, and a free forum for the region.

After a long and destructive war sparked by unresolved regional disputes and



international contradictions, Lebanon launched into the process of national development and reconstruction. This huge challenge is being accomplished with the constant help of our neighboring friend, Syria. And thanks to Arab and international efforts, the US and the European community have been making essential contributions in designing and guaranteeing the implementation of a number of projects.

The peace process is for us a high priority; many of our internal political, economic and social operations depend on it. Israel is supposed to withdraw unconditionally from Lebanon in accordance with UN Security Council Resolution 425, but Israel is still dithering, presenting tactical proposals within the framework of the peace process, depriving Lebanon of its right to regain its occupied territories, and perpetrating armed aggressions against our people in the south and in the Bekaa in order to delay its withdrawal. We expect the peace process in the Middle East to ensure the existence of all states in the region within secure and internationally recognized borders. We want the peace to be just and provide long-term stability and we hope that this will lead progressively to the establishment of democratic regimes with a free economy and entrepreneurship that will open up the vast market in the region. Peace will undoubtedly restore to Lebanon its central role in the Middle East, especially in providing its distinctive services in university studies, medical facilities, tourism, cultural promotion, banking and all other kinds of commercial services. Peace will certainly encourage a large segment of the Lebanese Diaspora to return to live in their homeland and contribute to its development, in both investments and human power.

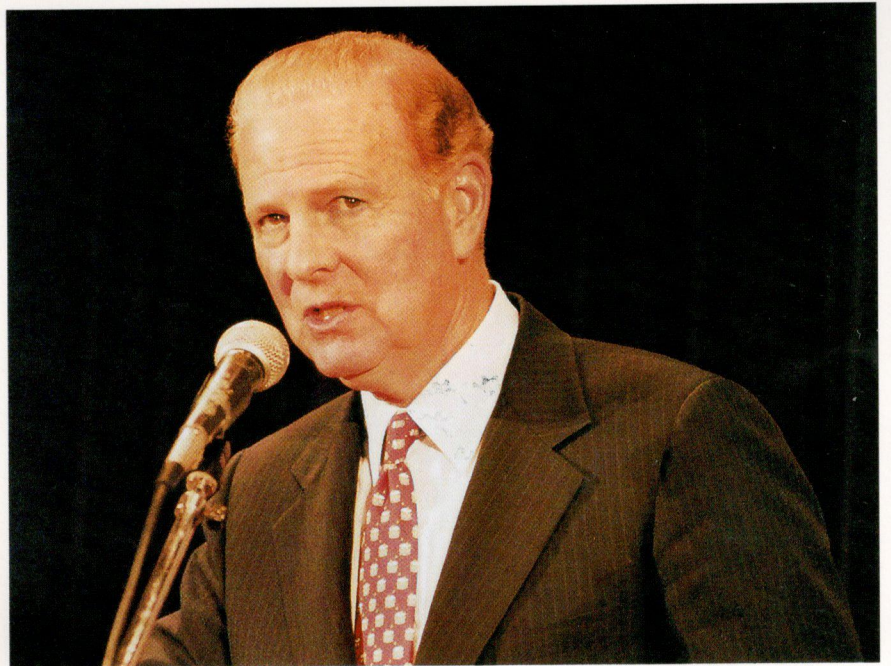
If you really want the peace process to progress, Mr. Baker, the United States should concentrate more and more on Lebanon and Syria. Peace in the region will not take place without Syria and will not reach a stable situation without Lebanon. While American diplomats go from one city to another in the Middle East to find a solution, they should not ignore discussions with officials in Beirut, which always reflects the atmosphere of the region as a whole. American interests will not necessarily contradict ours in the region, provided that you look at your interests through the eyes of the moral principles of your democratic civilization.

Preserve the oil, but try to help direct its revenues to human development, to the improvement of the quality of life for the people of the region. Protect the strategic pathways, but remember that there are people who live on these pathways, people with their own history, civilization and pride, people still

attached to their values and respecting their old traditions, people who can have considerable power for good if you approach them with good will and sincerity. You are free to support Israel, but this support should not be at the expense of your impartial position as a mediator or at the expense of the rights of the other countries and peoples of the region. It should be exercised on the basis that a state has rights but also has obligations. If Israel is America's friend, this does not mean that the Arabs are its enemies. Work for a new order in the region, for the rearrangement and redistribution of its natural resources, but let us work together to establish this order.

James A. Baker

The fifth anniversary of the Madrid Peace Conference



Let me say that I am extraordinarily happy to be with you today in Boston, and I am very pleased to see many familiar faces, some old friends, some new faces and I would like to begin by paying my respects to some of the former officials and officials of the government of Lebanon who are here and I am extremely honored to be asked to deliver the 1996 Issam Fares lecture. Today is the fifth anniversary of the Madrid Peace Conference. I was reminded, during the course of a reception earlier; quite frankly, I had forgotten that today was the fifth anniversary of the Madrid Peace Conference, but it is, and therefore the subject of the Middle East peace and the peace process is extraordinarily timely. I think I am going to speak to you about that and then deal with the equally important subject of American interest in the Persian Gulf region during the question session, if that is all right.

I hope that we are going to be able to have a dialogue this afternoon, rather than just a monologue. I think those are always more productive both for the speaker and for the audience and therefore, I keep my formal remarks reasonably brief. But being brief reminds me of the old story they tell about the fellow that never gave a speech that lasted less than two hours, and he is sitting up there, one afternoon, blowing on and on, and somebody in the second row gets up and starts walking out, and the speaker says: «Wait a minute,» he says, «I'm not finished.» He asks: «Where are you going?» And the fellow looks back at him and says: «Well, I'm going to get a haircut.» The speaker says: «You want to get a haircut? Why in the world didn't you do that before we started?» And the guy looks back at him and says: «Sir, before you started speaking, I didn't need a haircut!» We are going to be shorter than that.

I am glad President John DiBiaggio introduced me. I want to refer to you, John, by your appropriate title: I am used to referring to people as Mr. President and therefore I want to make sure I refer to you not just as John but as President. I'm glad to introduce to you my wife Susan.

I am out of politics now, but no politician can resist the opportunity to introduce his wife if she has not been introduced at a public event, and particularly an ex-politician, a former politician, who used to get a lot of face time on television when he was Secretary of Treasury or Secretary of State. I could walk through almost any airport in this world and people would come up to me and they would recognize me and they'd stick up their hand and they'd either say, «Thanks a lot for a job well done,» or «You did a lousy job,» one or the other, but they'd say something and they'd recognize me.



That does not happen much anymore, but the other day, I was walking down an airport concourse, and you can always tell when it is going to happen. There is a sort of a moment of recognition, and there are two or three walking together. After they pass, they start whispering, and pointing back. Often times, they come up to you and say something like: «I know you,» and I usually say: «Yes, I do the local weather on TV,» and they buy that a lot. You would be surprised how often they buy that. But this guy comes up, and he is approaching me down this airport concourse, and I can see it coming because he does this double shuffling, and he walks up and says: «I know you.» He says: «I know you - you are Jim Baker.» Boy, I puffed up with pride, because it does not happen this much as it used to, and I said: «Indeed sir, I am Jim Baker.» He said: «I thought so. And how is Tammy Faye?» So, it is really good that John introduced my wife Susan to all of you.

I studied classics at Princeton. I really was a history major, but I minored in classics and I read the Peloponnesian Wars by the Greek historian Thucydides, and I wrote in my book: «The Politics of Diplomacy: Revolution, War and Peace, 1989-1992,» that that experience really influenced my views for a long time, after, up to, and including, as a matter of fact, my tenure as Secretary of State. Thucydides is often seen as the father of a school of thought called political realism or more commonly referred to as «realpolitik» and he, of course, was the fellow who wrote that what made war inevitable was the growth of Athenian power and the fear - I hope we don't have war - and the fear, well I am being serious, I hope we do not have a war, I am going to get to that in a moment, and the fear which that caused in Sparta. When Thucydides wrote that, he gave voice to the starkest and most famous expression of political realism. I have always been attracted to that logic, both in domestic affairs as well as in foreign policy, and indeed, during my 12-year tenure.

The last 12 years I spent in government, I was frequently called, usually by people who were critical of me, a realist or a term that was worse, as far as they were concerned, a pragmatist. I always thought a pragmatist was somebody who got things accomplished and got things done, but somehow, it was a dirty word to some members of my own party.

My pragmatism was always rooted in principles. I never felt that you sacrifice principles for pragmatism, but I thought that policy had to be really formulated and implemented first of all by a sense of what was possible.

I remember my mentor Ronald Reagan telling me on many occasions, that he

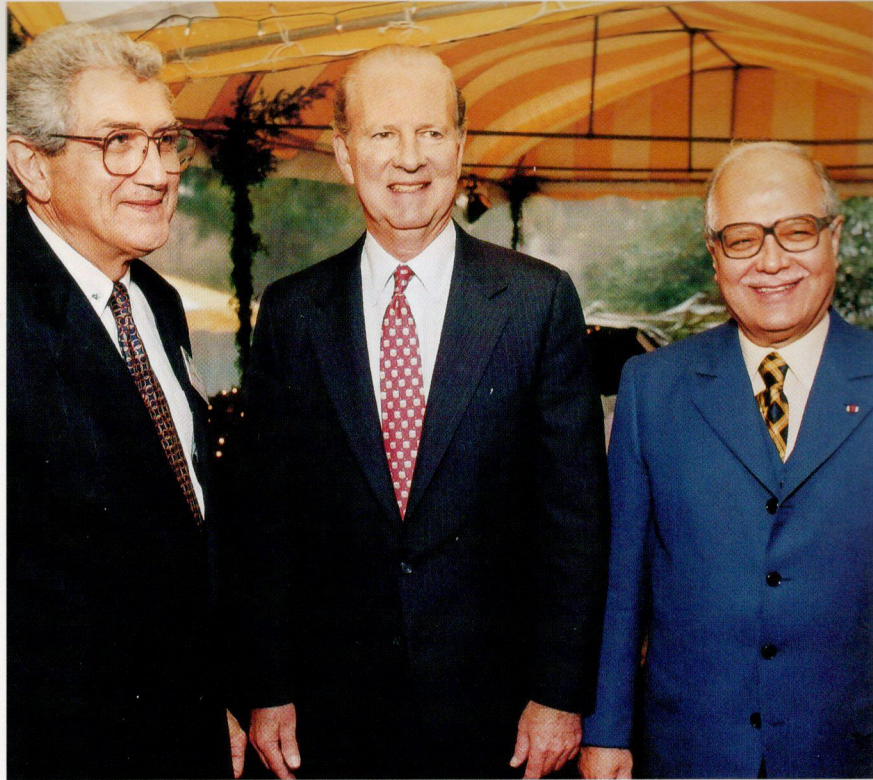
**My pragmatism was always rooted
in principles**

**What is possible and not possible
in the Middle East**

would much rather get 80% of what he wanted than go off the cliff with the flag flying. He used to say it all the time, and somehow nobody ever accused the Gipper of being squishy. But in any event, when it comes to the Middle East, I think it is absolutely essential to talk in pragmatic terms, to talk in terms of what is possible, because that, as we all know, is an extremely tough neighborhood and if you go into that, if you venture into that diplomatically, politically, socially, economically even, a healthy dose of realism is a must. Until recent years, of course, realism, and so far as the Middle East is concerned, often took the form of: there is nothing to be done, do not waste your time, that conflict has been going on and on for years and years.

Indeed, one of the first things I did when President Bush, President-elect Bush, asked me to be his Secretary of State, was to visit all of the former Presidents of the United States and get their sense, their view of what the job entailed. And as I visited with President Nixon, he said to me: «The Middle East is insoluble, stay away from it. Secretaries of State only get burned when they get close to the Middle East.» I think that in the last five years, perceptions of what is possible and not possible in the Middle East have changed fundamentally. I don't think we can any longer dismiss as a simple pipe dream, for instance, the idea that, some day, we might really have a comprehensive peace in the Middle East. Obviously, it is impossible to ignore the frequent clashes and the terrorist attacks, the bloodshed that accompany those. But the difficulties that are associated with agreements and accords between Israelis and Arabs should come as no surprise because, after all, this is an agreement between two parties with decades of enmity and mistrust behind them, and one that is, moreover, violently opposed by extremists on both sides of the spectrum, both the Arab side and the Israeli side.

What is surprising, and what I believe we are too inclined to forget, is the fact that there are any Arab-Israeli agreements at all. If the institutions of peace are still lacking, and they are still lacking, there has, at least for five years, been an agreement to try and forge those institutions and we have had a process, which has been a substantive, valuable, real, concrete, and a process that I think has accomplished some significant things. That, of course, is the good news. The bad news is the current state of that peace process and the setbacks that we have seen since the change of governments in Israel. I am going to have more to say about that later, but first of all I want to say a word about why we have come as far as we have, and where I think we really stand today.



The peace process and the Madrid Conference

On one level, the current Middle East peace process represents a series of discreet steps that began with the American shuttle diplomacy following the Gulf War. Certainly, the Oslo I and II Accords, certainly, the famous handshake on the White House lawn in September 1993, would have been inconceivable without the diplomatic marathon that preceded those things. That diplomatic marathon really ended, or reached its zenith, if you will, at the Madrid Conference, a conference which legitimized direct face-to-face negotiations between Arabs and Israelis for the first time, but for the Israel-Egypt agreement. It legitimized and put into place and into train the subsequent bilateral and multilateral talks and it really made possible a secret agreement between Israel and the PLO in Oslo.

But on another level, and I think really a more profound level, a peace process was the result, not so much of our shuttle diplomacy, as it was sweeping forces in the world, and the Middle East region of the world, which created the environment that permitted those direct negotiations to take place after all these years. Most importantly of all, perhaps, the defeat of Communism, the implosion and the dissolution of the Soviet Union, of course, marked a historic shift in the Middle Eastern balance of power; no longer could Arab rejectionists or radical states look to the Soviet Union as a patron.

Instead, as we saw in the Gulf War and in the sponsorship of the Madrid Conference, the United States could now, and now being 1991, depend upon Moscow as an ally in the search for Middle East peace. Iraq's defeat in the Gulf War had a similarly dramatic effect on the region's balance of power.

By reversing Saddam Hussein's aggression against Kuwait, the United States and her allies dealt a punishing blow to the forces of radicalism and rejectionism. The destruction of Iraq's offensive capability enhanced Israeli security substantially and validated the pro-western policies of the moderate Arab nations. Combined with the collapse of the Soviet Union, Desert Storm swept away major obstacles to peace in the Middle East and it ushered in unheralded opportunities for American diplomacy - opportunities that fortunately both Arabs and Israelis chose to respond to. All of them did so for different but very compelling reasons. Each of them faced powerful new realities. The PLO was confronted with the loss of a long-time patron in the Soviet Union. Moreover, the termination of support by Gulf Arabs, brought about by the PLO's disastrous support for Saddam Hussein, undermined the PLO's financial foundations, a development that really had a political parallel, when you think about it, in the emergence of Hamas as a radical rival of the Palestinian leadership.

The consequences of «Desert Storm» and the end of Soviet patronage



In short, in the wake of the Gulf War, the PLO was in a very shaky condition close to collapse. Jordan's circumstances were also very difficult. Rising radicalism in the Parliament brought economic distress throughout the country, and a lingering problem of 350,000 Palestinian refugees combined to give Jordan, too, a special incentive for peace. The Israeli government confronted new facts: the struggle between Israeli security forces and Palestinians in the West Bank and Gaza seemed as intractable as ever. Radical Islamic fundamentalism in the Occupied Territories and throughout the region constituted an ever-growing ominous threat to Israel. Perhaps, most importantly of all, there was, and I really believe, there remains, a desire on a part of most Israelis to put the political, economic and psychological rigor of being a nation permanently at war behind them. Nor should we forget that the reality changed as well for Syria and Lebanon. Like the PLO, Syria faced the end of Soviet patronage, a consideration that, I think, weighed heavily in its decision to join the coalition against Iraq, as well as in its new openness to American diplomatic initiative. Let me digress here and say that, but for Syria's determination and decision to attend the Madrid Conference, it, of course, would never have happened at all, because it was Syria's decision to do that, that made Madrid possible, and that confronted the mainly Likud government of Israel with a choice that I really think it would have preferred not to have had. It really had no option but to go to Madrid after Syria said she would.

Lebanon's case

Lebanon's case, of course, was very acute. It was politically fractioned. It was economically ruined. Lebanon needed peace; it was important that there be peace. It's still important to Lebanon that there be peace. So Lebanon, too, was eager to see Syria say yes to Madrid. And I think Lebanon was influential and instrumental in obtaining that affirmative response.

The Madrid Conference and Rabin's assassination

The Bush administration, and we had bipartisan support in the Congress, and I want to make sure that we give credit where credit is due, was committed to exploiting these sea changes created by the end of the Cold War and the defeat of Saddam Hussein. We were, after all, the world's sole remaining superpower, and we were determined to try, at least, and use that power to take advantage of what we saw as a window of opportunity for peace, and luckily, we succeeded. Against some fairly significant odds and against the advice of many who said do not try it, and despite skepticism within the Middle East and outside it, in the face of opposition by radicals throughout the region, we were able to bring Israel and all of the Arab neighbors into face-to-face negotiations for the first time: The first time with all of her Arab neighbors.



Of course, Israel had negotiated a peace agreement with Egypt. But the old taboo against talking directly to each other was broken. And you cannot get the peace if you are not willing to talk. Thereby, the spirit of Madrid was born. Now Madrid was a vital first step, but it was only a first step. Oslo I and II were important other steps. But if you take a quick look at the headlines today, and indeed, over the past three and a half months, or if you take a look at the evening news, Arabs and Israelis remain far from their goal, and from our goal of an enduring, comprehensive regional settlement. Peace, of course, has many powerful enemies. Many people established their political bases and they survived by being opposed to the concept of peace. Many people built political positions by having an enemy. Throughout the Middle East, there are people, all committed, many of them fanatic, some of them very dangerously armed, who will do everything they can to prevent peace and who will put every obstacle they can in the path of the peace process. Yet, we should not forget that because of Madrid and the Oslo Agreements, the true conflict in the Middle East today, because of the progress that we made, the true conflict is no longer between Arabs on the one hand and Israelis on the other. It is really between moderates and extremists on both sides.

And that point I made was hammered home pretty, pretty convincingly for Arabs and Israelis alike when Yitzhak Rabin was tragically and brutally assassinated by one of Israel's own citizens. Today we stand at a very, very, important crossroads in the peace process, and that is why I have opted to talk to you about the peace process rather than the Persian Gulf which we can deal with in the questions session.

This is an extraordinarily important time in the peace process because it is either going to move forward or it is going to regress. I do not think it is just going to sit there and stand still because I have always pleaded, and I think this is true, that there is no such thing as neutral gear in the Middle East peace process. Either there is a hope for peace and there is progress towards peace, or you are going to see violence on the ground. Sadly, it has been ever lost. Today, the Israeli-Palestinian negotiations are in serious straits, not only in regard to current negotiating points like the redeployment of the IDF from Hebron, but also with the further implementation steps after that, called for in Oslo I and Oslo II. To move forward, it is going to require greater commitment on all sides than we've seen, and as Issam Fares has just said to you, a greater commitment on the part of the United States of America.

A greater commitment on the part of the United States is needed to move towards peace



We have to focus on substance and not on symbols

To some degree, the problems can be attributed to the formation of a new Israeli government, but, this is no longer a sufficient or adequate excuse. Especially crucial to peace on the ground are the implementation of the economic reforms from Oslo I and II that would alleviate the dismal standard of living in Gaza and the West Bank. Since the 1993 Accords, Palestinians have seen their per capita income fall as Israel's climbs, leaving the average Palestinian with 1/6 the annual income of the average Israeli. The unemployment rate is 45% today in Gaza, it's 35% in the West Bank; it is 7% in Israel. Moreover, as a consequence of the new Israeli security measures, the number of Palestinians working in Israel has dropped from 53,000 to 18,000. So, we are left with a Catch 22. Economic growth for Palestinians depends on peace, but the fact of the matter is peace made a pinch upon economic growth for the Palestinians. Further implementation of the agreements calls for final status talks. The deadline for the completion of those final status talks is 1999. These talks have to begin pretty darn soon if there is going to be any hope of reaching a completion day in 1999.

And final status talks, of course, are fraught with far more danger and far more complications in the questions of access and free travel accords in the redeployment from Hebron. Final status talks are fraught with challenges regarding special issues like settlements and refugees, and Jerusalem, or whether or not the Palestinian territory is going to be an independent country or a confederation with Jordan. So, it's really, really important for the two sides to move forward beyond today's crisis and to focus on substance and not on symbols.

All too often in Middle East diplomacy, and in negotiating in the Middle East peace process, you get hung up on symbols; it is too easy to focus on symbols. It is important to focus on substance, but it is really hard to do it when there is absolutely no trust at all by one side or the other. That trust was beginning to develop - we saw little of it, if any, in Madrid. But as we moved through Oslo I and Oslo II, and the peace agreement with Jordan, there was a beginning to developing some trust. I am afraid that a lot of that trust has gone down the drain. The opening of the tunnel parallel in Temple Mount was simply, in my opinion, I do not buy the argument that this was a provocative act done intentionally by a hard-line Israeli government to sabotage the peace process; I really do not believe that, but I do see it as the match that lit the tinder. And the tinder accumulated when that new Israeli government refused even to meet with Arafat for over 100 days when

The danger of military miscalculation


The United States must serve as a catalyst and be fair and objective

it adopted, once again, an aggressive policy of creating facts on the ground by new settlement activity, and when it walked away from commitments by the prior Israeli government, particularly the question of redeployment of the IDF from Hebron. Somebody needs to remind somebody that a democracy honors the commitments it makes. It's not enough to talk the talk of peace; you have to walk the walk. Rhetoric is very good in politics - rhetoric can get you elected - but not in statecraft. In statecraft actions are much more important than words, and we need to see how to walk the walk. In any event, let me say that the peace process is in a very rough spot on the road today. I told your newspaper, the Boston Globe, in an interview earlier this afternoon, that I, for one, am very pessimistic. I hate to say that to you, but I am. I'm indeed more than pessimistic. I am depressed about prospects for the short to medium term. Those of us who predicted that the results of the Israeli election would be a major setback for peace and the peace process probably, really we didn't know it three months ago, but, we probably really understated what has actually happened since then.

I don't see any prospect in a short to medium term for any progress whatsoever on the Syrian-Lebanese track. And negotiations on the Palestinian track are in effect suspended without even a resolution of the Hebron redeployment issue.

So, unfortunately, what we see today with the peace process is a cessation of progress and demolition of hopes. When that happens, and as I have mentioned earlier, often times we will see violence on the ground, and until that situation changes, or is reversed, we shall all hope and indeed pray that dangers of military miscalculation are avoided. Not military action taken willfully - military miscalculation. It's the first time that I can remember; in many, many years, that we see maneuvers by Syrian troops and by Israeli troops in and around the Golan Heights. Now, we are about finished with our elections here, I think it is absolutely essential that the United States in the aftermath of our elections assume a stronger leadership role to get the peace process back on track.

Only the United States with its unique relationship with Israel, and our special role in world affairs, can serve as the honest broker between Israelis and Arabs, and only the United States is going to get this process back on track. But, to do so, we have to maintain the integrity of our position. And that is being objective and also that is strong. We cannot make peace for the parties. We cannot deliver Israel, contrary to the beliefs of some.



We can't deliver Arab states, but we can be strong and we can serve as a catalyst and we can be fair and objective. And that's what we have to do. Now, what that will involve from time to time is the telling of truths that will be upsetting to one or more of the various parties, but it comes with the turf. If we are going to make any progress, we are going to have to tell those truths. To put it as gently as I know how, the telling of those truths is not a task that has come naturally to the administration now in power in this country. For example, on the Sunday after the Israeli election, our Secretary of State of the United States of America signaled that the United States would adapt its well-known and long-held position that Israeli settlements on the West Bank are an obstacle to peace. On the Sunday after the Israeli election, the present National Security Advisor has referred to those settlements simply as «a complicating fact.» High policy on settlements should not be adapted. It should not be changed.

It should be maintained as it is, and it should be frequently articulated and aggressively pursued. Our policy in opposition to settlements has been a long-standing policy of the United States government under both Democratic and Republican administrations for many, many years, and it should not be sacrificed on the altar of political expediency. The fact of the matter is, it is only the United States that can make a difference and we better not shrink from our historic role. When we act as an honest broker in the Middle East, the prospect for peace has always been enhanced. That is the role President Nixon and Secretary of State Kissinger played in the Disengagement Agreements in 1973. That is the role President Carter and his Secretary of State played in the Camp David Accord in 1979, and that is the role that President Bush and I played in making Madrid possible in 1991.

In conclusion, let me simply say it is precisely this spirit of Madrid that the United States in the aftermath of our elections must seek to rekindle. It is a spirit of cooperation not confrontation. It is a spirit of realism, not radicalism. It is a spirit of hope and not despair.

Thank you all very, very much.