

ference to establish international guarantees of the peace that will ensue.

EIR: About two years ago, Chairman Arafat gave a speech warning about a "New Yalta" settlement, that was influenced by PLO official Hani Hasan. Basically, he said that there was a fear the superpowers would reach a condominium agreement over the heads of the participants who should have sovereign status. Is

Shaath: Well, we always are very jealous about reaching our goals through our own endeavors and those of the Israelis. We want the world to persuade the Israelis deliberate about the substance and reach a peace settlement that's satisfactory for both of us, and therefore, we need international support and persuasion. We don't want the international powers to meet separately and decide for us what we ought to do. I want that, even the Israelis.

EIR: Eagleburger's proposal in the Washington Institute the Near East Policy presidential study, "Building for Peace," was to continue the occupation, have elections under the occupation, and so forth.

Shaath: Yes, the thing is that many politicians really are slaves of defunct ideas. I are ideas that were developed during a time when the Palestinians were chased around the place, when we had no coherent peace plan, and when there was no *Intifada* and there was no international arrangement for the solution of regional problems as has happened after the Gorbachov approach. The world has changed. We have now a Soviet Union which is willing and desirous of joining with the United States and other powers to conclude an agreement. You have an *Intifada* in the occupied territory which says "No" to the occupation and makes its voice heard. And, you have a new Palestinian movement which sets its goals clearly on peace. Things have changed. So you cannot really just go back to old ideas which have become defunct, because the world has changed, and stick to them, and hope you can get any results out of them.

EIR: Dr. Kissinger is now reemerging through his surrogates in the Bush administration through Larry Eagleburger, Brent Scowcroft, and others. This is very troubling.

Shaath: I several people in that administration who have worked in Kissinger Associates, and Kissinger has been the most harmful to any real peace in the Middle East.

EIR: Do you see anyone in the Bush administration who might give cause for hope of a more balanced policy?

Shaath: Well, we really had hoped that Mr. Bush and Mr. Baker themselves might be susceptible to new ideas, to fresh approaches. We did not come with a negative mind about them, but they are not moving.

Interview: Gen. Mattityahu Peled

'Eagleburger report totally irrelevant'

Gen. Matti Peled served in the Israel Defense Forces, retiring with the rank of major general. He was a member of the Knesset for the Progressive List for Peace until September 1988 upon his retirement from the IDF. Now, he is a professor of Arabic Studies at Tel Aviv University. The following excerpted interview was conducted by EIR Scott Thompson at "The Road to Peace" conference in New York on March 12.

EIR: My first question is that I ington Institute

Eagleburger, which you criticized as disastrous. Could you elaborate?

Peled: Well, it is very narrow-minded, very superficial. It lacks even the smallest original ideas. What it really does is discuss the Middle East—apart from Iran—separate subject—from the standpoint of the traditional American attitude that Israel thing else should fall into line with this concern. So, they discuss the Palestinian problem, but they don't even mention the refugees. They speak about Syria as a danger to peace without mentioning the Golan Heights. They speak about the threat of chemical weapons concentrated in Arab countries without mentioning the nuclear weapons in Israel. very one-sided.

And, the end result of their analysis is that the PLO should, in fact, be eliminated somehow or other, that Israel should make a Jordan deal and the deal would be that Israel retains part of the occupied territories—the other would be given over to Jordan—and the part which would remain in Israel,

without specifying which. It's complete nonsense. Everybody knows that King Hussein does not want anymore to be involved in that, that the PLO is not likely to be eliminated from the scene, and that the Palestinian population is not likely to participate in an election that will end up in their autonomy. But, all this doesn't seem to bother Eagleburger's group. They feel well with their own ideas, which are absolutely irrelevant to the present situation. And on that basis they are proposing a Middle East policy for the President. I

on the part of Eagleburger.

EIR: Do you find any similarity between the Eagleburger study and the proposal of the Bush administration in the *New York Times*?

Peled: No, I

do not. The *New York Times* today had—in my reading anyway—two positive elements. One is that they are going to present Shamir, when he comes to Washington, with a number of demands, I

create a more relaxed atmosphere in the occupied territories, which would be conducive to some kind of a dialogue. And, the demands are taken from a list of 14 demands which a Palestinian group made in Jerusalem in February 1988. At the time, the Israeli government completely ignored the demands. If

they could have prevented the *Intifada*. But, the government completely ignored it. And so, some of these demands are repeated in the American proposal.

EIR: Are these the economic demands?

Peled: The economic, release of prisoners, letting schools open, stopping deportation, and this means that they are going to tell Shamir: “Look here, you come with some ideas, but here are specific steps that we would expect you to take in order to overcome the present crisis.” So, this I to be a pleasant development, not something revolutionary, but clearly it is a positive one.

And the positive element is with regards to the PLO. The demands that are put to the PLO—or the suggestions—are not really serious. I

be the subject of the dialogue with the PLO, which means that they are prepared to give substance to the dialogue, which is something that the PLO was very, very anxious to hear from the United States. . . . Well, they’ll talk about matters that will be important. They may disagree, but at least these are important matters which will be discussed. And, this is done before Shamir is coming, which means that they are telling Shamir that the dialogue with the PLO will continue.

Now, these elements I turn down the demands as may the PLO, but at least it creates some dynamism, which to my reading goes in the right direction. So, it doesn’t follow from the Eagleburger report at all.

EIR: Nabil Shaath was rather harsh on the substantive demands to the PLO.

Peled: Well, I’m

not sure. The Americans propose to the PLO, they know that the PLO cannot accept it and will not accept it. But, it can provide an excellent opportunity to investigate or to discuss in depth the real problem.

EIR: The feature that I Institute

is possible now, before the atmosphere is shifted over some long process of time.

Peled: This is in line with the Eagleburger report. They also recommend a long period of preparation, waiting for the situation to “ripen” as they say. . . . The only thing which follows from the report is that they need a lot of time and this, of course, may be achieved by this maneuver, but still it points to different directions. And, therefore, I this latest Bush initiative as fol port.

EIR: What are your thoughts on the economic program that must accompany any peace settlement. Peres talked of a “Marshall Plan,” others have talked of a Middle East Development Bank or Fund: joint industrial projects, irrigation projects, and so on.

Peled: Well, you see, the Eagleburger report ignores the refugee problem. I problem. I borders problem. In fact, problem, but there is a refugee problem.

Now, what can be the solution

Israel

than that. The Palestinian state can take maybe larger numbers, but they cannot absorb all that’s needed. The majority of refugees will have to be resettled. They must give up the right of return and resettle. This should be part of the bargain for the creation of t the right of return and accept resettlement.

Now, imagine resettling 3 million people. This is a huge undertaking, and this will never be achieved without massive international financial cooperation. Israel also contribute, because legally all the abandoned property is held in a trust fund in order to compensate the refugees. . . .

The Palestinian state, of course, will need a lot of money to establish itself. We know that. We can look at the birth of Israel, tance, the German reparation money, without this we couldn’t have created the financial basis which enabled Israel Something of the same nature will be required by the Palestinian state. . . . They will have to look elsewhere: maybe the Arab oil-rich countries, the Saudis, and others. But, when you look at the specific issues, they all require international cooperation—international economic cooperation—to help really solve the problem. And, this I’m beneficial to the entire region, Israel

Once this is the result—the refugees are resettled and t Palestinian state gets the necessary support to establish itself—then it opens up into all kinds of excellent ideas on international and regional development. The region cries for development. I be a problem. I bring prosperity—a great deal of prosperity—to the entire region. . . .

EIR: Peres has repeatedly said he won't talk with the PLO. Do you see anything I you think that he might change this position?

Peled: I finished completely. They have sustained three successive defeats. . . . Now if the Labour Party will find a way to revive itself—get reorganized—and define political positions, change the leadership, maybe they have a chance of coming back as a serious political force. But, then they will not be able to follow the line adopted now by Peres and Rabin. This is the root of t reorganized, I other set-up will fill the place left vacant by the Labour Party. But, what Peres says now and what Rabin says now, is absolutely of no value. . . .

EIR: Do you see any hope that the "Young Princes" of the Likud such as Benny Begin would try to initiate some dialogue with the PLO.

Peled: I Meridor and Ehud Olmert. The group that supported Moshe Amirov in his first exploratory phases. Perhaps they may be more pragmatic, say, "Okay, we have our ideas, but we know that reality doesn't favor it, so let's look for the second best." But, this would require first of all that Shamir and Arens and the other hardliners vacate their seats. And, this is not likely to happen in the next two years. So, I three to four years we cannot expect any constructive initiatives coming from the Likud. Unless, of course, there would be some very tangible pressure from abroad on them to change t calculations, but the calculations of the United States, let's say. . . .

EIR: Well, you said you thought the excessive military aid was actually hurting the Israeli

Peled: Right. I legitimate needs in Israel ernized weapons systems, I of its own to pay for that. The fact that the \$2 billion given to us must be spent in the United States means that our industry doesn't benefit from that at all. . . . We get finished products. All we have to do is absorb them, spend money on that, and in the end we spend \$4 billion, but our local industry doesn't benefit from it at all. . . .

Rather than spend \$4 billion of our money to absorb finished products from abroad, I billion of our money, which I should spend on defense. . . . With all this tremendous financial support, our economy is stagnant now for 14 years: no development, no progress at all. This can be simply explained, because we must buy U.S. products with their support. . . .

There's another part of the American aid: \$1.2 billion

economic aid. This could really help our economy, but Israel is wasting that money. This is the best kept secret: How much of that money we spend in the territories, to enhance their annexation. I

ries, and the other half is added to the other amount used to pay debts. Now, spending half of that money on the territories contravenes American law. . . . Now, I sufficient for the United States to tell Israel: to be development money. So please invest it in development or lose it." This will have a tremendous effect on our economy.

EIR: Since at least 1976, *EIR* has had a policy for a development fund for the Middle East. Several people have supported such an idea in Israel fundamental for development and for the peace process with Egypt, Jordan, and whatever Palestinian state emerges. . . .

Peled: Well, it would certainly be a much better way of investing the money. Right now it is wasted, absolutely wasted. . . . The economy is stagnant. . . . I United States accepts it. But, certainly, they could funnel the money into a development fund with a clear, stated role.

EIR: Then the Japanese, Saudis, and Europeans might join.

Peled: Right. Right. But, as it is, the Americans are wasting a lot of money on Israel

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