

Israel mired in the past

Now that the Canadian elections are over, we can let out a big sigh of relief and go back to worrying about the rest of the world's problems. Chief among which continues to be that endless brawl between Palestinians and Israelis.

In recent weeks, however, there were a few rays of hope that small but important steps were being taken by both sides on the rocky road to some sort of peace settlement.

Israel's Labor coalition repeated its offer to trade land for peace and to join an international peace conference. Even more dramatically, Palestinian moderates, led by Yasser Arafat, overcame hardliners at the recent Algiers meeting, and finally accepted a series of UN resolutions on the Mideast. By doing so, Arafat gave what appears to be formal recognition to the state of Israel and, as well, he openly renounced the use of terrorism.

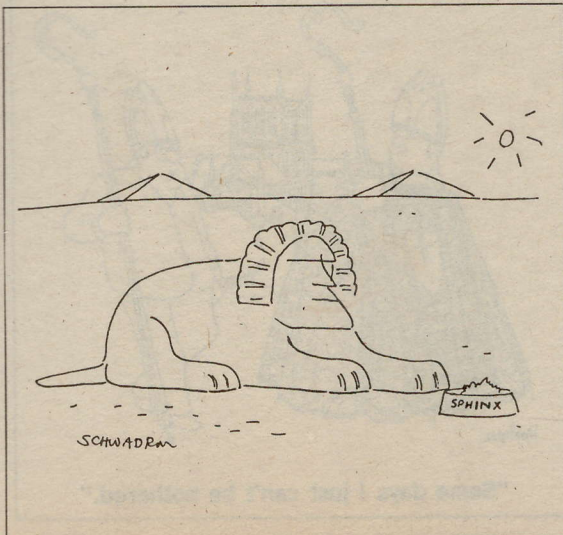
What made these statements so important is that both Israel and the U.S. say they won't talk to the PLO until it recognizes Israel and stops violence. Now Arafat has put the Israelis and Americans on the hot seat.

To no one's surprise, Washington and Jerusalem reacted by pooh-poohing Arafat's statements. Nonsense, doubletalk, said the Israelis. Not enough, too vague, retorted Washington.

To much of the rest of the world, though, the PLO's olive branch seemed real enough. The European Community said so, though Greece was the only EEC member to officially recognize the new Palestinian state. China, India and the USSR, with over 40% of the world's population between them, granted formal recognition. More nations will likely follow since 102 already accept the PLO as a legitimate liberation movement.

Which leaves Israel and the U.S. looking pretty lonely. Israel's leader, Yitzhak Shamir, doesn't appear to care. Right now he is too busy trying to cobble together a coalition government, either with a sullen Labor party or with the little ayatollahs of the religious right. No one doubts the tough Shamir when he says there will be no talks

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with Palestinians, and not one grain of sand given back.

There was some hope that the U.S., which gives Israel close to \$4 billion in aid each year, might lean on Shamir and force him to the negotiating table. This does not appear likely. So it looks, for now, like more of the same. Israel will glower at its enemies while the Palestinian uprising will go on. Unless something startling happens, Israel will get closer to becoming what the author Arthur Koestler feared, a Jewish Sparta.

It's pretty discouraging.

Moderate Palestinians have stuck their necks out—at great personal risk—and have been slapped in the face. The only thing they can do to satisfy hardliners in Israel and the U.S., it appears, is to go shoot themselves.

There is an important element in all this that Israelis and their foreign supporters fail to see. They are so busy worrying over how a tiny, unarmed Palestinian state on the West Bank might threaten Israel's survival that they have lost sight of one key benefit that peace will bring.

The real threat to Israel is relentless economic decay. Israel just doesn't have the money to keep itself as the world's fifth-ranking military power—and a nuclear one at that—to run a social welfare state and to spend \$1 billion each year to suppress the Palestinian uprising.

More Israelis are leaving each year than come in because of growing economic difficulties. American taxpayers will not go on forever giving more money. On top of this, Israel's most important industry, arms, which accounts for 17% of all exports, is in terrible trouble.

Israel desperately needs to open markets in Asia, Africa and the Mideast to its industry. Recently, a major trade deal between Israel and China was on the verge of being signed. It's now on hold because of Shamir's refusal to talk to the Palestinians.

India and the Soviet Union, both important potential markets for Israeli technology, also remain closed because of the Palestinian problem. A settlement of the Palestinian conflict will open most or all Mideast markets to Israel and restore lucrative ones in black Africa. Israeli agricultural, weapons and communication technology is ideally suited to such areas.

As unemployment grows in Israel, it's worth pondering these points. There are risks, perhaps great ones, in making peace, but the upside benefits for Israel's economy are stunning. Ponder turning 197 million Arabs from enemies into customers. Given peace, Israel could very well become the Japan of Western Asia.

Israel's hard right, alas, seems too busy living in the dark past to think about the future.