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5 Israel's foreign policy towards the PLO and its location on the Cusp

From coherence to incoherence?

Amnon Aran

Introduction

Travelling the short distance between Jerusalem and Tel-Aviv is, in a nutshell, a journey along Israel's location, on the cusp between three regions: the Middle East, Western Europe and North America. Tel-Aviv, renowned for its Bauhaus architecture, its European-style cafes, and its vibrant business community, embodies Israel's embedding in Western Europe and North America. Jerusalem, a poor, segregated, and deeply religious city, projects the enduring Arab-Israeli conflict and Israel's rootedness in the politico-military landscape of the modern Middle East. However, as this chapter aims to show, the impact of straddling three regions goes beyond their effects on these cities. It bears on Israeli politics, economics, society, culture and foreign policy.

The focus of this chapter, which is divided into three sections, is on the changing relationship between Israel's position on the cusp between three regions, and its foreign policy towards the Palestinian Liberation Organization (PLO) and the Palestinian Authority (PA). The first section analyses Israel's position on the cusp and what this entails for the security, state-ideology, economics and institutions. The second section examines Israeli foreign policy towards the PLO and the PA during and after the Cold War in the context of its position on the cusp between the Middle East, Europe and North America. It is argued that during the Cold War, and especially since the early 1970s, Israel adopted a hard-line stance towards the PLO that was compatible with this position, but that the end of the Cold War introduced certain tensions. The choice of this timeline is informed by the assumption that the end of the Cold War removed the bi-polar structure, which enhanced the role of regional

dynamics. By extension, the effect of being located on the cusp was enhanced as well. The third section explores the responses of key Israeli foreign policy-makers, Prime Ministers Yitzhak Rabin and Binyamin Netanyahu, and Foreign Minister Shimon Peres, to these emerging tensions. The fourth section investigates the degree to which the stances advocated by each of these statesmen proved useful for dealing with the relationship between the effects generated by Israel's location on the cusp and its foreign policy towards the PLO/PA.

Mapping Israel's location on the cusp

The notion of states simultaneously being pushed and pulled by two or more subsystems is intriguing. However, identifying their boundaries, the forces and effects they generate, and how these subsystems affect foreign policy, is far from straightforward. Take, for example, the Middle East regional subsystem. Tripp (1994) demonstrates that the regional international institutions (e.g. the Gulf Cooperation Council, the Arab League) are designed not to foster cooperation in the region, but to protect member states from political, economic and military threats. Also, trade, another common constituent of regionalism, does not figure prominently in the Middle East. The main regional trading countries – the rich Gulf states, Israel, and Turkey – trade more with external powers and economic blocs than inter-regionally (Halliday 2005: 261–99).

Common norms, culture and identity also have not produced a binding effect. In fact, the pan-regional projects espoused by Pan-Arabism in the 1950s and 1960s and, later, the notion of an Islamic Umma (nation) transcending states and unifying the region, have generated considerably more rivalry than cooperation between states. The Pan-Arabism of the 1950s and 1960s pitted conservative monarchies and Arab republics against each other (Dawisha 2005). Subsequently, and especially since the 1979 Iranian revolution, *politicization* of the notion of a Muslim Umma, and ensuing conflicts over who

should lead it, have fuelled intra- and inter-state conflicts, especially in the Gulf region (Gause 2010).

Thus, the Middle East lacks many of the binding features identified by theories of regionalism: social and economic exchange, the links generated by economic integration, regional institutions, and a common identity (Hurrell 2007). However, in one central respect – security – the Middle East can be seen as a subsystem or, as Buzan and Waever (2003) describe it, a regional security complex. The idea of a regional security complex is based on the simple proposal that most threats travel more easily over short distances. Hence, interdependence related to security usually involves regionally based clusters or security complexes, which are defined and shaped by three key factors: the territorially bounded states comprising the region, distribution of material power, and the political process by which security issues are constituted (ibid.: 4). The emergence of a Middle Eastern regional security complex is a major manifestation of what Hurrell (2007) refers to as ‘regional consolidation – when the region plays a defining role in the relations between the states of that region and the rest of the world, and forms the organizing basis for policy within the region’ (Hurrell 2007: 1).

The Arab-Israeli conflict is an important component of the Middle Eastern regional security complex. Given its central role in focusing, amplifying, and, in some cases, defining the transnational qualities of Arab Nationalism and political Islam, it provides the Middle Eastern regional security complex with coherence. Consequently, strong rhetorical support for the Palestinians has been intrinsic to the legitimacy of regimes extending from Morocco to Oman. Likewise, security dynamics across wide distances were linked by the conflict. The several Arab-Israeli wars (1948, 1956, 1967, 1969–70, 1973, 1982), and the major configurations between Israel and the PLO, Hezbollah and Hamas (1982, 2006, 2008–09 respectively) involved more distant clashing entities and countries. To some degree, all the Arab countries have been involved, if only rhetorically, in the Arab-Israeli conflict. Many

countries (Iraq, Iran, Saudi Arabia, Kuwait, Libya and Tunisia) have provided economic, military and political support to the Palestinians (Sayigh 1997).

Thus, both symbolically and materially, the Arab-Israeli conflict has linked a wide geographic spread of Arab and Islamic states to Israel (Buzan and Waever 2003: 193). Therefore, it could be argued, Israel is rooted in a hostile regional security complex, which exhibits the features of a Westphalian modern state system of interstate insecurity generated by territorial disputes, ideological competition, power and status rivalries, ethnic and cultural divisions, and disputes over material resources (ibid.: 194).

At the same time, in several respects Israel can be seen as gravitating towards other subsystems. For example, during the first 20 years of its existence, the various underpinnings of Zionism – the state ideology – derived from late nineteenth century European secular nationalist ideologies (Avineri 1981). In institutional terms, Israel exhibited a formal (although imperfect) system of democratic processes and structures, and its economy was influenced strongly by relations with Europe. Most crucially, the controversial 1952 reparations agreement with the Federal Republic of Germany awarded individuals and the Israeli state (until 1967) financial compensation for the Holocaust, which were paid until 1967 (Sachar 1999: 32–53). France provided crucial equipment to the Israeli Defence Forces (IDF), and Israel's budding nuclear programme (ibid.: 77–108). Until 1967, therefore, it could be argued that Israel was positioned on the cusp between the Middle East and Western Europe.

However, following the 1967 Arab-Israeli war, its position changed. The collapse of the French-Israeli alliance, and the end of West German aid, weakened Western Europe's influence. Concurrently, the US, under the Nixon administration, shifted its foreign policy focus towards the Soviet Union. In response to this reconfiguration, Israel and other proxies in the Third World assumed the role of preserving a regional balance of power favourable to American interests. This involved curbing Arab radicalism, of which the PLO was a part, and checking Soviet expansionism in the Middle East. As part of

this endeavour, President Nixon and National Security Advisor Henry Kissinger advocated that the US should support Israel through the supply of arms, economic assistance and political patronage. Thus, Israel's interests in the Arab world converged with the US administration's interests in expelling the Soviets from the Middle East (Shlaim 2000: 309–10). Then, beginning in the mid-1970s, a series of agreements (1975, 1979, 1981) was forged establishing a strategic alliance between Israel and the US (Israeli MFAa; Israeli MFAb; Medzini 1988: 200–2). The significance of these agreements to the discussion in this chapter lies not so much in the political, military and economic support they guaranteed to Israel, but in the ushering in of a period of political and economic and military links with the US and the broader region that was to form the North American Free Trade Association (NAFTA).

As a result of the ongoing relations with Western European countries and deepening ties with the US, Israel, like other Cusp States, was straddling three regions. In security terms Israel was well rooted in the Middle East regional security complex; however, its political ideologies and identity were more aligned to Europe and NAFTA. Thus, Israeli official discourse, popular culture and media abound with references to Israel as the only democracy in the Middle East, as a 'villa' in the (Middle Eastern) 'jungle', and a bastion of the West (Eldar 2012). In institutional and economic terms, too, Israel is more fixed in Europe and NAFTA than in the Middle East. Israel enjoys Free Trade Agreements (FTA) with North America and most of Western Europe, which accounts for nearly 80 per cent of Israel's foreign trade. Israel has an association agreement with the European Union (EU) that exempts most Israeli-made products from import duty. It has FTAs with the European Free Trade Association (EFTA) countries and Turkey, and NAFTA (Israeli MFA 2010).

Basic economic indicators also reflect the degree to which the Israeli economy resembles Western European, North American and European countries more than its neighbouring Middle East states. For instance, Israeli GDP per capita in 2011 was estimated at \$31,400. The figure places Israel

closer to per capita GDP levels in countries such as the United Kingdom (\$36,600), France (\$35,600) and Spain (\$31,000), than to her immediate neighbours Egypt (\$6,600), Jordan (\$6,000), Syria (\$5,100) and Lebanon (\$15,700) (Central Intelligence Agency 2012). Israeli democracy, though compromised by its occupation of the West Bank, resembles the regimes in Western Europe and North America more than the authoritarian regimes of the Arab Middle East and Iran. Thus, organizations that monitor civil liberties around the world, such as Freedom House (2012), situate Israel alongside Western European and North American 'free' countries, while among Israel's neighbours, Syria, Egypt and Jordan are defined as 'not free', and Lebanon as 'partially free'. A reflection of Israel's strong institutional and economic rooting in Europe and North America can be seen in the country's recent (2010) inclusion as a member in the Organisation for Economic Co-operation and Development (OECD 2012).

Triple gravitation and foreign policy towards the PLO after the Cold War

The previous section explored the evolution and manifestations of Israel's location on the cusp between the Middle East, Western Europe and North America. While the dynamics generated by security locate Israel firmly within the Middle Eastern security complex, there are economic, political and social ties to Western Europe and North America. The aim of the second section is to examine the links between this complex dynamic and Israeli foreign policy behaviour in relation to the PLO/PA.

Since the establishment of the PLO, towards the end of the Cold War, Israel has pursued the hard-line foreign policy stance of retaining all the territories seized in the 1967 war (rather than trading them for peace), has shown a tendency to use military force rather than diplomatic tools, and has rejected international initiatives aimed at addressing the conflict (Aran 2009: 33–87). During the Cold War, especially from the early 1970s, Israel's hard-line foreign policy stance was compatible with its straddling of three regions.

Although relations between the USSR and the PLO were often tense, Israel portrayed its confrontation with the organization, and the conflict between the West and the USSR, as linked. In particular, Israeli successes during conflicts with its enemies, including the PLO, weakened the Soviet's allies and inflicted political and military damage to the USSR (Golan 1990). Crucially, from the late 1970s, foreign policy in relation to the PLO was the only arena where Israel could utilize military force extensively and routinely towards an actor ostensibly supported by the USSR; the peace agreement with Egypt was under way and, following the 1973 war, security arrangements along the border with Syria were in place. Of course, this hard-line stance had domestic consequences. The deepening occupation of the West Bank and the Gaza Strip had the potential to increase tensions with Western Europe's liberal, humanistic, normative values governing political conduct among states. Arguably, however, these tensions were dissipated by the Cold War security overlay, which linked Israel politically and militarily to the West.

The end of the Cold War prompted change. The link was broken between Israel's aims to confront the PLO and the West's goals related to confrontation with the USSR. Tensions persisted around maintaining a hard-line stance and location on the cusp of the three regions. For example, it went against the 'new world order', announced by George H. Bush, in which international disputes would be settled by peaceful means. Also, the domestic consequences of maintaining this extreme position were increasingly at odds with Israel's proclaimed institutional affinity with Western Europe and North America. Specifically, occupation of Palestine, especially amid the 1987 Intifada, was challenged by the deeply embedded norms of liberal humanism and international peace that was supported by the expanding EU. The removal of the Cold War's security overlay made these tensions more pronounced.

The confluence of the end of the Cold War and the restructuring in 1985 of the Israeli economy through the Economic Emergency Stability Plan (EESP) produced a third tension. A detailed examination of the EESP is beyond the scope of this chapter. Suffice it to say that it shifted the Israeli economy from

being state-led and rent-based towards being market-driven and globally integrated. In this context, foreign direct investment from the European and North American economic subsystems, trade with these blocs, and the private sector's ability to access foreign capital from global financial markets became the foundations of the new Israeli economy (Nitzan and Bichler 2002; Shalev 2000). The changes prompted by the rise of this new economy, especially access to capital not linked to the state, endowed the Israeli private sector with an autonomy it had not previously had at its disposal. This coincided with the severe effects of the EESP on the decline of the state as the key tenet of the economy, and the rise of the private sector as the new economic engine (Shafir and Greenberg 2000: 103–127). Consequently, the political influence of the private sector extended to several spheres of activity, including foreign policy.

These economically driven changes that were pulling Israel towards Europe and North America were incongruent with Israel's hard-line stance in the context of the Middle East regional security complex. The enduring conflict with the Arab states deterred foreign investors, who saw Israel's unstable geopolitical environment and the possibility of an Arab boycott on companies doing business with Israel, as major problems. Also, Israel's traditional foreign policy towards the PLO hindered the ability of domestic companies to penetrate the liberalizing markets of Asia (e.g. India). So long as the hard-line stance continued, the state and the emerging Israeli business class would be unable to realize the potential offered by Israel's access to Western Europe and North America, and to integrate with the world economy.

Identity was also an issue. Until the early 1970s, Israel's identity evolved around the notion of *Mamlachtiyut*, which celebrated images of the *Lochem* (Warrior), *Tzabar* (Jews rooted in the land), and more especially the state, as the central focuses of society, politics, economics and culture (Almog 2004; Liebman and Don-Yihyeh 1983: 81–131). However, from the mid-1970s *Mamlachtiyut* had become weaker due in part to the growing military and political dependency on the US, which above all had the effect of eroding the notion of the state. Another reason was the declining economic and military

performance of the Israeli state, which undermined the Zionist-Collectivist tenets of *Mamlachtiyut*. The multiple sub-state groups, such as the Jewish Settler Movement (Eldar and Zartal 2004), the Mizrachi Jews (Shalom-Chitrit 2004), and Ultra-Orthodox Jews challenged the state over its various policies concerning war and peace, distribution of wealth, and the balance between the religious and secular interests in state, culture and society.

By the end of the Cold War, Israel was no longer defined by the hegemonic Zionist-Collectivist ethos of *Mamlachtiyut*: its Israeli identity was bifurcated. On the one hand, growing segments of society were seeking to fill the 'Jewish vacuum' left by the decline of *Mamlachtiyut* by espousing an increasingly religious, ethnic and nationalist credo. On the other hand, the effects produced by the restructuring of the economy through the EESP and the revolution in information technology were influencing the former *Ashkenazi* male, secular, nationalist elite who were now attracted to the impact of a hedonistic, capitalist, individualist, consumerist Western lifestyle (Ram 2007). For this influential group, the enduring Arab-Israeli conflict, particularly with the PLO, was an obstacle to realizing the life encapsulated by the Western-influenced ethos, and their own financial aspirations.

The responses by the policy-makers

We have shown that following the end of the Cold War, Israel's hard-line foreign policy was challenged by the several tensions generated by Israel's location on the cusp of three regions. The hard-line stance it pursued towards the PLO in the context of the Arab-Israeli conflict and the ending of the Cold War, stood at odds with the new Israeli economy and some aspects of the newly emerging Israeli identity. The policy response and ideas promoted by the then Israeli Prime Minister, Yitzhak Rabin, his Foreign Minister, Shimon Peres, and the then leader of the opposition Binyamin Netanyahu, were pivotal. None directly articulated a foreign policy agenda in the context of the tensions arising between maintaining a hard line towards the PLO and the Middle East security complex, and Israel's position on the cusp. However, their discourse

and foreign policy actions infer that their stance towards the PLO reflected the tensions generated by Israel's position.

Rabin quickly recognized that the mutually reinforcing relationship between maintaining Israel's hard-line stance in the context of the Middle East regional security complex, and a politico-military rooting in the West via the alliance with the US, had changed following the collapse of the Soviet Union. He argued also that, given the West's agenda of conflict resolution in, for example, Somalia and the Balkans, continuing conflict with the PLO would be at odds with Israel's integration in Western Europe and North America. Rabin understood also that conflict with the PLO was an obstacle to Israel's full exploitation of the economic ties being forged with Western Europe and North America, especially following the EESP. Finally, he saw conflict with the PLO as incongruent with the ethos that Israelis oriented towards Western Europe and the US had adopted. Rabin feared that the tenets of globalism, hedonism, individualism and consumerism would weaken the ability of Israeli society to cope with a protracted Arab-Israeli conflict. After some indecision and considerable reflection, Rabin shifted Israel's foreign policy towards the PLO from one of confrontation to one of political engagement to try to reconcile these tensions (Inbar 1999: 159–64; Makovski 1996).

Foreign Minister Shimon Peres was even more convinced than Rabin that Israel must reformulate its foreign policy towards the PLO. However, Peres sought not merely to reconcile the tensions generated by the hard-line stance and Israel's location on the cusp. In his book, *The New Middle East*, Peres (1993) outlines a vision that involved redefining the regional underpinnings of the Middle East and Israel's location within it. Peres wanted to use foreign policy change – a shift from conflict to political engagement with the PLO – to restructure the Middle Eastern regional framework. His vision was based on an assumption that political organization around a nation state was no longer sufficient to deal with the contemporary challenges facing human societies. He claimed that 'only regional and supra-regional frameworks

can provide the individual with security, livelihood, and freedom' (Peres 1993: 77–8).

Peres saw a number of trends fuelling this macro shift. The first was transformation of the political-security challenges facing states and societies. Peres contended that, previously, 'the main conflicts were between people or states' and that '[the] way to deal with an international conflict was by erecting an army, formulating a strategy, and resorting to the battlefield after exhausting all other options'. Employing similar methods in the face of the 'new' political and security challenges would be fruitless, in his view:

There is no military answer to nuclear threat, there is no military answer to poverty and fundamentalism, there is no military answer to terrorism and there is no military answer to the destruction mankind inflicts on the ecology. We live in a world, which is confronted by new problems, yet employs old strategies.

(Peres 1993: 78–9)

In this new era, Peres envisaged national security requiring a system of regional security – implanted in a global framework. His conclusion was that 'an organisation for regional security combined with an organisation for global security is the course we need to pursue towards the twenty first century' (ibid.: 80). In other words, Peres saw expansion of Israel's political and military embeddedness in the *external* sphere as the most feasible way of dealing with the contemporary security and political challenges.

In addition to generating changes in the political-security realm, Peres hoped to use foreign policy change to transform the socio-economic landscape of the Middle East. Specifically, he sought to move the Middle East out of what he considered to be a 'war economy'. Defusing the conflict with the Palestinians and the Arab states was crucial for achieving this goal because 'it would deprive the war economy of one of its main sources of legitimization' (ibid.: 82–3). Peres hoped to create a regional open market economy to replace the war economy (ibid.). In the prevailing global economic competition, Peres

contended that smaller markets were unviable as economic units, and did not 'generate sufficient capital for research and development and the manufacturing of new products' (ibid.: 90). He conceived of a Middle East regional open market economy embedded in the global economic arena, particularly in terms of the ability to generate capital. In investing in infrastructure projects throughout the Middle East, multinational corporations and private banks, alongside the US, Japan and the EU, would constitute the main sources of incoming capital for the region. This investment in the Middle East would benefit the global economy by keeping oil prices stable and avoiding the costs of further eruptions of violence in the region (ibid.: 92–103).

For Peres, the establishment of a regional economic framework – implanted in the global economy – was not just an economic issue. By transforming the regional economy he hoped to 'redeem' the Middle East from religious fundamentalism and political instability. His account demonstrates his belief that the economic opportunities presented by globalization would generate a pacifying-secularizing political and social change. The incorporation of multilateral economic activity into foreign policy towards the PLO is conceived of here as a first attempt to set in place a tangible framework for a 'post-war economy' of the Middle East.

A third view was being expressed within Israeli foreign policy circles – that of the then leader of the opposition, and future Prime Minister, Binyamin Netanyahu. In what is considered by many as a blueprint for policy-making, *A Place Among the Nations* (Netanyahu 1993) outlines Israel's foreign policy towards the PLO, and its location on the cusp, as disconnected. Netanyahu does not devote space to reflecting on the possibility of tensions developing between these two elements, which suggests that, for him, they existed in parallel but were not interconnected. When asked whether he shared Peres's vision of a *New Middle East*, he replied that 'the notion was characteristic of people who live under continuous siege and want to change what is happening beyond their walls by imagining a different reality' (Shlaim 2000: 574).

Between vision and reality

Rabin, Peres and Netanyahu had very different visions concerning the relationship between Israel's location on the cusp and the foreign policy it pursued towards the PLO. With the benefit of hindsight it is possible to evaluate the degree to which their policy positions were useful for dealing with the tensions ostensibly arising between Israel's location on the cusp and its foreign policy. Undoubtedly, the plan outlined by Peres was the most ambitious of the three. It was designed not merely to reconcile the tensions that might have arisen between a continued hard-line stance towards the PLO and Israel's straddling of three regions. It involved a historic shift that would result in Israel expanding its institutional and economic rooting in the Middle East, and transforming the economic, institutional and ideational regional underpinnings of the Middle East region. For instance, a transformation from virtually no economic cooperation to economic interdependence, from a regional identity based on mutual exclusion to an identity with regional integration, and from a region characterized by institutions promoting state interests to one characterized by institutions fostering cooperation.

There were initial signs that the vision of the 'New Middle East' might materialize. Three regional meetings – the 1994, 1995 and 1996 Middle East and North Africa economic forums – were convened following the signing of the Declaration of Principles (DOP) between Israel and the PLO, which entailed mutual recognition and a very limited transfer of power from Israel to the PA. The meetings brought together Israel, various Arab countries, and some external parties, to discuss the development of regional economic frameworks. However, a number of factors rendered the effort to shift Israel's location on the cusp in the context of creating a 'new Middle East' still-born. One was that the Israeli business community was not interested in integration in the new Middle Eastern economic framework. Instead, the mould with the PLO having been broken, and the secondary and tertiary Arab boycotts against Israel having been dissolved, the business community was focused on the economic possibilities *beyond* the Middle East that would be facilitated by

Israeli foreign policy reformulation. This included entering markets such as India, China and other emerging South East Asian countries, to which Israeli firms now had access. It also emphasized a strengthening of relations with partners such as Japan, which, prior to the Oslo agreements, had been low profile in terms of links with Israeli companies (Bouillon 2004: 52–4; 131–2). Meanwhile, as mentioned earlier, Israel was engaged in a concerted effort to deepen its economic ties with the US and Western Europe.

Another reason why this effort failed was that the notion of a new Middle East was opposed by ethno-centric, religious and nationalistic domestic groups within Israel, which still considered the Middle East a hostile domain (Ben-Ami 1998: 336–8). Likewise, societal groups throughout the Arab world were deeply opposed to the proposed shift in Israel's location on the cusp through its integration into the new regional frameworks envisaged by Peres. Indicatively, the introduction to the Arab translation of Peres's book (Cairo: El-Ahram, 1995) claims that:

When the Protocols of the Elders of Zion were discovered about 200 years ago by a French woman and disseminated in mans' languages, including Arabic, the international Zionist establishment tried its best to deny the plot. They even claimed that it was fabricated and sought to acquire all the copies on the market in order to prevent them from being read. And now, it is precisely Shimon Peres who brings the cutting proof of their validity. His book [*The New Middle East*] confirms in so clear a way that it cannot be denied that the Protocols were true indeed. Peres's book is yet another step in the execution of these dangerous plots (Quoted in Arnon Regular 1994: 35).

Third, the ongoing deterioration of the Oslo Process after Prime Minister Rabin's assassination in November 1995 had halted the effort to generate a regional economic framework. The election of Binyamin Netanyahu in May 1996 dealt another severe blow to the process.

From the perspective of the interplay between foreign policy and the location of Israel on the cusp it is interesting to reflect on the failure of the vision of the New Middle East to materialize. It hinged on two issues; first, the

difficulties entailed by attempting to shift the balance of location on the cusp from certain regional frameworks to others. In the case of Israel, the proposed reformulation of foreign policy towards the PLO was not sufficient to shift the economic, social and cultural rooting of Israel in Western Europe and North America to the Middle East. Domestic opposition within Israel and the Arab world, plus the decline and collapse of the peace process, were constraining factors. Second, the particular attributes of the Middle East – low levels of trade, lack of a common and inclusive identity, weak and exclusive regional institutions – were further obstacles. A close examination of Peres's blueprint suggests that he did not foresee these problems. He was mistaken in thinking that economic activity in and of itself could reverse the patterns of behaviour that had become entrenched in Israel, and the region more generally, regarding the location of Israel on the cusp and the regional attributes of the Middle East.

The flaws in Peres's plan did not extend to the vision developed by Rabin. He did not envisage using the reformulation of Israeli foreign policy towards the PLO to set in motion a historical shift in the location of Israel on the cusp towards further embedding it in the Middle East. Rather, his vision involved relatively moderate foreign policy recalibration – political engagement falling far short of a peace agreement and the establishment of a Palestinian state – to reconcile the tensions arising from the long-held hard-line stance towards the PLO and Israel's location on the cusp in a post Cold War environment. The balance between Israel's political, social and economic ties to Western Europe and North America, and the security logic tying Israel to the Middle East, would remain unchanged. That said, he hoped that the Israeli *modus operandi vis-a-vis* the Middle Eastern security complex would change from conflict to cooperation. But as a result of the collapse of the Oslo Process, the goal pursued by both Peres and Rabin – that of changing Israel's relationship with the Middle East from one of conflict to one of cooperation – remained unachieved.

However, Israel's partial change in foreign policy reconciled the tensions that were generated by its hard-line stance and its rooting in Western

Europe and North America. As mentioned earlier, in the wake of the Oslo Process Israel deepened its institutional and economic ties with the EU and North America, and the volume of its economic activity increased substantially. Was this vindication of the vision espoused by Binyamin Netanyahu, which rendered Israel's location on the cusp and its foreign policy towards the PLO/PA disconnected? In my view, not necessarily. The ability to reap material benefits by reconciling the tensions between the hard-line stance and Israel's location on the cusp in a post-Cold War context was enabled by the response of Israel's Western European and North American partners to the partial reformulation of its foreign policy towards the PLO. Rather than tying the material benefits afforded to Israel to successful completion of the peace process, Israel benefited from what can be described as 'process dividends'. Favourable trade agreements, access to financial markets, improved political relations, etc., were granted to Israel in order to keep the peace *process* intact, even though from the mid-1990s the prospects for securing an Israeli-Palestinian peace had been fading. Thus, notwithstanding his earlier convictions, even Netanyahu was unable to pursue a foreign policy towards the PLO that remained independent of forces that were pulling and pushing Israel away from and towards the Middle Eastern regional security system, Europe and North America (Lochery 1999).

However, the deepening material ties between Israel, Europe, and North America, reflect only part of the picture of Israel's position on the cusp since the end of the Cold War. The trend of deepening material ties has been countered by a growing critique of Israel from Western European civil society and, increasingly, North America. Calls to boycott Israeli academia, consistent low ranking of Israel in international public opinion polls (Ravid 2012), and criticism of Israeli policies towards the Palestinians in mainstream US broadsheets including the *New York Times* (Friedman 2012), are indicative of this trend. It is questionable whether failure to enact even the modest foreign policy change that Rabin had in mind will suffice in the long run to reconcile tensions generated by the deepening occupation of the Palestinians, on the one

hand, and the normative geography of Europe and the US on the other; and thus, by implication, the continuing location of Israel on the cusp. Time will tell.

Conclusion

This chapter examined Israeli foreign policy towards the PLO in light of the former's position on the cusp between three regions. As part of my conclusion I want to raise three major issues that link the Israeli case with the broader discussion of states on the cusp. First, examining Israel through the lens of states on the cusp helps to identify the country as being similar to those other states, rather than being an idiosyncratic case. Like other Cusp States, Israel straddles a number of regions, which since the early 1970s has included the Middle East, Western Europe and North America. While Israel is firmly positioned in the Middle East regional security complex, its ideology, institutional make-up and economy are more akin to those of Europe and North America. Like other Cusp States Israel is strategically important to all three regions, albeit in different ways. Finally, issues related to identity and culture impose a ceiling on the degree to which Israel can become fully integrated into any of the three regions it straddles.

Another issue is the relationship between location on the cusp and foreign policy. At times this relationship is synergistic. For instance, during the Cold War Israel's hard-line position was compatible with this straddling of three regimes. However, tensions can also arise. The changes generated by the end of the Cold War promoted a number of tensions and meant Israel's hard-line stance was increasingly incongruent with its political ties to Europe and North America, and its newly evolving economic ties following successful implementation of the EESP. Hence, prospects for the Israeli economy being integrated into the global economy were hindered by the former's conflict with the PLO. Also, a growing number of segments in Israel, especially the erstwhile *Ashkenazi* – secular, male, nationalist elites – began to adopt a Western-influenced ethos. This culture was less congruent with the political

and security dynamics generated by Israel's enduring conflict with the PLO, and the Arab world more broadly.

We identified three foreign policy responses to these growing tensions. Prime Minister Rabin instituted a partial foreign policy change to reconcile the tensions emerging between the hard-line stance towards the PLO and Israel's relations with Europe and North America – which was the most effective response. The vision and practice that Foreign Minister Shimon Peres was keen to pursue was hampered by opposition from within Israel, and the region, to the shifting of the historic balance towards a greater deep rootedness in the Middle East. Prime Minister Netanyahu's notion that Israeli foreign policy towards the PLO and its location on the cusp were disconnected also seems flawed. Therefore, notwithstanding his earlier convictions, Netanyahu did not formally end the Oslo Process. Rather, he unpicked the process gradually, thereby ensuring that Israel's 'process dividends' remained intact. Thus, the case of Israel highlights a third issue: the ability to use foreign policy change to affect the location of a state on the cusp. The discussion above suggests that foreign policy change might prove useful for reconciling tensions between a particular foreign policy stance and the effects generated by the location on the cusp. However, setting in motion shifts from one side of the cusp to another, may prove more difficult because of the domestic opposition, resistance from within one or more regions to the proposed change, and the fact that the regional frameworks are not ready to accommodate the proposed shift.

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