

# REPORT ON ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES

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## NEWS

Israeli and Palestinian negotiators traveled to Washington in early November to begin discussions relating to interim-period and final-status issues. Protracted discussions on the meaning and content of the "time-out" suggested by U.S. Secretary of State Madeleine Albright can be expected. (See story opposite.)

The Netanyahu government has announced a new package of incentives and subsidies to settlers. (See story this page.)

An important book on the issues of land and settlement in Palestinian negotiating strategy during the Oslo talks has just been published. A book review appears on page 3.

U.S. officials have made numerous statements on issues relating to the call for a "time-out" in settlement expansion. For a review of these comments, see page 8.

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## TAKE A TIME-OUT FOR PEACE

by Geoffrey Aronson

The September visit of U.S. Secretary of State Madeleine Albright to the Middle East reinvigorated efforts to formally resume Israeli-Palestinian negotiations and offered the Clinton administration an opportunity to highlight its support for an undefined "time-out" in Israel's expansion of settlements.

Discussion of issues already addressed in the Oslo II agreement, including Israel's "further redeployment" from areas of the West Bank, as well as those topics relating to "final-status," had been frozen by the Palestinians in protest after construction of the Har Homa settlement in annexed East Jerusalem commenced last March. On

September 29, Albright announced a resumption of discussions aimed at solving issues such as the opening of a Palestinian airport in Gaza. She also set forth a timetable for resuming higher-level talks to revive formal "final-status" discussions that have lapsed since the first ceremonial meeting in May 1996.

Major elements of the current diplomatic framework outlined by the secretary of state were presaged in talks held before the terror bombing in Jerusalem in late July. At that time, Israel and the Palestinian Authority (PA) announced their agreement to resume talks on outstanding "interim-period" issues. Israel viewed the PA's willingness to enter into

NEGOTIATIONS, *continued on page 4*

## SETTLEMENTS GAIN MAXIMUM INCENTIVES

On September 2, Israel's ministerial committee on economic matters approved a new map outlining regions of national priority. (See page 7.) The map, whose outlines were announced earlier this year, replaces one approved by the government of Yitzhak Rabin.

The Netanyahu map is distinguished by the restoration of entitlements and subsidies for both personal and business investment to most settlements in the West Bank, Gaza Strip, and Golan Heights. Many of these advantages, initially conferred by the government of Yitzhak Shamir, were partially withdrawn by the Rabin government.

Most settlements have been classified as "Area of National Priority—A,"

which entitles them to the most generous benefits, or "Area of National Priority—B," which confers a lower level of benefits. Others, including some settlements around Jerusalem, such as Har Adar, and some along the Green Line, including Oranit, Bet Arie, and Alfe Menache, have been deemed too prosperous and are thus excluded from the preferred list.

The list of incentives applicable to A- and B-status settlements includes subsidies for housing, education, teachers, and social workers.

Incentives for B-status settlements are in parentheses:

BENEFITS, *continued on page 7*

## TO OUR READERS

Secretary of State Madeleine Albright acknowledged during her September visit to the Middle East that basic assumptions underlying the Oslo process have been turned upside down. Confidence between Israelis and Palestinians has never been lower, economic relations have never been more strained, and the momentum created by Oslo's diplomatic achievements has all but dissipated.

As the United States continues its stewardship of this process, the National Security Council has seriously considered disengaging until the situation worsens, which many view as inevitable. The theory is that a deteriorating situation creates a more "conductive" environment for the exercise of American power. This policy of despair has yet to win the day, however.

In its search for a new route to progress, the Clinton administration has taken a more critical look at its policy toward Israel's expansion of settlements.

The State Department now disavows its previous support of the "natural growth" of these outposts. This is a welcome but insufficient switch. No broader policy has yet emerged.

The Oslo formulas no longer bear any relevance to the diplomacy now being conducted between Israel and the Palestinian Authority. In recasting the terms of engagement, the Clinton administration needs to reassess its formerly benign view of Israel's policy of "creating facts." Calls for a "time-out" can only be a step in this direction if the United States is serious about seeing Palestinians as sovereign over a genuine state and not the contrived and unconnected one that appears to be in the making in isolated locales in the West Bank and Gaza Strip.

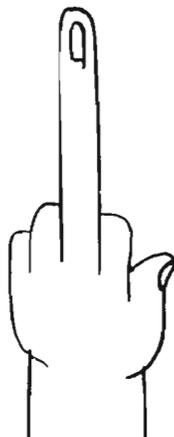


### The Moskowitz Formula for Ras al-Amud

After the compromise



Before the compromise



Yediot Aharanot September 21, 1997

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## NEW BOOK ASSESSES PLO NEGOTIATING STRATEGY

The struggle for Palestine has always been a contest for control of the land. Few have observed Israel's evolving land policies in the occupied territories with the skill and attention of Palestinian attorney Raja Shehadeh.

For most of his legal career, Shehadeh has been intimately involved in the thankless but vital task of contesting as violations of law the principal devices that Israel has employed to effect the transformation of the occupied territories into the Land of Israel.

Few can claim his degree of experience with, and knowledge of, Israeli efforts to codify through law and diplomacy its claim to lands Palestinians consider their patrimony. It was only natural, therefore, that Shehadeh agreed to participate as a legal adviser to the Palestinian delegation sent to Washington after Madrid. However, the lessons that Shehadeh and others had learned from their lifetime of professional experience opposing Israel's land and settlement policies were systematically ignored by Palestinian decision makers from the outset of negotiations with the U.S. on the "terms of reference" that preceded the convening of the Madrid Peace Conference in October 1991.

Shehadeh has now produced an important reflection on the diplomatic and legal texts that define the relationship between Israel, the land that it covets, the Palestinians who reside on it, and the Palestinian government created for them. In his recent book, *From Occupation to Interim Accords: Israel and the Palestinian Territories*, published by Kluwer Law International, he has placed these historic developments in the vital political context in which they were addressed. In so doing, he has gone a long way toward answering the central question of why the Palestine Liberation Organization (PLO), and after it the Palestinian Authority, representing the national aspirations of the Palestinian people, has been prepared to recognize the protected status of Israel's land and settlement claims in the occupied territories at such grave cost to its own aspirations.

Shehadeh has an unparalleled understanding of the extraordinary legal framework that Israel has fashioned since 1967 to justify and explain its land expropriation and settlement expansion policies. This perspective enables him to make the convincing case that the agreements reached between Israel and the PLO "are a culmination of a legal process that began much earlier"—a process based on creating a basis for permanent Israeli control over and settlement throughout the occupied territories. This assessment stands in stark contrast to the conventional wisdom outside of Palestine, and of Israel for that matter, which has tended to view the contemporary rapprochement between Israel and the PLO without reference either to Israeli or PLO policy objectives.

Only with the Declaration of Principles (DOP), signed amidst much ceremony on the White House lawn on September 13, 1993, did the PLO win recognition from Israel as the representative of the Palestinian people. Even after the establishment of the Palestinian Authority (PA), the PLO

continues to be the Palestinian party to negotiations.

Recognition as *the* Palestinian interlocutor was the main, if not the sole, Palestinian diplomatic objective during this entire process, Shehadeh argues. The creation of a negotiating framework aimed at undercutting a generation of land confiscation and settlement was viewed by PLO leaders as a distraction.

The Declaration of Principles and subsequent agreements reflect "fundamental conceptual similarities" with Israel's proposals at Camp David, where many of the Israeli negotiators first distinguished themselves. In negotiations with the PLO, Israel succeeded in attaining the three principal objectives formulated in the course of the Camp David negotiations with Egypt—an open-ended agreement with an autonomous authority that exercised functional but not territorial powers and that did not preclude eventual annexation of occupied territory or impede settlement expansion. As Shehadeh notes, "the only consistent diplomatic objective which was pursued by the PLO . . . was the attainment of recognition and the status of a full negotiating partner with Israel which was disallowed in Camp David. Other than this overriding political objective, the Palestinian side does not seem to have pursued clear, well-developed objectives which influenced the structure or substance of the document which the two sides ended up signing."

Four issues are excluded from the scope of the interim agreements signed between Israel and the PLO—Jerusalem, settlements and settlers, military locations, and Israelis. The Palestinians succeeded in winning Israeli agreement to the proviso asserting that the West Bank and Gaza Strip constitute a single territorial unit, whose integrity is to be preserved during the interim period. Palestinians, Shehadeh explains, hoped that this clause would fortify their claim that settlements violate the agreement because they impair the territories' integrity. Such a claim, like all Palestinian complaints about settlement expansion during the interim period, have been made episodically, if at all, and without substantive impact on settlement policy.

Shehadeh notes that the ambiguity of the terms "settlements" and "military locations," even the absence of an agreed upon definition of "Jerusalem" in the agreements, evidence an Israeli preference to claim the most expansive definition of these terms. The PLO acquiesced in this as in other areas—such as the creation of bypass roads—where greater precision might have constrained Israeli policies and resulted in less than 72 percent of the West Bank being included in Area C, which remains under exclusive Israeli jurisdiction.

One of Shehadeh's more important observations relates to the powers of the Palestinian Authority, limited to those transferred from Israel's military administration, which remains the ultimate source of authority and the legal sovereign throughout the territories, even those under the nominal rule of the PA. These powers, he argues, "build on the legal situation existing

BOOK, *continued on page 6*

discussions in the absence of a settlement freeze at Har Homa and elsewhere as postponing a U.S. initiative centered around a call for Israel to freeze settlement expansion.

U.S. efforts are once again focused on making progress in talks on “interim” issues. Discussions on further redeployment, defining “time-out,” and convening permanent-status talks—all issues that the Netanyahu government much prefers to avoid—were postponed twice before November.

Since March, the key stumbling block to an agreement to resume final-status talks has been finding a definition of a settlement freeze acceptable to both Israeli Prime Minister Benjamin Netanyahu and PA Chairman Yasser Arafat.

The U.S. has for months tried to win Netanyahu’s approval for a containment of settlement expansion—even a cosmetic one—in return for Arafat’s agreement to postpone Israel Defense Forces (IDF) redeployments until mid-1998 and to increase security cooperation. Netanyahu, however, is in fundamental disagreement with this conceptual view. He refuses to entertain the notion that Arafat’s relations with Hamas are conditioned on the Palestinian view of the prospects of negotiations with Israel. For him, Arafat’s battle against Hamas and other violent opponents of the rapprochement with Israel is an unconditional element of the relationship, not a concession to be traded for an Israeli settlement slowdown. Netanyahu has been fortified in this view by the July bombing and by the realities of his ruling coalition, raising doubts about the utility of the concept guiding the Clinton administration’s approach to the continuing diplomatic impasse.

U.S. diplomats are nevertheless telling Arafat that if he can satisfy Israeli demands regarding security (U.S. officials are saying that the Palestinians are reconciled to a postponement of Israel’s redeployments), then Washington will support him in his demand for a settlement freeze, a stop to construction at Har Homa, and a host of other issues already addressed in the Oslo II agreement. Albright reportedly told Arafat, “Give me a real war on terror, and I will push Netanyahu on settlements.” It has also been reported that Albright told both Arafat and Egyptian President Hosni Mubarak that if Arafat succeeds in satisfying Netanyahu on terror, “she will convince Clinton to announce U.S. support for the Palestinians’ right to full self-determination, in other words, independence.” Such a statement would be viewed by Arafat as a tremendous achievement in his quest for sovereignty, outweighing any (improbable) Israeli concession on settlements or redeployment.

The U.S. attitude toward settlements is, however, conditioned by a number of factors that could well serve to limit the effectiveness of this pronouncement.

Settlement expansion has always been a unilateral Israeli action aimed at prejudging the ultimate disposition of the occupied territories. There is, in fact, no better definition for Israel’s settlement program. As Albright has noted, unartfully but correctly, the Oslo process poses no practical limits on Israel’s settlement plans. Indeed, any constraints on settlement

expansion negotiated by or imposed on Israel would contradict a central tenet of the Oslo process as understood by former Prime Minister Yitzhak Rabin.

The diplomatic record suggests that the current U.S. pique about settlements is less one of principle than of a general loss of confidence in the credibility of the Israeli leadership. Cognizant that the poisoned relationship between Prime Minister Yitzhak Shamir and the Bush administration was primarily the result of Shamir’s dissimulations about his settlement intentions rather than the construction itself, Netanyahu promised President Bill Clinton in his first meeting as prime minister that he would neither surprise nor lie to the U.S. about his settlement plans. Despite the fact that Netanyahu has adopted the American language on permitted settlement expansion—“natural growth”—and is expanding settlements more slowly than Rabin, he has failed, unlike Rabin, to “build quietly” or to convince Washington that he is a man of his word.

In her use of the term “time-out,” Albright has added a new word to the lexicon of Middle East diplomacy, but not a new concept. Discussions on an acceptable formula to constrain Israel’s settlement expansion have been ongoing for more than six months. Albright has elevated this effort to a centerpiece of current U.S. diplomacy—a key advance for the Palestinians at Israel’s expense. Israel’s agreement on September 2 to engage in negotiations to define the content of a “time-out regarding unilateral steps” during the six to nine months of final-status talks marks the first time any Israeli government has agreed to place settlements on the negotiating table. Yet, Netanyahu can take solace that, in return for this concession, he has succeeded in establishing a negotiating framework on settlements conditioned by ambiguity and the absence of a permanent time frame.

In recent discussions with Israel on settlement constraints, the U.S. has been promoting the “principle of continuity.” Israel has rejected this concept, but it has engaged in a debate about its meaning. Washington understands the term to mean that new construction in existing settlements will be restricted to already existing settlement areas. The definition preferred by the U.S. notes that there will be no new construction beyond the outermost road in any settlement. A second, more flexible, definition would permit new construction in proximity to existing homes.

Under either of these definitions, settlement at Efrat of the kind announced by Netanyahu on September 24 would be permitted, a point that he himself has made.

It is unlikely that discussion of the meaning of a time-out on unilateral actions meant to prejudice final-status issues will address settlement construction in East Jerusalem. The Clinton administration refuses to describe such construction as settlement expansion, or to describe the inhabitants—at Ras al-Amud, for example—as settlers. Nor does it view the presence of settlers at Ras al-Amud as “the kind of significant unilateral act that we were calling for both sides to avoid.” According to the State Department spokesman, settlement in East Jerusalem is an internal Israeli affair. (See policy comments, page 8.) ♦

## SETTLEMENT TIME LINE

**August 21** *Yediot Abaranot* reports that Israeli government legal authorities are examining the possibility of declaring “tens of thousands of dunams in Judea, Samaria, and the Gaza Strip to be ‘state land.’ This status will enable construction on these lands and thus expand settlements, which have included the lands under study in their master plans.” Implementation of this policy, first suggested by the settler council YESHA, will enable the creation of territorial links between settlements in advance of future Israel Defense Forces (IDF) redeployments.

**August 29** *Ma’ariv* reports that tens of mobile homes have been placed in a number of West Bank settlements in recent weeks. Settlers explain that the transfers have been under way for months and that Minister of Defense Yitzhak Mordechai has approved all of the placements.

**September 4** The IDF reports that the Palestinian Authority is laying claim to locations in Area C in the West Bank by issuing titles to lands located in Area C, approving the expansion of planning and building zones of villages, and confiscating lands for “public purposes.” According to the Oslo II Interim Agreement, Israel has sole jurisdiction in Area C, which comprises 72 percent of the West Bank.

**September 5** *Yerushalaim* reports that infrastructural work at the Har Homa settlement is expected to be completed in November, four months ahead of schedule.

Prime Minister Benjamin Netanyahu’s “security cabinet” formally agrees not to carry out any “further redeployments” of the IDF in the West Bank during the interim period and until the Palestinian Authority changes its policies on security cooperation with Israel.

**September 8** The Ministry of Housing agrees to pay for infrastructure work at the site of 300 new dwelling units in the Golan Heights settlement of Katzrin. The financing represents a per unit subsidy of \$18,000. Homes—80 sq. meters on a one-quarter dunam plot—are expected to sell for \$75,000.

**September 10** Ministry of Housing and Construction reports that 1,560 units have been purchased in West Bank settlements during the first seven months of 1997—an increase of 56 percent over the same period in 1996. Most of the units sold, however, were constructed before 1996. Many had been

inhabited by squatters when the government of Yitzhak Rabin refused to sell them. Soon after his election, Netanyahu decided to sell the approximately 3,000 homes. The ministry report noted that since 1988, 17,600 mortgages have been approved for housing in West Bank settlements. This figure comprises 4 percent of all mortgages granted to Israelis during this period.

**September 12** *Kol Ha’Ir* reports that “security sources in the Palestinian Authority estimate that members of the Ateret Cohanim settlement group will enter property belonging to Irving Moskowitz in the Jerusalem neighborhood of Ras al-Amud at the end of this week or the beginning of next week.”

*Yerushalaim* reports that the Ministry of Trade and Industry has budgeted the construction of a new industrial zone, which will also include a large commercial mall, on 1,000 dunams between Jerusalem and the settlement of Ma’ale Adumim.

*Kol Ha’Ir* reports that “the visit of Madeleine Albright doesn’t prevent Minister of Housing Meir Porush from advancing the planning of a new Haredi (orthodox Jewish) settlement in the West Bank settlement of Nachli’el. The existing community will grow by 5,000 percent”—from 60 families to 3,000.

*Ha’aretz* reports that the IDF is guarding “a new settlement in the Benjamin region (of the West Bank) Talmon G,” where two families are living. In late August, YESHA organized the placement of 13 mobile homes at the site, 1.5 km east of the existing settlement of Talmon. Minister of Defense Mordechai approved the action earlier in the year. Settlement leaders claim the site is part of a new urban community to be called Kiryat Talmonim.

**September 13** Under heavy police guard, three Jewish families affiliated with Ateret Cohanim move into a building in Ras al-Amud.

**September 15** *Ha’aretz* reports that a plan to establish a chain of 17 new settlements between Jerusalem and the southern Mount Hebron area just inside the Green Line [Israel] has been approved by Interior Minister Eli Suissa. The plan was initiated by National Infrastructure Minister Ariel Sharon. The new settlements are intended as the final stage of the plan formulated by

Sharon in the 1980s and is aimed at assuring continuous Jewish settlement along the entire boundary line between the West Bank and Israel.

**September 17** YESHA, meeting in Hebron, announces that it has “changed direction” and now advocates the expansion of settlement in Hebron.

**September 18** The internal Israeli dispute over settlement at Ras al-Amud is defused with an agreement reached between the government and property owner Irving Moskowitz. In a letter to Netanyahu, Internal Security Minister Avigdor Kalahani notes, “at this time the [Jewish] families will leave by agreement. Ten people will remain in the houses for purposes of guarding and maintenance of the premises.” The government promises to reconsider the reentry of families to the properties in three months.

**September 19** *Kol Ha’Ir* reports that soldiers living at the paramilitary settlement of Givaot in the Etzion Bloc were replaced in May by students studying at a religious seminary in the settlement of Efrat in lieu of army service. Settlement leaders say that former Prime Minister Shimon Peres promised that the paramilitary outpost would be added to the settlement of Alon Shavut as part of a plan to build hundreds of new dwellings.

**September 20** The three Jewish families living in Ras al-Amud leave, but they are replaced by other Israelis.

**September 24** Netanyahu participates in a ceremony at Efrat marking the 30th anniversary of the post-1967 resettlement in the Etzion Bloc region of the West Bank and announces construction of 300 new subsidized units in the settlement of 5,000. Four-hundred homes are currently under construction in the settlement, 15 km south of Jerusalem. All 700 units were approved in principle during the government of Yitzhak Rabin, but without some state subsidies.

Netanyahu explains that “Gush Etzion is an integral part of the State of Israel. It’s an inseparable part of Greater Jerusalem. It’s an essential and vital part, which we’ll build and support. We’re going to build more, both in Efrat and around it. . . . The Land of Israel is being built in front of our eyes, and that’s a good thing.”

TIME LINE, continued on page 6

**September 26** *Ha'aretz* reports that "a senior U.S. official" explained that the Clinton administration views the new units as "causing a big problem" and suggested that "the prime minister needs to address this issue."

**September 28** A settlement leader reveals plans approved in principle by the minister of defense for the creation of a large urban settlement extending from the paramilitary settlement of Givaot north to the settlement of Betar and east to the Etzion Bloc and Efrat.

An Israeli "Peace Bloc" group launches a campaign in Israel to boycott products produced in settlements.

The Voice of Israel reports that in the event of a war in the West Bank, the IDF intends to evacuate all women and children from settlements. Approximately 100,000 women and children live in West Bank settlements.

**September 29** The radio station Arutz 7 reports that following contacts between Israel

and Washington, Secretary Albright said that construction at Efrat "at another time" would be possible.

**October 6** The Central Bureau of Statistics reports that the Jewish population in the West Bank and Gaza Strip increased by 8.5 percent in 1996 to 150,000, or 2.6 percent of the Israeli population. Settlement expansion accounted for 62 percent of this growth, while natural increase accounted for 38 percent.

**October 10** Arutz 7 reports that the U.S. Congress has approved \$10 million for architectural and engineering work on the prospective U.S. embassy in Jerusalem. Congress, however, has yet to agree to include this appropriation.

**October 12** YESHA claims that there are 19,000 almost completed Palestinian structures being built illegally in and around Jerusalem.

**October 13** Two Palestinian homes constructed without permits near the refugee camp of al-Aroub on the Bethlehem-Hebron road are demolished by Israel. These are the

first demolitions since the visit of Secretary Albright in early September.

**October 15** Hamas leader Sheikh Ahmed Yassin meets with a rabbi from the West Bank settlement of Tekoa.

**October 20** YESHA announces the formation of a panel to monitor the government's willingness to delay settlement expansion projects.

**October 22** Clashes are reported between Palestinian police and students of the Jewish seminary at Joseph's Tomb in Nablus. The police attempted to prevent the transfer of mattresses to the seminary, where Israelis have not been permitted to remain overnight since the violent confrontations in September 1996.

**October 29** After a U.S.-supported \$2.1 million facelift, Shuhadah Street in Hebron is partially opened to traffic for the first time since it was closed by Israel in the aftermath of a settler's terror attack at the Ibrahimiyya Mosque/Tomb of the Patriarchs in February 1994. ♦

prior to the DOP" and are consistent with Israel's objective of devolving administrative—functional rather than territorial, and thus truly sovereign—powers to the autonomous authority.

Shehadeh has developed a keen appreciation for the legal framework established by Israel in the territories since 1967. The change of a word or a phrase does not often go unnoticed. For example, Israel's military government remains the legal sovereign in the West Bank and Gaza Strip, including the settlements. However, there are indications in the text of the interim agreement, approved by the PLO, suggesting an Israeli interest in exercising direct jurisdiction over its settlements without the mediating factor of the military government. "If this happens," he writes, "it will be tantamount to the annexation of these settlements to Israel." He is also one of the few to notice that the PLO has already agreed to respect the "legal rights" of Israelis to significant lands located in areas under Palestinian jurisdiction rather than to leave them for adjudication during final-status talks.

Shehadeh views Israel's diplomacy with the PLO as a consolidation rather than a repudiation of its territorial and settlement objectives as expressed during 30 years of occupation. The framework of negotiations has occurred "within the context of existing laws and not outside it." For Shehadeh, who has spent almost his entire legal career seeking to frustrate and repudiate this legal framework, the PLO's participation under

these conditions can only be a source of tremendous frustration and sadness.

"At the end of the day," he writes, "the Agreements have consolidated this [legal] system, especially as it regards the separation achieved through it between settlers and Palestinians. This separation became the guiding principle on which the very first document to be signed between Israel and the PLO, the Declaration of Principles, was developed. Thereafter, no amount of skillful negotiations could expand the authorities and powers of the Palestinian Council to encompass territory or powers lost to the Israeli settlers in the course of twenty-eight years of occupation."

Now that it has gained recognition, the PLO remains engaged in what it views as a political struggle with Israel (and the U.S.) to achieve the Palestinians' right to independence and sovereignty. The history that Shehadeh has outlined in such compelling fashion suggests a future course of diplomacy in which PLO aspirations for sovereignty will be acknowledged as legitimate, first by Washington, and later by Israel, as a prelude to the declaration of a Palestinian state in parts of Gaza. In return for this achievement, the text of an eventual agreement will solidify Israel's success in winning PLO acknowledgment of the wide scope of its powers and authority throughout the occupied territories—continued settlement and land control foremost among them—that have been presaged in agreements reached until now. ♦

### Housing

- An \$8,600 (\$5,700) grant plus a soft loan of equal amount for new apartment purchases.
- 100 (75) percent state subsidy of development costs associated with the construction of multi-family housing; a 50 (25) percent subsidy for participants in the “build your own house” program.
- 75 (50) percent state subsidy of development costs for new housing in existing neighborhoods.

### Education

- 90 percent state subsidy for pre-school fees.
- Additional hours and computers for all schools.
- Gas masks for all students.
- A minimum state subsidy of \$142 annually per child for school meals.
- 85 percent state subsidy of the cost of final high school exams.

### Subsidies to Teachers\*

- Four years seniority granted.
  - 75 percent state subsidy of tuition for further study.
  - 100 percent state subsidy of travel to and from school.
  - 80 percent state subsidy for rental housing.
- \* Except for 50 settlements around Jerusalem and along the Green Line, where no subsidies are offered.

### Subsidies to Social Workers

- Four (three) years seniority granted.
- 100 (75) percent subsidy for travel.

### Taxes

- 5–10 percent income tax reduction.
- 40 (35) percent subsidy of the cost of new hot houses for vegetables and flowers. Citrus orchards and plantations in B locations are eligible for state subsidies of 25 percent of costs for new development.

There are indications that the reclassification earlier this year of settlement housing as eligible for the highest rate of state subsidies has already affected the housing market in settlements. This year 1,560 housing units in West Bank settlements have been sold, most of them deliberately kept off the market by the Rabin government.

The restoration of monetary incentives such as grants and soft loans has increased the marginal attractiveness of settlement housing in all areas of the West Bank during 1997. Settlements close to Jerusalem accounted for 16 percent of approved mortgages; those along the Green Line comprised 23 percent; 29 percent originated in settlements such as Ma’ale Ephraim, Avnei Hefetz, and Betar Ilit; 31 percent originated in settlements such as Efrat, Ariel, Emmanuel, and Karnei

### Areas of National Priority — 1997



Source: *Ha'aretz* September 9, 1997.

Shomron. Mortgages are being utilized at a higher rate in settlements than in Israel itself. The use of mortgages for settlement housing among new immigrants has increased by 84 percent over 1996. First time Israeli home buyers increased their use of mortgages for settlement homes by 45 percent compared to last year. *Ha'aretz* reported on September 10 that this increase “is a consequence of changes in the map of national priorities and the awarding of grants to apartment buyers in the [occupied] territories.” The recently announced changes in the preferred status of settlements will “strengthen this trend, in which settlements will enjoy additional advantages over [Israeli] communities in the north and south, which recently lost their rights to similar grants.” ♦

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## U.S. POLICY STATEMENTS ON SETTLEMENTS

### WHEN SETTLERS AREN'T SETTLERS

State Department, September 17, 1997

**Spokesman:** The United States has been in contact with the Israeli government with regard to the Ras al-Amud housing project. The move of settlers into this project [formerly an entirely Palestinian neighborhood in East Jerusalem] is not helpful. This action represents a lightning rod for increased tensions, which the Secretary very much hopes we can remove. We are pleased that Prime Minister Netanyahu has expressed a similar position. It's just this kind of an action which undermines the confidence so necessary to getting the peace process back on track. . . .

We don't think this is a question of law. We think that it's not up to us to micromanage how Prime Minister Netanyahu implements his views about the wisdom or lack of wisdom of this project. So that's really up to the Israeli Government. . . .

Remember, this is about property rights, people purchasing property and then trying to build on that property, dealing with local governments, dealing with national governments. It's really an Israeli internal matter; that's precisely why I said we weren't in a position to micromanage it.

State Department, September 18, 1997

**Spokesman:** . . . We have been working most closely with the Israeli Government to try to get an outcome [at Ras al-Amud] as close to our view as possible. We are pleased to the extent that the settlers are out, but we hope and expect that nothing will happen in the days and weeks ahead that will have the effect of reversing the status quo.

**Question:** Are they settlers to the U.S. Government? You consider them settlers? You used the word settlers. I'm giving you a chance to say whether you meant what you said.

**Spokesman:** Settlers in a housing project, yes.

**Question:** You know what settlers means in Middle East vocabulary—were they settlers or are they just simply Jews moving into new homes?

**Spokesman:** Do you think it would be a good idea for you to take more or less days off?

**Question:** Look, Jamie, half the press calls them settlers, and the other half doesn't.

**Spokesman:** All right. People can settle in housing projects.

**Question:** Are these people settlers?

**Spokesman:** The people who are in the—we do not regard this, as you know, the word that I'm not going to use.

**Question:** I'm just asking you to define your terms, because it's a tricky but very significant distinction.

**Spokesman:** I agree, and I did not use the word that would have made it a problem.

State Department, September 19, 1997

**Question:** The Secretary, when she was in the area, talked a lot about the importance of not taking, as you said, unilateral actions that create facts on the ground. Do you consider that

[the Israeli "compromise" on Ras al-Amud] putting these students now, instead of the families, creating new facts on the ground, that makes resuming the negotiations harder?

**Spokesman:** I think I've said very clearly, and I'll repeat for you, that we have received assurances that there will not be a new status quo. The character of the neighborhood will not change. Therefore, we believe that the main element, the essential element that this situation could have created, has been alleviated, if the assurances are followed through on.

So, no, we don't think that the fact that there are teams of caretakers who are not going to live there, and construction is not going to be occurring there, and the neighborhood is not going to change is the kind of significant unilateral act that we were calling for both sides to avoid.

### ON THE NATURAL GROWTH OF SETTLEMENTS

**Question:** Now do we permit the expansion of existing settlements?

**Djerejian:** There is some allowance for—I wouldn't use the word "expansion" but certainly continuing some activity—construction activities in existing settlements. . . . And that's basically in terms of natural growth and basic, immediate needs in those settlements. I want to get away from the word "expansion" per se.

Testimony by Assistant Secretary of State for Near Eastern and South Asian Affairs Edward Djerejian on March 9, 1993 before the Subcommittee on Europe and the Middle East of the House Foreign Affairs Committee

State Department, October 1, 1997

**Question:** Does the U.S. Government accept the Israeli justification for expansion of existing settlements, the concept of natural growth? That there is a natural growth which—of the population, which justifies and makes acceptable an expansion in the number of housing units?

**Spokesman:** We have never accepted that proposition. Our view has consistently been that the settlement activity is unhelpful and is counterproductive to the effort to achieve a negotiated settlement of the Palestinian-Israeli dispute. So there is nothing new on that.

**Question:** However, in her *Today Show* interview this morning, the Secretary was asked if the settlements are legal. And she said, quote "they are legal" unquote. Was she talking about legal within the context of Israeli law? Or was she talking about international law, specifically the Fourth Geneva Convention?

**Spokesman:** No, she was not talking about international law. Our overall position on the question of the legality of settlements remains the same. We are, of course, not taking a legal position on that overall issue. . . . The fact of the matter is that there is nothing in the interim agreement, as such, and

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under Oslo, that prohibits settlement activity. We do not support the settlement activity. We think it is unhelpful and counterproductive. But as a technical answer, though, the statement was technically correct.

State Department, October 2, 1997

**Question:** . . . If Oslo does not prohibit something, does it make it legal? Is this the basis for the legality of this?

**Spokesman:** Our position has always been that we believe that settlement activity is a complicating factor in our efforts to promote a negotiated settlement of the Israeli-Palestinian conflict and dispute, and that view has not changed. We think settlements are counterproductive, they are unhelpful, and that has not changed.

State Department, October 3, 1997

**Question:** I was wondering if you can tell us your policy on settlements, if you can clarify more what the Secretary said.

**Spokesman:** I know there was some confusion on this, so let me try to explain it. For those of you who have ever been interviewed on a morning show, it is an interactive process. Heads are nodded and words are stated as a way of engaging in conversation. After the show, I spoke to Secretary Albright and she told me that I could tell you that there was no intent on her part to adjust the longstanding American policy not to make a grand legal judgment about settlements. We have made a lot of judgments about the wisdom of settlements, some from this podium and some from many other fora, but this was specifically not intended to make a legal judgment about settlements. It was part of a narrow technical answer to what is permitted and prohibited by the Oslo Accords.

**Question:** . . . Nobody should change anything on the ground before the final-status arrives?

**Spokesman:** Right. So it's a technical point and it's an irrelevant point to the point that the Secretary of State was trying to make, which is that when it came to several settlements that she was asked about in New York, including a question you may have asked about the houses in Efrat, she said that this was unhelpful. Our view, our judgments, are going to be made on what we think can contribute or take away from the peace process in the Middle East, not grand legal judgments about specific actions. We have resisted, and will continue to resist, making determinations about what Oslo does and doesn't say.

**Question:** So there has not been any change in U.S. policy towards settlements since the '70s, since the Carter days?

**Spokesman:** Well, I don't want to get caught on that. I mean, all I can say is the Secretary of State in that interview was not intending to make any new statements about the grand legal judgment of the settlements in the Middle East. I think we have exhausted that completely.

## OBSERVATIONS ON A "TIME-OUT"

September 29, 1997

**Albright:** . . . the time-out was agreed to be for the duration

of the final-status negotiations. But as a part of the tools that have to be discussed—what was in the time-out—those will be the subjects that will, in fact, be discussed between the parties. . . .

**Question:** Madame Secretary of State, I'm not quite clear. Has Israel agreed to freeze construction or not?

**Albright:** That is not what this says. What it says is that there will be a set of talks about the issues that need to be considered in this time-out. And obviously, as I have discussed this before, some of the settlement activity is viewed by the Palestinians as a concern in terms of the environment.

I understand—I think we all need to understand the importance of creating the right kind of environment for negotiations. And that means avoiding the kind of unilateral actions that can preempt or prejudice the outcome of the final-status negotiations.

**Question:** Madame Secretary, I guess I am still confused about the time-out. Are you telling us that there was an agreement between the two sides that there should be a time-out, or that the content of the time-out was to be renegotiated or maybe be negotiated or what is it?

**Albright:** Well, what is going to happen is—I will read to you again, the definition and content of a time-out regarding unilateral steps so that each side can ensure the right environment for the duration of the permanent-status negotiations.

I would take that to mean that there is agreement on a time-out. But the length and content of it—although the length is pretty clear, since it's been the duration of the permanent-status negotiations—that is basically an issue of the content, not the timing.

Secretary of State Madeleine K. Albright,  
Press Q&A following meeting with  
Israeli Foreign Minister David Levy and  
Palestine Liberation Organization Executive  
Committee Secretary-General Abu Mazen,  
New York, September 29, 1997

State Department, September 30, 1997

**Spokesman:** . . . We do not think it is wise for us to discuss publicly exactly what such a time-out would entail. We are now going to engage in a negotiation beginning very soon, in about two weeks, on exactly what that time-out would entail. . . .

In an environment in which things are going well and negotiations are proceeding and in which there is progress at the table, specific actions may not yield the same kind of reaction.

**Question:** In the Administration view, can the final-status talks go on without this time-out?

**Spokesman:** It is the Administration's view that the final-status talks will have a real, real hard time succeeding in the absence of a time-out. We are very clear in our minds that, in the absence of a time-out, the prospect for success in the final-status negotiations would be greatly reduced. ♦

## NETANYAHU DEFENDS EXPANSION OF WEST BANK SETTLEMENT

*The following excerpt is from an interview with Prime Minister Benjamin Netanyahu on Israel Television Channel 1 Network, September 26, 1997.*

**Question:** I must say that this week you demonstrated special talent in managing to annoy the U.S. secretary of state.

**Netanyahu:** First, I must tell you that our construction in Efrat is part of our ongoing policy to build for the purpose of satisfying the natural growth needs in existing settlements. The hill involved here was chosen as a compromise between the Efrat settlers and former Prime Minister Yitzhak Rabin. They debated whether to build farther away, but in the end they settled for building nearer, on this hill which is in fact within the boundaries of the settlement itself. At the time, the Palestinians and the entire world welcomed this compromise. Consequently the plans were prepared, construction started, and we are completing this now.

**Question:** Doesn't the U.S. secretary of state know all this?

**Netanyahu:** Look, I don't know what they knew when the statements were issued. I can only tell you that this information was relayed to them over the last 24 hours. I see no reason for the huge media uproar.

**Question:** What do you mean media uproar? The secretary

of state herself yesterday said in the United Nations it is regrettable that such a move was made, and that it was not raised in her talk with the prime minister the day before. She is actually saying that you misled her.

**Netanyahu:** Not at all. We have a clear policy vis-à-vis the United States. It is familiar with our policy of building in existing settlements and in contiguous areas. . . .

**Question:** So why did you fail to bring this up in the talk with her yesterday?

**Netanyahu:** Because for us it is the most natural thing.

**Question:** She said that a time-out in this activity is required. Are you willing to comply by stopping construction in Efrat, for example?

**Netanyahu:** Look, I don't know the precise meaning of this term, and we will discuss this with the Americans. . . .

**Question:** Will this involve a temporary halt on settlement activity, for example, in Efrat or Har Homa?

**Netanyahu:** I didn't say this. . . . I am not hiding these things. I am proud of our policy and believe it is balanced and judicious. Anyone who takes a sincere look at how we are building in the existing settlements can see that we are doing this in a responsible and Zionist manner. ♦

**“Defeating terror is paramount, but if mutual confidence is to be restored, both sides must also renew and reinforce their commitment to the Oslo process. There can be no backing off from Oslo commitments or from the principle of reciprocity that is inherent in them.**

**This means that Israel should refrain from unilateral acts—including what Palestinians perceive as the provocative expansion of settlements, land confiscations, home demolitions and confiscation of IDs. Such actions appear designed to prejudge the outcome of negotiations and they undermine Palestinian confidence in Israeli intentions.**

**This is especially important at a time when the parties are considering the idea of complementing the implementation of the Oslo Interim Agreement with an accelerated approach to permanent-status negotiations. We believe that a ‘time-out’ from these kinds of unilateral actions will create a climate in which such an accelerated approach can succeed in achieving a final Israeli-Palestinian peace agreement.”**

*Secretary of State Madeleine K. Albright, address at the Israel Academy of Arts and Science, Jerusalem, September 11, 1997*

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