
REPORT ON ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES

A Bimonthly Publication of the Foundation for Middle East Peace

Volume 2 Number 1

January 1992

Inside this issue:

- Israelis Oppose Shamir 3
- From the Israeli Press 5
- Creating a "Greater Jerusalem" 6
- U.S. Rabbis Call for Settlement Freeze 8

ISRAEL VIOLATES COMMITMENTS ON HOUSING SOVIET IMMIGRANTS

American loan guarantees for Israel's assimilation of Soviet immigrants have been tied explicitly to the conduct of Israel's settlement policies.

In October 1990, Israel acknowledged the linkage as a condition for receiving \$400 million in U.S. loan guarantees for housing Soviet newcomers. In a letter to Washington, Foreign Minister David Levy committed Israel "not to direct or settle Soviet Jews beyond the Green Line."

How have the Levy commitments worked in practice?

The Levy letter noted that "no special incentives exist to encourage Soviet Jewish immigrants to settle beyond the Green Line." Israel, however, continues to direct and settle immigrants across the Green Line and, in some instances, provides incentives to facilitate their relocation. Many settlements, including Ofra, Ariel, and Yakir, have created new "immigrant absorption committees." Some settlement groups have established themselves at Ben Gurion airport to speed newcomers directly to the territories.

Soviet Jews are settling in small but increasing numbers throughout the occupied territories. During the first nine months of 1991, almost 5,000 immigrants moved to parts of Jerusalem annexed by Israel in June 1967, joining the 8,000 immigrants who moved to these neighborhoods during 1990.

In the Golan Heights and Gaza Strip, Soviet newcomers are founding new settlements and aiding in the expansion of such existing ones as Katzrin, Israel's largest Golan outpost.

LINKAGE TO SETTLEMENTS AT HEART OF LOAN DEBATE

When Israel's request for \$10 billion in loan guarantees is considered by Congress, a central issue will be whether the guarantees can win U.S. approval without restrictions on Israeli settlement in the occupied territories.

The Bush administration has called upon Israel repeatedly to stop construction in new or existing settlements. These requests have increased in frequency since the beginning of Secretary of State James Baker's diplomatic initiative in March 1991.

The Shamir government, however, refuses to curb its settlement drive. Israel spent \$2 billion on settlement expansion during 1991. In 1990, expenditures totalled approximately \$1 billion (excluding East Jerusalem and the Golan Heights). During the last decade, between \$250 million and \$500 million was spent annually in the West Bank and Gaza Strip for settlement-related purposes. The 1992 budget for the territories is tentatively estimated at \$1.2 billion.

Israel's current plans envision the construction of housing in the territories for an additional 40,000 to 120,000 settlers annually during the 1991-1993 period.

Aid Restrictions

A number of schemes for restraining Israel's settlement program have been proposed in recent months.

The United States has traditionally required Israel to commit itself not to spend U.S. economic assistance funds in the occupied territories. This commitment was most recently reiterated in Israel's assurances to Washington as part of its \$400 million in loan guarantees in 1991.

Both U.S. and Israeli officials recognize, however, that these "boilerplate" assurances are meaningless. Money is fungible. U.S.-provided funds simply enable expenditure of Israeli funds for settlement in occupied territory.

There is, therefore, no relationship between such a commitment and the policy objective of curbing Israeli

TO OUR READERS

This issue marks the beginning of the *Report's* second year. When initial preparations were begun for the *Report*, it was our belief that Israeli settlement in the occupied territories would be a central issue in both U.S.-Israeli and Israeli-Palestinian relations. Events of the past year—from U.S.-Israeli discussions about loan guarantees for the assimilation of immigrants to Israel's unprecedented settlement drive and the international attention focused upon it—have justified our original assessment.

Our sources of information in both Israeli and Palestinian communities have enabled the *Report* to become one, if not the principal, nongovernmental source of accurate data and analysis about Israel's settlement program.

The *Report* has been well placed to provide timely information on the settlement issue to a growing number of interested individuals, groups, and international organizations as well as to members of Congress and the press. Our

resources proved particularly useful during the peace talks.

The administration of President George Bush has been more outspoken than any of its predecessors in drawing attention to the obstacle that Israeli settlement in the occupied territories poses to Israeli-Arab reconciliation.

"We have problems that everyone in this room knows, and I think around the world knows, about the settlements," noted President Bush on December 20, "the feeling that they are an obstacle to peace. And we have made that clear to our Israeli friends."

We, too, believe that the path to peace lies in an end to the Israeli policy of settlement in the occupied territories. And, as the *Report* enters its second year, we hope that our efforts contribute to promoting the peace and tranquility that both Israelis and Palestinians deserve.



GUARANTEES, *continued from page 1*

In the West Bank, well-established settlements such as Ariel are attracting hundreds of Soviet families. About 20 percent of the increase in Jewish settlers in the West Bank this year can be attributed to Soviet immigrants. This percentage will increase in coming years. Until now, almost all have found homes in units constructed before the construction boom began in 1990. As the 40,000 units begun over the Green Line since 1990 are completed, Soviet immigrants looking for affordable housing within commuting distance of the Jerusalem and Tel Aviv job markets, along with Israelis generally, will be moving into occupied territory in greater numbers.

The government of Israel has transferred ownership of apartments to Amidar, a

quasi-governmental housing agency, which in turn makes them available to local government councils of settlements. *Yediot Aharanot*, on June 6, 1991, described this practice as aimed "at getting around the government's policy not to settle immigrants in the territories." If immigrants decide to purchase these apartments, the paper notes, they receive a 75 percent rebate of their first year's rent, an incentive whose cost is borne ultimately by the government.

In a letter to Prime Minister Yitzhak Shamir, MK Avraham Poraz complained that this policy is "an evasive trick which will endanger future U.S. aid to finance immigrant housing, at a time when the world already has the impression that we are violating our commitment to the U.S. on immigrant settlement and resorting to deception." ♦

FOUNDATION FOR MIDDLE EAST PEACE

Merle Thorpe, Jr.
President

Geoffrey Aronson
Editor

Jean C. Newsom
Director of Publications

Board of Advisers

Lucius D. Battle
Former U.S. Ambassador to
Egypt and Assistant Secretary of
State for Near Eastern Affairs

Landrum R. Bolling
Former President, Tantur Ecu-
menical Institute, Jerusalem;
President Emeritus, Earlham
College

Murray J. Gart
Former Chief of Correspon-
dents, *Time* Magazine, Senior
Editor, Time, Inc.

Stanley Hoffmann
Chairman, Center for European
Studies, Harvard University

Trustees

Peter M. Castleman
Calvin H. Cobb, Jr.
Richard S.T. Marsh
Frank Reifsnnyder
Merle Thorpe, Jr.

The Foundation, a non-profit, I.R.C. 501 (c)(3) organization, receives no U.S. or foreign government funds. It supports peace and security for Israelis and Palestinians through mutual recognition and a negotiated division of the contested land.

Copyright © 1991

CORRECTION. An article in the November *Report* referred to an "interview" by the Israeli daily, *Yediot Aharanot*, with State Department official Aaron Miller. *Yediot Aharanot* did not interview Mr. Miller. The statements attributed by *Yediot Aharanot* to Mr. Miller were from other sources, quoting Mr. Miller. We regret the error.

ISRAELIS OPPOSE SHAMIR ON SETTLEMENT POLICY

The most extensive public opinion poll ever conducted in Israel shows that almost three out of four Israeli Jews believe that a settlement freeze could promote the prospects of Arab-Israeli negotiations. An equal proportion, including 34 percent who believe in the security value of the West Bank and Gaza Strip to Israel, support some form of territorial compromise in these areas. More than half of those polled, however, oppose any withdrawal from the Golan Heights.

Pollsters for the Na'amat women's organization visited more than 4 percent of all families in Israel, interviewing 80,766 men and women civilians over the age of 18.

A sampling of opinion of Israel's Jewish population follows. (Tabular results in percentages.)

Will freezing settlements at this time help promote the peace process?

<i>Definitely Not</i>	<i>Maybe</i>	<i>Definitely</i>	<i>No Opinion on the Issue</i>
24.0	36.4	33.7	5.9

Which of the following definitions most accurately describes the way you feel about the territories held by Israel in Judaea, Samaria, and the Gaza District?

They are a harmful extra burden and should be gotten rid of as soon as possible.	14.1
They are a bargaining chip in political negotiations and can be given up totally or in part in exchange for a peace agreement.	26.1
They are important for Israel's security but parts of some of them can still be given up in return for a peace agreement.	34.0
They are essential for Israel's security and may therefore not be given up.	11.9
They are an inseparable part of Eretz Yisra'el, the people of Israel, and Jewish tradition and must therefore not be given up.	9.5
There is not a single definition among the above choices that approximates my view closely enough.	4.3

Is the principle of the possible return of a piece/pieces of land on the Golan in exchange for peace similar to the peace with Egypt acceptable to you?

<i>No</i>	<i>Yes</i>	<i>No Definite Opinion Yet</i>	<i>Do Not Understand Anything About It</i>
51.8	27.4	17.2	3.6

AMERICAN JEWISH LEADERS SUPPORT SETTLEMENT FREEZE

A survey of 205 leaders of the Council of Jewish Federations (CJF), released in November, highlights a rift between the leaders and the Shamir government on a wide range of issues relating to Israel's settlement policies. CJF coordinates the collection of private contributions to Israel and Jewish communal causes in the United States.

Almost eight out of ten—78 percent—support a freeze on all settlement construction in order to win U.S. approval of loan guarantees for the assimilation of Soviet immigrants in Israel. Six out of ten view the continuation of settlement activity as harmful to peace prospects.

Selected questions and responses from the survey follow. (Tabular results in percentages.)

If Israel must choose between getting U.S. loan guarantees for Soviet Jewish immigrants and continuing to expand West Bank settlements, which choice would you favor?

Freeze settlement growth in order to get the loan guarantees	78
Continue expanding settlements and forego the loan guarantees	13
Not sure	6

The presence of so many Israeli settlements in the West Bank will ultimately make reaching a peace agreement more difficult.

Agree	59
Disagree	38
Not sure	3

In return for an end to the Arab economic boycott and an end to intifada violence, Israel should agree to freeze West Bank settlement activity.

Agree	66
Disagree	29
Not sure	4

Civilian settlements in the West Bank enhance Israel's security.

Agree	72
Disagree	25
Not sure	3

The costs and risks of continued Israeli rule over the West Bank may outweigh the benefits.

Agree	64
Disagree	30
Not sure	6

settlement activity. Any effective mechanism for inhibiting the expenditure of funds provided directly or indirectly by the United States requires monitoring (by the United States or the United Nations) of Israeli spending and enforcement of a reduction or halt in such activity.

Settlement Freeze

The idea of a settlement freeze was introduced into the lexicon of Arab-Israeli diplomacy during the Camp David talks in September 1978. At that time, Israeli Prime Minister Menachem Begin agreed to a freeze on settlements during the course of negotiations on Palestinian autonomy. There was no protocol defining the Israeli commitment, however, and Israel soon insisted that Begin had agreed to only a three-month freeze on new settlements. In the meantime, existing settlements would be "strengthened" and "thickened." On November 1, 1979, for example, ground was broken for the permanent site of Ma'ale Adu-mim, two miles away from the closest Israeli settlement. Later that month plans for increasing the Israeli population in the West Bank from 7,000 to 10,500 were approved.

In November 1991, Prime Minister Shamir ordered a freeze on the establishment of new settlements during the Madrid conference. While no new settlements were established during this short period, there was no interruption in the Israeli program of expansion of existing settlements.

Interest in Congress

In recent months, members of Congress have suggested withholding funds equivalent to expenditures for settlements. Congressman John Bryant (D-Texas) introduced legislation in summer 1991 linking U.S. economic aid to Israel to a suspension of settlement activity. He offered an amendment to the foreign aid bill that called for withholding from Israel's foreign aid allocation the amount equal to Israeli expenditures on settlements in the occupied territories. This sum would be placed in escrow, to be released after presidential certification that Israel was not expanding settlements in the West Bank or Gaza. The amendment was defeated 377 to 45.

The amendment proposed an actual reduction in U.S. aid to Israel: Monies would be withheld from Israel's annual foreign aid appropriation. This cut contrasts with suggestions for a reduction in U.S. loan guarantees for Soviet immigrants. Bryant invoked the inaccurate figures on Israeli expenditures cited by the State Department in a March 1991 settlement budget report. The State Department report acknowledged that "the published [Israeli] budget does not contain sufficient detail to identify all expenditures on settlements." It cited "identifiable" allocations of \$82.5 million for 1990 and \$54.5 million for 1991.

These figures, while incomplete, were also methodologically suspect in that they excluded even identifiable expenditures for East Jerusalem and the Golan Heights, both unilaterally annexed by Israel, but still considered by the United States to be occupied territory.

Trade for Arab Boycott and Intifada

In the course of his diplomacy last year, Secretary Baker suggested that a settlement freeze might be reciprocated by a cessation of the Arab economic boycott of Israel. During the Madrid conference, Baker broadened the proposal to include an end to the Palestinian intifada, as well as an end to the boycott, and U.S. provision of the loan guarantees in return for a temporary settlement freeze.

The key elements of such a "freeze"—its duration, scope (including East Jerusalem, for example), and methodology (a ban on new settlement construction and a freeze on all construction)—have not been specified.

Loan Guarantees and Settlement

According to Israeli press reports, in a late September 1991 visit to Israel, Secretary Baker told Prime Minister Shamir that Israel would receive the loan guarantees only if it agreed to freeze settlements and stop the flow of settlement funds to the occupied territories.

In his discussions with Shamir, Baker also called for the establishment of an apparatus that will enable Washington to examine and supervise Israeli expenditures to assure that funds guaranteed by the United States are not expended in occupied lands. Such a monitoring system could also confirm that Israeli funds made available as a result of the loans would be spent within Israel.

"The meaning of the American demand," noted a news report in *Ha'aretz*, "is actually a complete freeze on the allocation of money for building beyond the Green Line."

"No government in Israel can accept this condition," responded a Shamir aide, "because it means it would not even be possible to pay the salaries of teachers working over the Green Line."

Shamir dismissed the conditions Baker outlined for U.S. approval of the loan guarantees. He explained to Baker that the issue of a settlement freeze would be discussed only during negotiations on the final status of the occupied territories, which, as Israel sees it, will begin three years after the initiation of the autonomy talks.

The monitoring regime reportedly suggested by Baker would signify unprecedented American intervention in Israel's economic decisionmaking. It could be part of a mechanism aimed at enforcing a range of options from reduction to a complete halt in Israeli expenditures for settlement purposes.

FROM THE ISRAELI PRESS

"The settlements are the greatest obstacle in Israel's information efforts [in the United States]," according to a report to Jerusalem by Israel's consul in Los Angeles, Ran Ronen.

"We have reached a point where it is no longer possible to avoid offering more serious and well-founded responses [about settlements]. The Jewish public and the non-Jewish public together want to receive better explanations and this necessitates that we organize accordingly."

Ha'aretz, October 14, 1991

"The 'settlement party'—as the U.S. understands it—is going to continue.

"Shamir, say his advisers, believes that in days during which the Syrian ruler declares that Israel must leave all the territories, and the leader of the PLO says that Jerusalem is the capital of the Palestinian state, there is no problem in the prime minister announcing from every platform his intention to annex the territories conquered by Israel in 1967.

"Those in Shamir's circle also say that there isn't any reason for the Americans to be surprised: 'They know exactly with whom they are dealing. They know Shamir,

who is not prepared to change his worldview, or to try to find favor with President Bush. From now on they will hear from us direct and unequivocal declarations...'

"Shamir's statements are a genuine expression of what he thinks—that Israel, under his leadership, is not prepared to compromise on the territories conquered in 1967."

Shimon Schiffer in *Yediot Aharanot*,
September 26, 1991.

"Tens of young members of the United Kibbutz Movement are working as salaried laborers and saving money during their time away from their kibbutz by building in settlements in Judea and Samaria, Shilo and

"Reuven Kastlemen is the head of the company employing the youths. His impression from speaking with them is that they do not have any moral qualms about their work, despite their ideological opposition to Jewish settlement in the territories. What is important to them is the economic issue and not the ideological issue."

Shulamit Mana in *Yediot Aharanot*,
October 2, 1991

SETTLEMENT FREEZE, *continued from page 4*

Efforts were under way late in 1991 to arrange a compromise formula for provision of the loan guarantees in 1992. Suggestions include a freeze on settlements for the duration of the peace negotiations; a reduction to 3,000 to 4,000 in housing starts annually in the West Bank, compared with the 1991 pace of more than 15,000; and a reduction in U.S. loan guarantees equal to Israel's expenditures in the occupied territories.

The historical record demonstrates that a simple declaration of a freeze in settlements is a political statement rather than a practical means of reducing or limiting Israel's settlement program.

A reduction in housing starts to 3,000 to 4,000, as suggested by Finance Minister Yitzhak Mod'ai, would permit a quota double the rate of building annually during the 1980s, when the population of the West Bank and Gaza Strip alone rose from 12,000 to 76,000. This ceiling, which has been dictated by fiscal and demographic realities in Israel, could easily permit an enormous settlement drive. Such an Israeli "concession" would also exclude settlement in East Jerusalem and the Golan Heights from any limitations.

A reduction in loan guarantees equal to Israel's expendi-

tures in the occupied territories as suggested by Senator Patrick Leahy (D-Vt.) would establish the principle of exacting, in U.S. terms, a political and monetary cost for Israel's settlement policies. The cost to Israel, however, would not be as severe or direct as a reduction in actual U.S. aid, because it would only lower the ceiling of U.S. guaranteed funds available. A key variable would be in determining monies spent for settlement. Israel could easily accept the financial penalty of a reduction based on the State Department figures of March 1991.

To achieve a meaningful reduction, halt, or freeze in settlement activity, a policy must be formulated that will include these elements:

- Israel's public and private expenditures, including subsidies and incentives.
- The annual number of housing units initiated or completed.
- The areas defined in such restrictions—the West Bank and Gaza Strip, and the Golan Heights and East Jerusalem, annexed by Israel in June 1967.
- Reforms in the legal code regarding the transfer and sale by Israelis of properties over the Green Line.

The degree to which U.S. policymakers address these elements will be a barometer of their intention to affect Israel's settlement program. ♦

ISRAEL CREATES WALL OF CONCRETE AROUND GREATER JERUSALEM

Nowhere is Israel's policy of "creating facts" more evident than in the eastern hinterland of Jerusalem, the critical heart of the West Bank where Israel has established the infrastructure for the creation of a Jewish majority.

"During our days," declared Israel's Minister of Housing Ariel Sharon recently, "we will see one million Jews in greater Jerusalem, the capital of Israel."

Greater Jerusalem includes two concentric rings of Israeli settlements in lands captured in the June 1967 war. The inner ring is composed of the Jewish neighborhoods in East Jerusalem annexed to Israel in June 1967. The outer ring includes Jewish settlements in the West Bank.

To reach Sharon's one million goal, Israel will have to double greater Jerusalem's current Jewish population of 523,000 located as follows:

- 350,000 in West Jerusalem—the part of Jerusalem controlled by Israel before 1967.
- 140,000 in East Jerusalem.
- 33,000 in the West Bank region bounded by Ramallah in the north, Hebron in the south, and the hills overlooking Jericho in the east.

The Palestinian population in this area is 205,000, 55,000 of whom reside in the West Bank and the remainder in East Jerusalem.

For political reasons, "annexation" is never mentioned in connection with greater Jerusalem. Sharon, for example, prefers to describe this process as assuring "territorial and demographic continuity" between Jerusalem and the satellite settlements in the West Bank that define the dimensions of the emerging metropolis. "Sharon's major purpose," notes Jerusalem's deputy mayor, Oman Yekutieli, "is to make it impossible to arrive at peace."

The first or inner circle of Jewish settlement, composed of the Israeli neighborhoods built in East Jerusalem, now houses close to 150,000 people. These are suburbs aimed at consolidating an overwhelming Jewish majority in the city itself—they provide housing for Jews and thereby constrict the expansion of Arab population. They also create a physical barrier to the unification of Palestinian Jerusalem with the West Bank.

The outer chain of settlements encircles Jerusalem to its south, east, and north. This circle, extending 11 miles at its most distant from downtown Jerusalem, includes about one-third of all Israeli settlers in the West Bank.

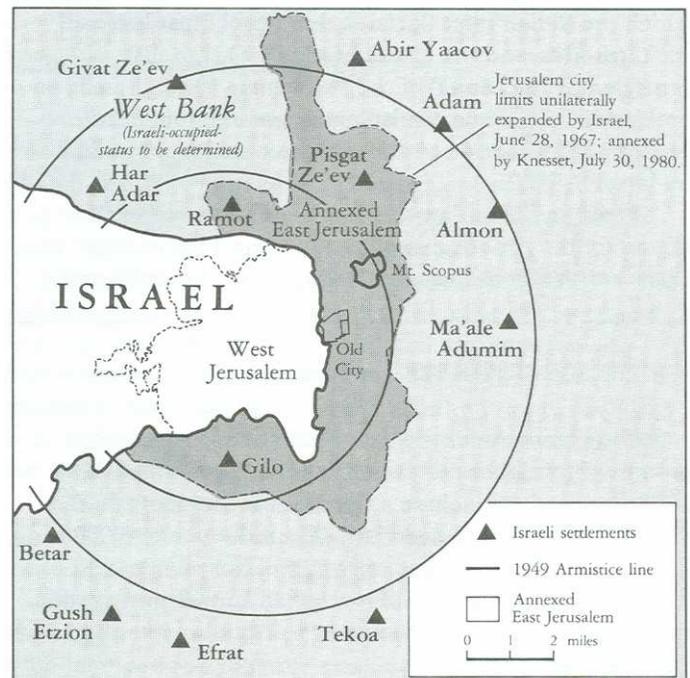
Sharon, in a speech outlining the plan to the Knesset, promised to build a "solid belt of settlement" from the Green Line through the town of Betar (just south of Jerusalem), which is planned to reach a population of 70,000, and Gush Etzion. "Thousands of units" were promised to expand Efrat northward to within less than two miles of Bethlehem.

In the east, Ma'ale Adumim, with a planned population

RINGS AROUND JERUSALEM, January 1992

Settlement	Population	Housing under Construction	Current Number of Housing Units
Betar	1,800	500	300
Gush Etzion	7,530	1,123	1,750
Ma'ale Adumim	15,500	2,000	3,300
Mikmash	450	250	120
Adam	400	630	100
Abir-Yaacov	300	189	75
Givat Ze'ev	5,675	250	1,050
Har Adar	1,100	0	290
TOTAL	32,755	4,942	6,985

* Gush Etzion—the Etzion Bloc—includes 16 separate settlements.



of 60,000, will be enlarged to create a territorial link with Jerusalem to the northwest and eastward "to the ridges" overlooking Jericho, which, Sharon announced, will also be surrounded by new construction.

The northern part of the ring is anchored by Givat Ze'ev, which, like Ma'ale Adumin, was originally established with a view toward its eventual inclusion in a greater Jerusalem. Sharon declared in his address that Givat Ze'ev is scheduled for considerable expansion.

Knesset member Dedi Zucker estimates that, by the end of 1991, almost 3,000 housing units will be under construction in this outer ring. Construction in the inner ring will reach 6,000 units, enough to increase the Jewish population of greater Jerusalem by 7 percent. ▶

U.S. RABBIS CALL ON SHAMIR TO FREEZE SETTLEMENTS

In a November 1991 letter to Israeli Prime Minister Yitzhak Shamir, 225 rabbis from more than 75 communities across the United States urged Israel "to take substantial risks with regard to territory." The signers included Rabbi Arthur Hertzberg, vice-president of the World Jewish Congress; Rabbi Alexander Shapiro, former president of the Rabbinical Assembly; Rabbi Gordon Tucker, dean, Jewish Theological Seminary; and Rabbi David Gordis, director of The Wilstein Institute of Jewish Policy Studies. Portions of the text follow.

"We, American rabbis who are deeply committed to the State of Israel, its survival, security, and well-being ... urge you for the sake of Zion and Jerusalem to listen to the voices of the majority of American Jews and the majority of Israelis who in their hearts hold the following beliefs:

A Greater Israel is not identical with the size of its boundaries. Israel's security is the most crucial issue. Territorial compromise that enhances the possibility of peace and long-term security is for us a religious obligation, not a political expediency and not a weakness. Netzach Israel (the eternity of Israel) is a moral principle, not a geographical issue.

Furthermore, the resettlement of our brothers and sisters from abroad means more to us than the settlements in the West Bank and Gaza. Continued settlement activities are not only detrimental to the peace

process, but also to the successful absorption of the new Olim [immigrants] in Israel. Therefore we encourage a freeze on settlements.

The opening of the peace conference reminded us that our enemies are still our enemies, that living together with Esau remains a future hope. Therefore, all the more reason to follow Jacob's example and Sarah's wisdom and accept the principles of separation of the two people and partition of the land. This is the only realistic hope, it is the historic path of Zionism and the wishes of the majority of Israelis, American Jews, the world community, and finally, after years of rejectionism, of the Palestinian people too.

"As American Jews and religious leaders, we are acutely aware of the unique and vital role the U.S. government holds regarding the peace process. Therefore, we strongly support the efforts of our government to bring about a durable and peaceful settlement between Israel, the Arab states, and the Palestinians. As in the case of the Camp David Accords, we will support positive U.S. incentives to all parties to bring about a reconciliation.

"We respect your strength and congratulate you for your perseverance in leading Israel to the peace conference. The ultimate priority of peace may lead you and the Israeli people to take substantial risks with regard to territory. If this is your course, you will have the overwhelming support of the Jewish people...." ♦

"Peace cannot be waged while Palestinian land is confiscated in a myriad of ways and the status of the occupied territories is being decided each day by Israeli bulldozers and barbed wire. This is not simply a position, it is an irrefutable reality. Territory for peace is a travesty when territory for illegal settlement is official Israeli policy and practice. The settlements must stop now."

Dr. Haidar Abdul-Shafi, head of the Palestinian Delegation,
in his October 31, 1991, address to the Madrid Peace Conference

Foundation for Middle East Peace
555 - 13th Street, N.W.
Suite 800
Washington, D.C. 20004-1109
Telephone: 202.637.6558
Fax: 202.637.5910