

REPORT ON ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES

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ISRAELI VIOLATIONS LED TO BUSH HARDLINE ON LOAN GUARANTEES

U.S. Secretary of State James A. Baker III has revealed that Israel violated a commitment made in February 1991 not to build beyond a "baseline" rate of settlement growth in the West Bank. Baker leveled his charge in remarks to a delegation from the American Jewish Committee (AJC) on May 10 this year.

Baker's announcement, reported by the Jewish Telegraphic Agency (JTA), marks the first time the secretary himself has explicitly confirmed the existence of the Israeli commitment, reports of which have appeared in the Israeli press for more than a year. (See November 1991 *Report*.) Shirron Peres, for example, recently charged that the Likud "broke [its] written commitment to the U.S. over the \$400 million worth of guarantees."

After the meeting with Baker, committee president Alfred Moses explained to the JTA, "What I had heard before is that a major reason for the administration's ultimate stance on loan guarantees was indignation and outrage on how the \$400 million was handled. I had not heard there was an understanding outside the document itself, that there would be no increase over the baseline.... I had not heard that a specific understanding had been reached, and had been breached."

The Israeli commitment was made just as negotiations on the U.S. loan guarantee of \$400 million were entering their last stages. Publication in February of a plan for the construction of 12,000 dwellings in the West Bank, far

RABIN VICTORY PROMISES CHANGE IN SETTLEMENT PROGRAM

Labor's victory and the installation of Yitzhak Rabin as Israel's new prime minister have raised the prospect of a material change in Israel's settlement policies.

The Labor Party platform promised that "new settlements will not be established and existing settlements will not be thickened, except for those in Greater Jerusalem and the Jordan Valley." It also committed the Party to freeze the establishment of new settlements for one year.

On the campaign trail, however, Rabin came out in favor of continued settlement, explaining that, "I was always for the principle that it is permissible to build settlements even beyond the Green Line."

Rabin has objected to "political settlements" as opposed to the "security settlements" in Greater Jerusalem, the Jordan Valley and the Golan Heights.

There are approximately 90 such "security settlements" with a population of 51,000. So-called "political settlements" in the West Bank number about 100, with a population of 61,000. Among these are settlements founded by Labor governments, such as Kiryat Arba (population 5,000) abutting Hebron; Green Line settlements; and ten settlements with a population of 17,000, including 10,000 in Ariel, east of Tel Aviv. Rabin has not addressed the future of the 20 Gaza Strip settlements with a population of 5,000.

Following his election, Rabin pledged "not to dry [political settlements] out," but not to "throw away billions" in state resources for their expansion.

The "Fundamental Policy Guidelines of the Government" make no mention of a settlement or construction freeze, but they commit Rabin to "refrain from moves and actions that will disrupt the orderly conduct of negotiations" and to reform state subsidies for settlement. The new government also pledges to "consolidate and strengthen settlements along the confrontation lines [the Jordan Valley and Golan Heights]."

Rabin believes that his settlement policies, though falling far short of the Bush administration's demand for a construction freeze, will increase Israel's chances of receiving U.S. loan guarantees.

TO OUR READERS

The news from Israel is more encouraging than it has been in a long time. Voters repudiated Mr. Shamir's strident pursuit of a "Greater Israel." There are no tears here at his defeat.

We extend our very best wishes to the growing faction of doves within Labor in the hope that they, combined with Labor's coalition partner, Meretz, will prove to be the controlling force for a political settlement of the conflict.

Israeli settlements, of course, reflect the conflict in its most visible form. What is Mr. Rabin's plan for their future? Everyone is trying to read the tea leaves. Whereas the Labor platform called for a one-year freeze on the creation of new settlements, Mr. Rabin—simply under campaign pressure we hope—introduced many ambiguities, expressing opposition only to "political" (as distinguished from "security") settlements, which by his definition would cover less than half of all settlements.

VIOLATIONS, *continued from page 1*

larger than any previous program, raised U.S. concerns and prompted a commitment by Prime Minister Yitzhak Shamir not to build beyond the 1,200 unit "baseline" of previous years.

This obligation was acknowledged in a letter from Baker aide Dennis Ross to Israel's ambassador, Zalman Shoval, a portion of which was released by Knesset Member Charlie Biton:

"You know that we were very unhappy when we heard about the plan to build more than 12,000 apartment units in the territories.... You know what our position is on this. But we received an assurance from the prime minister, Yitzhak Shamir, that Israel has no such plan, and on that basis we are giving our guarantee [for \$400 million in loans for Soviet immigrants]...."

In numerous appearances on Capitol Hill during February and March this year, Baker failed to mention this critical

The Government Guidelines now in place explicitly commit the government to continue settlement on the "confrontation lines," but make no mention of a settlement or construction freeze.

A related major question is Mr. Rabin's concept of autonomy—not only its substance, but the geographic areas to which it would apply. Will he be willing to let it extend to the more than 90 percent of the territories not currently taken up by settlements, or only to the more limited 50 percent which, after relentless Israeli expropriation, remains in Palestinian hands?

Rabin must soon define his policies more precisely, especially with respect to settlements. Nevertheless, the change in Israel is welcome. It suggests more promising times than those dreadful years filled with so many depressing events produced by Likud and its cohorts.



element of the ongoing debate between Jerusalem and Washington. Only in a speech later in March did Ross confirm that "there were assurances[from Israel], and in the aftermath of the \$400 million in guarantees, settlement activity tripled."

In light of the developments following the \$400 million loan guarantees, Washington demanded more ironclad assurances on limiting settlement construction before moving forward on the \$10 billion request.

Last December, a detailed U.S. satellite survey was taken of construction in the occupied territories as Washington prepared for discussions on the loan guarantees. From these pictures it is possible to arrive at an estimate of Israeli construction activity and expenditures independent of Israeli-supplied information. A second such survey is under way, almost certainly in preparation for post-election negotiations. •

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SETTLEMENT PRESSURE INCREASING ON JERUSALEM'S OLD CITY ARABS

For most of its 25-year occupation of East Jerusalem, Israel has been intent on securing an Israeli majority in the annexed part of the city, but has taken care to preserve the pre-existing separation of the city's multiple and varied national and religious communities. Most new Jerusalem suburbs, like Gilo and Neve Ya'acov, encircled rather than penetrated existing blocs of Arab habitation.

Jerusalem's Old City—the (1 square kilometer) area within the ancient walls of the pre-twentieth century town—is divided into recognizable and fairly distinct Christian, Muslim, Armenian, and Jewish quarters. Teddy Kollek, the long-serving mayor, has sought to preserve the Old City as a "mosaic" rather than a "melting pot" by maintaining the segregated areas.

"I think that all over the world it has been proven that people live more peacefully when one type of people live in a quarter," explained Kollek.

The reestablishment of the Jewish Quarter after 1967 as a distinct and separate enclave, in which even long-term Arab homeowners were effectively barred, has been consistent with Kollek's master plan.

Since the late 1970s, however, government and privately funded groups like Ateret Cohanim—one of a handful of Jewish fundamentalist groups preparing for the coming of the messiah and the building of the Third

Temple on the grounds of the Haram as-Sharif—as well as settlement arms of the government itself, have labored to circumvent Kollek's plan. They have practiced "retail Zionism": purchasing homes and even portions of homes, one at a time and not always from legal owners, or confiscating "absentee" properties in the Muslim Quarter. Today, around 600 Israeli Jews, mostly seminary students, inhabit some 55 Old City sites located outside the traditional boundaries of the Jewish Quarter.

Encouragement from the government of Yitzhak Shamir to settle in the Old City outside the Jewish Quarter became so controversial that the U.S. Congress voted to reduce aid to Israel by \$3.5 million, an amount allocated by the Israeli government for the contested purchase of St. John's Hospice near the Church of the Holy Sepulchre in 1990. Twenty Israelis now live at the site.

Led by Minister of Housing Ariel Sharon, ideologically motivated settlement groups have spearheaded government efforts in recent years to purchase homes and land and occupy sites not only within the Old City's Muslim and Christian Quarters, but also in the adjacent Arab neighborhoods of Silwan, the Mount of Olives, Wadi Joz, and Sheikh Jarrah.

"We have set a goal for ourselves of not leaving one neighborhood in East Jerusalem without Jews," explained Sharon at a pre-election dedication of a newly refurbished home in the Muslim Quarter, a site that now belongs to Ateret Cohanim. "This is the only thing that can assure a

united city under Israeli sovereignty," Sharon added.

Newly elected Prime Minister Yitzhak Rabin has termed such activities "foolish and stupid. What is more important," he said, "is to establish a Jewish link between Ma'ale Adumim and Jerusalem."

Rabin's victory, and the expected purge of government offices of Likud partisans, should lessen the pressure on the Muslim Quarter and neighborhoods like Silwan, where a controversial plan for the construction of 200 Israeli apartments is certain to be withdrawn. Rabin has the power to stop the direct budgetary and police support that has made possible the incremental expansion

of fundamentalist Jewish groups into the heart of Jerusalem's Arab communities. He can withhold the indirect incentives that have permitted these organizations to carry out their settlement intentions.

The expected disappearance of government patronage will force a change in the strategies of militant settlers, who will now find themselves on the defensive. There will no doubt be efforts, aided by partisans like Sharon, to raise funds independently of the government—in the United States, for example—in an attempt to "privatize" continuing Old City settlement. In the short run, these efforts, like similar activity that can be expected in the West Bank, will be aimed at winning the settlement battle, outflanking what is viewed by them as a hostile Labor government. •

Jerusalem's Population, 1967-1992

	1967	1990
Population of Jerusalem*	266,000	555,000
Israelis	196,400 (74%)	400,000 (72%)
Israelis in East Jerusalem	0	135,000
Palestinians	70,000 (26%)	155,000 (28%)
Current population of the Old City is 28,1000, including 2,600 Israelis in the Jewish Quarter, 19,000 Muslims, and 6,500 Christians.		
*Including areas annexed in 1967—East Jerusalem.		

LIKUD'S FINAL APARTMENT SALE

In April, the Likud government of Yitzhak Shamir embarked upon its most ambitious campaign ever to induce Russian and Ethiopian immigrants to settle in the occupied West Bank and Gaza. Today, more than a quarter million Israelis live in the two areas captured by Israel in June 1967.

By the end of May, however, the campaign showed significant signs of failing. Numerous settlement tours for prospective new settlers, which had been touted as the effort's centerpiece, were cancelled due to lack of demand.

Under the slogan "To Settle in the Heart—One Million Jews in Judea and Samaria," (Judea and Samaria are the biblical Hebrew terms for the West Bank), the government inaugurated a multimedia advertising campaign that planners initially hoped would bring 100,000 immigrants on tours of West Bank settlements by mid-summer.

"This is a very important group," explained Israel Katz, organizer of the program and a confidante of Minister of Housing Ariel Sharon. "Immigrants don't know the area and are therefore interested in touring it. It's possible to convince these people of the importance and necessity of the region."

"Join the Likud!" one Likud official exclaimed as a group of immigrants toured the West Bank, "the flag that is blue and white [Israel's flag], and not red [Labor's flag]."

Quite obviously now, Likud failed to benefit politically from the mission. The votes of new Russian immigrants helped the Labor Party win four critical mandates in its victory over Likud.

When it was first announced early in the year, the settlement sales promotion campaign caused alarm in the Bush administration. An Israeli diplomat was called to the State Department to explain, and the U.S. Embassy in Tel Aviv asked the Israeli Foreign Ministry for a briefing on the scheme.

The Bush administration views any Israeli government effort to entice immigrants to settle in the occupied territories as a violation of the Israeli pledge not to "direct or settle" Russians in the territories. The commitment was made as part of the deal under which Israel received \$400 million in loan guarantees last year. At a time when it was soft-pedalling differences with the Shamir government,

Washington limited its concern to private expressions of disapproval.

The idea for what one settlement group advertises as "the biggest population effort since Abraham" was born last fall, when the settlement lobby in Israel feared that the diplomacy inaugurated at Madrid would undercut public interest in settling the territories.

"We need Israelis to come and see the enormous construction effort now under way," explained the spokesman for the Council on Jewish Settlements in Judea, Samaria, and the Gaza Strip. "Those who see this construction will understand that it is impossible to speak of returning the territories and will be convinced to come and live with us."

The anti-settlement organization, Peace Now, criticized the settlement tours as "another example of the Likud's

effort to turn Israel into a South Africa in Israeli and international public opinion. This program is also a slap in the face of the peace process, and heats up the struggle with the Palestinians and the Arabs."

Peace Now predicts that the government will be unable to sell the thousands of West Bank homes coming on the market this year, and it pointed to the suspension of the weekly tours as proof of slack demand.

Thirteen thousand homes and apartments in various stages of completion are up for sale in 130 West Bank and Gaza settlements, and another 1,700 mobile homes

and 4,000 prefabricated units are available to rent for a nominal monthly fee.

Government planners initially hoped to sell 3,750 units by summer. Parliamentarians Dedi Zuker and Haim Oron claim that \$277 million in government funds is subsidizing these units. On June 21, a settlement organization reported that 2,120 units had been sold.

Many prospective settlers are surprised at how costly homes are in the settlements closest to Jerusalem and Tel Aviv. Nonetheless, settlement activists and foreign observers believe there is scant prospect that an apartment glut plaguing development towns in the more remote regions of Israel proper will appear in the West Bank. •

Apartments For Sale

<i>Settlement</i>	<i>Size (sq.ft)</i>	<i>Purchase Price</i>	<i>Gov't Grant</i>	<i>Net Price</i>
Ma'ale Amos	540	\$25,000	\$16,400	\$ 8,600
Nilli	540	36,400	10,200	26,200
Nisanit (Gaza)	603	32,700	12,300	20,400
Ali Sinai (Gaza)	unavail.	48,800	12,300	36,500
Neve Daniel	630	60,400	12,300	48,100
Eliezer	630	63,300	12,300	51,100

The above examples are taken from an article appearing in *Yediot Aharanot* on April 15, 1992. Homeowners can finance 95% of the purchase price. In the case of Ma'ale Amos, for example, this would require a cash-down payment of \$1,250 and a monthly mortgage payment of \$26.

U.S. JEWISH COMMUNITY LEADERS CRITICAL OF SETTLEMENT POLICY

Many representatives of the American Jewish community are highly critical of Israel's settlement policy, according to a widely circulated, confidential report.

In a special plenary session of the National Community Relations Council (NACRAC), Israel's settlement policy was debated formally for the first time. NACRAC, made up of more than 100 local councils of Jewish organizations, did not ask for a vote to be taken on the issue, but its transcript of the discussion was reported to local councils throughout the country for policy guidance, along with reports on other subjects of concern to Jews in the United States.

The quotations that follow are from the NACRAC report of the debate.

Theodore Mann (co-chair of Project Nishma and former chair of the Conference of Presidents of Major American Jewish Organizations): We are delegates to the only American Jewish organization which, in matters of public policy, is representative of the entire organized American Jewish community. As such we make a real difference, no matter what we do. By expressing our concerns honestly and openly we will strengthen the pro-moratorium forces in Israel and perhaps give some life to the peace negotiations. By remaining silent, we will strengthen the pro-settlement forces in Israel by making it possible for Israeli leaders to claim that we support them.

Michael Kotzin (executive director, JCRC-Chicago): Just because the President has brought settlements into the picture, *we do not* have to pick up his lead and let our division on that issue become central to our deliberations, where it will be pointed to and noted. While we have no consensus on that issue, by entering into debate on it we weaken our power of advocacy in support of loan guarantees, where we *do* have consensus.

Jim Fromstein (president, Milwaukee Jewish Council): [U.S.] Politicians will reward us for understanding their dilemma now, and with their backing in the future our opportunities for legislative cooperation will be improved, not harmed, by a temporary moratorium on settlements.

Please don't ask us to use all of the coupons in our political coupon book on the single issue of loan guarantees and linkage. I think the price to be paid for that is far too high. The issue is not very well understood in Israel, either by the government nor by the people, and it isn't likely to be understood unless it's presented there by organized American Jewry.

Jackie Levine (JCRC, MetroWest, New Jersey): Our role is to tell [Israel] what the facts are about America and particularly the American political establishment. There's a very clear choice for Israel. The choice is to continue to build settlements at a rate that amounts to nearly one

billion dollars a year for the infrastructure and the construction and the defense of them by the IDF or to provide the money for the historic *aliyah* that we have all worked for and fought for and some of us have gone to jail for.

Jordan Band (Cleveland): Why are we so reluctant to express our views when so many Israelis, perhaps a majority, have already expressed theirs in opposition to a further expansion of the settlements, at least during the negotiations on the loan guarantees?

Rabbi David Saperstein (Union of American Hebrew Congregations): [Settlements] are framing the image of Israel in the minds of America. They are affecting the support of the Congress, of local public interest, Christians, labor, minority leaders, indeed, the whole country. Even Israel's best friends in the Senate and House are telling them that in this anti-foreign aid climate, not only loan guarantees but the entire foreign aid package is threatened by frustrations with Israel over settlements.

Rabbi Joseph Wolf (Portland, Oregon): We're finally talking face-to-face with the Arabs, just as we had claimed for years. We have the opportunity to negotiate for peace and what do we do? We build these settlements, we sprinkle salt on Arab wounds.... So the possibility of peace is finally in the air. And we effectively say, by being silent, that there will be no peace. It's time for American Jews and for Israel to take up the moral high ground to declare a moratorium on the settlements and a moratorium on stifling cynicism.

Joel Reck (Boston): The failure of Israel to cease settlements, at least on a temporary basis, I think is a very, very serious mistake. I'm not telling Israel what to do. That's my personal position. We need to get our organizations to discuss these kinds of views because the frustration level among us and among our constituents is simply too great.

Manny Muravchik (Jewish Labor Committee): The building of the settlements is the building of a time bomb.... And I cannot, in all good conscience, be silent about this which I see going on and continue and being pushed while I know that this state which we love and for which we have worked and sacrificed really is a temporary phenomenon because of some foolish, misguided, nationally-oriented policies that are bound to lead to its destruction.

Adeline Silverman (JCRC, Sarasota, Florida): Israel tells us the settlements are vital to its security. As Jewish leaders living here in the United States, we have no right to dictate Israel's policies on the building of settlements.... It is an internal matter relating to Israel's security and a matter which can only be determined by Israel and be negotiated with its Arab neighbors. •

NO SECURITY VALUE TO SETTLEMENTS SEEN BY ISRAELI RESERVE GENERALS

Despite the oft-advanced argument that settlements in the occupied territories are critical to Israel's security, most of the Israeli military elite has long considered civilian outposts more of a burden than an asset in the country's defense.

A poll released on the eve of Israel's June 23 elections by the Council for Peace and Security reaffirms wide support for the proposition that Israel's security on its eastern front would not be threatened if most of the West Bank were returned to the Palestinians. The poll, responded to by 60 percent of all senior reserve officers, tends to support Labor's program for territorial compromise.

The council, founded four-and-a-half years ago as a forum for former senior members of Israel's military establishment, noted that "continuing to hold on to [densely populated Arab territories] is more dangerous for Israel's

national security than arrangements involving a territorial compromise."

Although settlements are not explicitly mentioned in the poll, it is clear that most of the respondents believe that Israel's security is not dependent on the presence of the settlements or their expansion. For example, 75 percent believe that it is possible to maintain Israeli security if most of the West Bank is returned to Arab (Palestinian or Jordanian) sovereignty. A similar majority—71 percent—support a solution for the Golan Heights based on the same principle.

The poll also notes that only one in four respondents favor autonomy or annexation as a permanent solution; 83 percent regard the status quo as a prescription for future war. •

LIKUD PUSHES CONTRACTS FOR 10,000 NEW WEST BANK HOMES

In the weeks before its defeat, the Likud government began signing contracts for the construction this year of 10,000 units in the West Bank and Gaza. Whether the new prime minister, Yitzhak Rabin, will honor these commitments is only one of many settlement-related questions the new Israeli government faces.

Peace Now reported in June that there had been 4,000 housing starts in the West Bank and Gaza during the first half of 1992. Settlement activists claimed that inter-ministerial differences had produced a bureaucratic "freeze" on new construction. The imminent approach of elections cleared the way for additional construction to begin.

Earlier this year, building was targeted at planned urban settlement sites favored by suburbanites who commute to Jerusalem and Tel Aviv. At Ofarim, near Tel Aviv, for example, a settlement that currently has only 14 mobile homes, 564 units are to be begun this year. Ma'ale Adu-mim, just outside Jerusalem, already the largest settlement in the occupied territories with a population of 15,000, has been allocated an additional 1,900 units. At Ariel, close to Tel Aviv, the 1,500 units planned for 1992 will bring that site's population to 20,000. And at nearby Karnei Shomron, the population of 4,500 will double when construction of homes scheduled to begin this year is completed.

In February, according to a statement by Minister of Housing Ariel Sharon, 22,000 units were under construction in the West Bank and Gaza. A February 24 report by *Davar* noted that "the number of houses in the building stage in the territories was closer to 30,000. The cost of all housing being built in the territories has now reached between \$2.9-\$3.3 billion."

Because most of the construction initiated in 1991 will be completed in the second half of this year, settler popu-

lation increases have lagged behind housing starts. The Israeli population in the territories (excluding the Golan Heights and East Jerusalem) grew faster than any sector within Israel—by 12.2 percent in 1990 and 14 percent in 1991. Approximately 97,000 Israelis now live in the West Bank and Gaza.

Sharon noted in a radio interview on April 14 that 21 percent of his ministry's budget was being invested in the occupied territories. When allocations for East Jerusalem are included, the figure nears 30 percent.

Increased government subsidies for industry locating in the occupied territories were approved by a Knesset committee and Minister of Finance Yitzhak Mod'ai before the June 23 election. Forty million dollars in state guarantees were to be made available for investments both "approved" and "unapproved" by the government.

"For the first time," noted *Yediot Aharonot* on February 12, "[investments] in the territories will have greater advantages than those in development towns within the Green Line."

The state guarantees were provided to end the limitation on access to capital caused by the refusal of Israeli banks to accept as collateral land and buildings located in the occupied territories, where Israeli law does not apply.

In East Jerusalem, the current Israeli population may grow by as much as 40,000 this year, increasing the total Israeli population in the territories to more than 300,000.

"Even if the government is compelled to freeze construction," wrote commentator Danny Rubinstein, "the settlers will be close to reaching their objective—a massive Jewish presence in every corner of Judea, Samaria, and Gaza that will block the transfer of administrative authority to the Arabs. All that they need is a little more time." •

STATE DEPARTMENT ISSUES IMPROVED REPORT ON SETTLEMENTS

In response to a request from Congress, the Department of State issued on May 1 its second annual *report—Israeli Settlement in the Occupied Territories*. The new report is a marked improvement over the original 1991 effort (see *May 1991 Report*) in its treatment of Israel's settlement budget.

The report notes that the Israeli population in the occupied territories has increased by 20,000 settlers, reaching a population figure of 245,000 in the last year. Israelis now comprise 13 percent of the territories' total population.

Between 18,500-22,200 new arrivals, representing 5 to 6 percent of the total immigration figure of 370,000 for the 1989-1991 period, are living in annexed areas of Jerusalem and the West Bank, an increase of 1 to 2 percent over the 1990 figure. These immigrants now comprise more than 7 percent of the total Israeli population residing in the occupied territories.

Unlike the 1991 report, this year's analysis treats as legitimate the range of housing construction estimates and budgetary expenditures that have appeared in press reports throughout the year. The department itself, however, does not include estimates from any source for construction in annexed Jerusalem or the Golan Heights, nor does it provide its own informed estimates for these categories.

The report's conclusions, by sector:

West Bank

- Half of the land is under exclusive Israeli control. (Other informed estimates place this figure as high as 75 percent.)
- The Israeli population alone is 97,000, a gain of 7,000 to 10,000 during the last year. The report notes the existence of 180 settlements. (State Department officials acknowledge that this figure may be too high. The generally accepted figure is 150.)

Gaza

- A third of the land is under exclusive Israeli control.
- The Israeli population of the 20 settlements rose to 3,600 during 1991, an increase of 20 percent.

Golan Heights

- Israeli settlers in 30 civilian outposts increased by almost 17 percent to reach a figure of 14,000.

Jerusalem

- The Israeli population in annexed Jerusalem grew by 9,000 in 1991. Almost 6,000 were immigrants from the former Soviet Union, increasing the total Israeli population in this area to 129,000. (Other sources place the Israeli population as high as 165,000, compared with the 155,000 Palestinians residing in the city.) •

Further settlement activity is in no way necessary for the security of Israel and only diminishes the confidence of the Arabs that a final outcome can be freely and fairly negotiated.

President Ronald Reagan
September 1, 1982

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