

REPORT ON ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES

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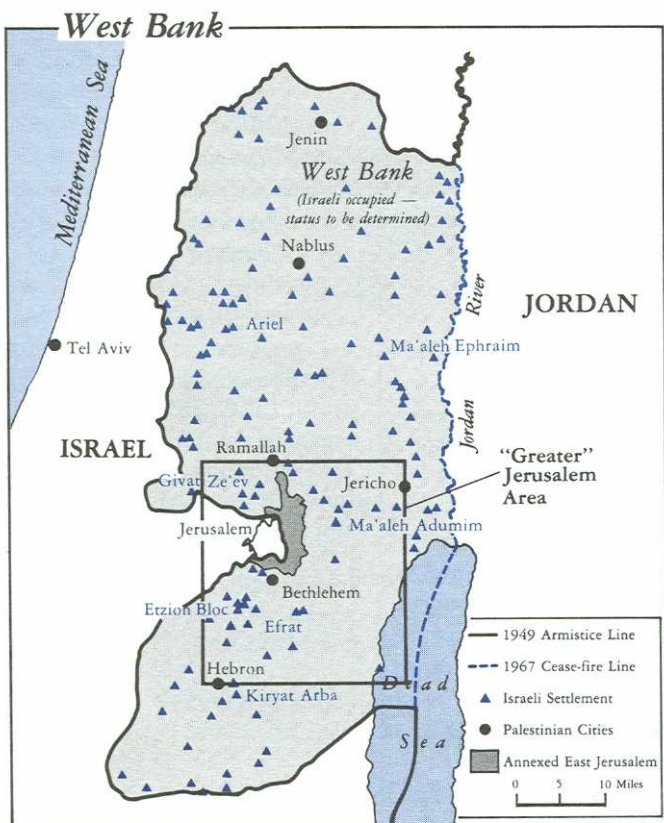
November 1992

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THE NEW GREATER JERUSALEM

Settlement in "greater Jerusalem" under the government of Prime Minister Yitzhak Rabin is an entirely new proposition. Beginning on page 3, the Settlement Report takes an extended look at the settlement momentum in this critical region.



ISRAELI SETTLEMENTS REMAIN KEY TO PEACE NEGOTIATIONS

The future of land and the related issue of Israeli settlements in the West Bank and Gaza Strip are at the heart of the differences dividing Israeli and Palestinian negotiators in Washington, D.C.

The parameters of the negotiations for the three-year "interim period" are outlined in the Bush administration's invitation to the October 1991 Madrid conference and in separate U.S. government letters of assurances to each of the parties. They establish that discussions for this period are to center on creating a Palestinian framework for self-rule under continuing Israeli control—a functional solution—as opposed to creating a mechanism for Israeli withdrawal from the territories—a territorial solution.

Referring to the framework earlier this year, U.S. Secretary of State James Baker was quoted as saying to Palestinian leader Faisal Husseini: "You are a good, cultured people, but frankly, the current balance of power will give you no more than self-government."

In establishing the framework agreed to by the United States and acquiesced in by Palestinians, Israel has re-asserted a preference for excluding territorial issues from the negotiating agenda, a preference first established with the autonomy plan presented by Prime Minister Menachem Begin at Camp David.

An Interim Solution

"With respect to the Palestinians," writes *Ha'aretz* columnist Uzi Benziman, "Rabin toes the line of the former government, aiming at nothing more than an interim solution: i.e., the establishment of autonomy in its Israeli version."

Prime Minister Yitzhak Rabin declared to a visiting American delegation that Palestinians "can forget about" Israel changing its policy, the newspaper *Davar* reported in early September. "We are in control of the territory," said Rabin, "and we will not move an inch."

TO OUR READERS

The negotiations between Israelis and Palestinians in Washington have opened another avenue in the ongoing struggle for control of the occupied territories. For more than 25 years, Israel's settlement program has been the clearest expression of Israeli attempts to bind the territories irrevocably to Israel.

From the outset of discussions with Secretary of State James Baker after the Gulf war, Palestinians, understandably, have demanded at every opportunity a complete halt to settlement activities throughout the West Bank and Gaza, including East Jerusalem—to stop the creation of facts on the ground—as a concrete demonstration of Israel's stated intention not to prejudice the outcome of negotiations.

Negotiations have created another arena where control over land is at issue, namely the geographical jurisdiction of the self-governing authority to be established as a prelude to negotiations on the

territories' final status. Israel has yet to concede any territorial jurisdiction whatsoever under "autonomy," arguing instead for a Palestinian authority that administers people but not territory. Less than 10 percent of West Bank lands directly controlled by Israel's settlements would be excluded from such a Palestinian jurisdiction. So too would the large expanses of unallocated "state lands" representing the critical territorial reserve of the West Bank's inhabitants, more than 60 percent in all.

Palestinians may have to concede limits to their authority over Israeli settlements during the interim period; but in return for such a concession, Israel and the U.S. government must recognize the need for Palestinian supervision over what remains of their national patrimony.



FAISAL HUSSEINI ON SETTLEMENTS

On October 7, the Settlement Report interviewed Palestinian leader Faisal Husseini in Jerusalem. Excerpts from the interview follow:

Report: How important is it for the current negotiations in Washington to establish a territorial basis for the Palestinian interim self-governing authority?

Husseini: It is important for us to talk about an agreement with a geographic or territorial dimension. One of the major problems facing us with the Israeli government is that it is not talking about land and water control, but land and water use. The government is not [prepared to agree to] a neutral title [for discussions] such as simply "land and water"—it wants only to discuss land and water use.

Report: What about settlements?

Husseini: Regarding the issue of settlements, we will not be able to move

settlements during the interim period. If settlements are military establishments, they can stay under [Israel's] control. But if they are civilian, they must be under our control.

Report: How do you view Prime Minister Rabin's statements about settlements?

Husseini: [Rabin has said that] settlements are not a matter of historical right for Israel to build in the West Bank and Gaza Strip. Now there is a limit—a certain difference between now and under the Likud government. From the point of view of the land, Shamir tried to keep the land on the basis of historical rights. Rabin is trying to do the same through a security rationale.

[Secretary of State] Baker told us we are engaged in a game of chess. Shamir was playing around, boxing, but Rabin is now playing chess. He is dangerous, but now there is a game and that's good. ♦

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THE NEW GREATER JERUSALEM

How RABIN'S SETTLEMENT POLICY WORKS

The settlement policies of the newly installed Labor government of Yitzhak Rabin will focus on consolidating the successful urban/suburban core of West Bank settlement communities, developed by Likud governments since 1977, rather than on expanding politically divisive, marginal, and demographically questionable outposts.

Rabin's policy is particularly apparent in annexed East Jerusalem and the West Bank environs of metropolitan or "greater" Jerusalem—a region whose permanent retention by Israel is viewed by Rabin as beyond political debate.

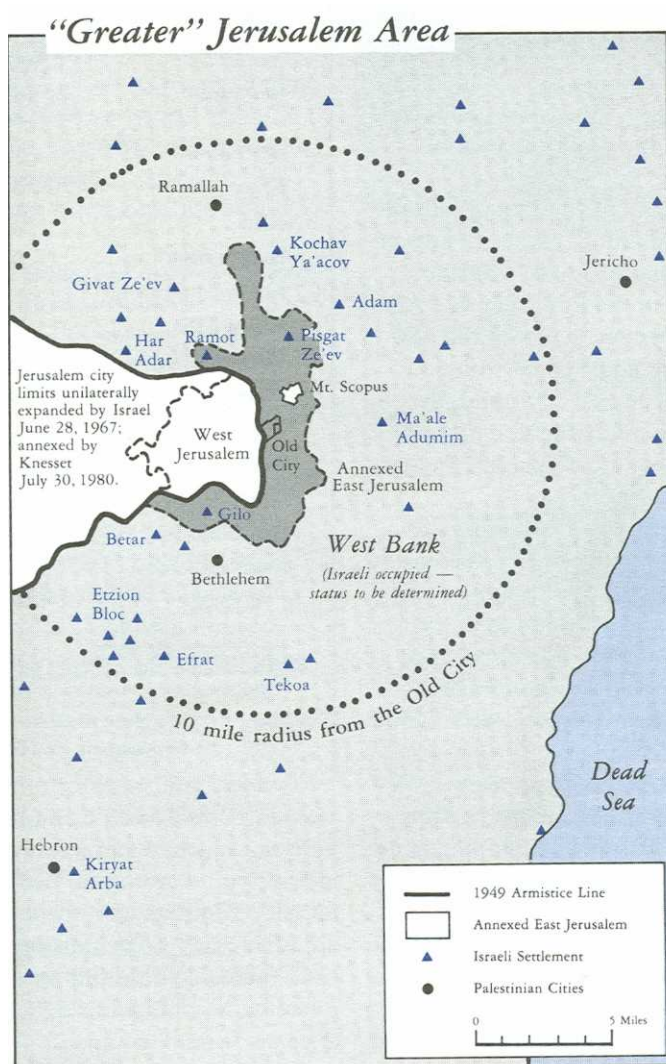
"Jerusalem and outlying areas cannot be defined by us as a political issue or a security issue," Rabin said soon after his election. "United Jerusalem under Israeli sovereignty will remain our capital forever. For us, it is the heart and the soul of the Jewish people."

The U.S. government, along with the Palestinians, oppose any effort arbitrarily to reclassify the Jerusalem region, which both view as occupied territory.

In the 1970s, the term greater Jerusalem applied to expanded boundaries of the city, which at the time included newly constructed suburbs such as French Hill, Gilo, and Neve Ya'acov located in annexed territory. Today, however, the term encompasses a far greater portion of the West Bank.

"The area from Ramallah in the north to Bethlehem in the south, Ma'ale Adumim in the east, and Mevasseret [an Israeli suburb of Jerusalem] in the west is one metropolitan area," explains Moshe Amirav, a member of the Jerusalem city council.

Rabin's determination to maintain a high level of housing construction throughout greater Jerusalem was a contentious issue in his discussions in August with the Bush



administration on the grant of \$10 billion in U.S. loan guarantees for Israel.

An administration official has explained that the United States is prepared to deduct from the guarantees settlement construction costs incurred in greater Jerusalem—including East Jerusalem—in 1993. But the newspaper *Ha'aretz* reported on August 11 that the "settlement penalty" to be deducted from U.S. loan guarantees will not be more than 5 percent (\$100 million annually) of the \$10 billion total, far less than the "dollar for dollar" fine outlined in previous U.S. proposals. Construction expenditures in annexed Jerusalem alone over the next decade will far exceed the penalty.

ANNEXED EAST JERUSALEM

The deputy mayor of Jerusalem, Abraham Kehila, estimates that by the end of 1993 there will be a Jewish majority in annexed East Jerusalem. There are currently 145,000 Arabs and

140,000 Israelis living in this 26-square-mile area. The completion by the end of 1993 of the more than 6,000 units under construction in the neighborhood of Pisgat Ze'ev, sited on lands annexed in the northeastern edge of the city, will provide the capacity for the anticipated increase in the Israeli population.

Jerusalem Mayor Teddy Kollek has decried the recent construction frenzy at Pisgat Ze'ev: "This is political building, it is not built for the sake of housing." Rabin is continuing with this construction.

Of the 16,540 units currently under construction for Israelis in Jerusalem, approximately 13,000 are located in places such as Pisgat Ze'ev in annexed East Jerusalem.

RABIN'S NEW POLICY, *continued on page 4*

This figure equals one-third of the 40,000 units built for Israelis in the annexed part of the city during the past quarter-century.

Within two years, another 7,000 units will be under construction; by 2002, 20,000 additional units are planned for completion. Most of these units, like those now under construction, will be in the relatively less built-up areas of annexed East Jerusalem.

Rabin has put an end to government funding of efforts championed by the Likud government to settle pockets of Jews in the Old City's Muslim Quarter and to construct small projects of 200 units or less in the midst of other Arab neighborhoods. The decision, however, is part of the new government's effort to concentrate housing construction activities, both in Israel and the occupied territories, in suburban and urban locales where infrastructural economies of scale can be realized, and where demand is greatest and the widest political consensus reigns.

Ha'aretz correspondent Nadav Sharguy noted in mid-July that the cancellation of these relatively insignificant projects "paint an erroneous picture of what is happening in Jerusalem. The truth is that Jewish settlement in East Jerusalem has not been frozen, and there is every chance that it will be substantially thickened. The Labor Party, and not the Likud, gave birth to the idea of ... settlement in East Jerusalem."

Eventually, 70,000 Israelis will live in Pisgat Ze'ev. The Rabin government has given a "new lease on life" to the construction of 4,500 units in the planned neighborhood of Har Homa, on the southern edge of the city. Over the objections of Mayor Kollek, former Minister of Housing Ariel Sharon had effectively frozen this project. Construction of an additional 2,200 units for the religious neighborhood of Reckhes Shoufat is also progressing.

GREATER JERUSALEM

Jerusalem's West Bank environs extending from Ramallah in the north to the outskirts of Hebron in the south fit Labor's criteria for continuing vibrant settlement activity—a successful and growing network of towns supported by the vast majority of Israelis as a natural part of Israel. Communities such as Ma'ale Adumim; Givat Ze'ev, four miles from Ramallah; and Ma'ale Efriam, closer to Nablus than to Jerusalem, and certainly the suburbs constructed in East Jerusalem can no longer be viewed as "settlements" in the conventional meaning of the term. Together these West Bank communities in greater Jerusalem comprise 77 percent of the total settler population, and the 16,247 units currently under construction in this region equal 71 percent of the total throughout the occupied territories.

When he announced the new government's settlement building slowdown in July, Minister of Construction and

Israeli Settlement in the Greater Jerusalem Region

Settlement	Population September 1992	Housing Units under Construction
Bet Horon	550	20
Betar	3,300	450
Efrat	3,600	475
Etzion Bloc*	6,200	253
Kefar Adumim	820	25
Kiryat Arba	5,000	245
Ma'ale Adumim	16,000	1,500
Mikmash	470	35
Adam	395	70
Kochav-Ya'acov	365	100
Givat Ze'ev	6,900	62
Har Adar	1,278	na
East Jerusalem	140,000	13,000
TOTAL	184,878	16,235

*The Etzion Bloc includes eight settlements.

Sources: Peace Now; Council of Jewish Communities in Judea, Samaria, and Gaza.

Housing Ben Eliezer exempted greater Jerusalem. "We have not touched and we have no intention of touching the area of Ma'ale Adumim, Efrat, Betar, and Ma'ale Efriam," he said. "Construction there continues as planned, and approximately 1,686 housing units are scheduled to be built there." Within this area, the new government is pursuing an ambiguous policy toward those settlements it does not intend to expand—outposts that even during the recent boom have managed to attract fewer than 500 people.

At a recent meeting at the Adam settlement, which is made up of 100 poor families northeast of Jerusalem, Ben Eliezer told his listeners, "Why don't you move to Ofakim [in Israel]. There are 3,000 apartments there standing empty. Go to Sderot; I promise you apartments for free."

At the same meeting, however, Ben Eliezer approved a road project for Adam that had been frozen a few weeks earlier. Residents noted that the decision to complete the road was more than they had expected.

Just as the geographical size of greater Jerusalem has expanded, so too has the meaning of the area's Etzion Bloc, southwest of Bethlehem. Originally, the Etzion Bloc was meant to describe three communal settlements within a few kilometers of the post-1967 border; today it includes

more than 20 settlements, some nearer to the Dead Sea than to Israel.

Efrat (a bedroom suburb of Jerusalem located in the Etzion Bloc southwest of Bethlehem), notes a recent newspaper article, "seems to be an absolutely normal place. Alon Shavut as well. Kfar Etzion is like a typical kibbutz, so too is Rosh Tsurim, Migdal Oz, and Migdal Hadar. There are cow sheds and turkey roosts.... It's true that most of the residents are religious, but no one gives [a non-religious visitor] dirty looks.

"What is certain is that the residents of the Etzion Bloc seem different from settlers in other settlements in the territories. We walked around for four hours, and we didn't meet one person armed with a submachine gun."

The reassuring message for Israeli readers is that life for these settlers is no different than for other Israelis—that the settler communities south of Jerusalem are just like those within Israel's borders. "No one worries especially about the peace process," continues the newspaper portrait. "No one—in the Etzion Bloc and even more in the government—believes that this area will be returned."

The larger settlements in greater Jerusalem were exempted from new restrictions in the government program of providing grants to purchasers of homes in the settlements. The government has also exempted the region from limitations on privately financed construction. "Restrictions on private construction don't apply to Givat Ze'ev. It's now considered part of Jerusalem," one seller of a plot in Givat Ze'ev explained.

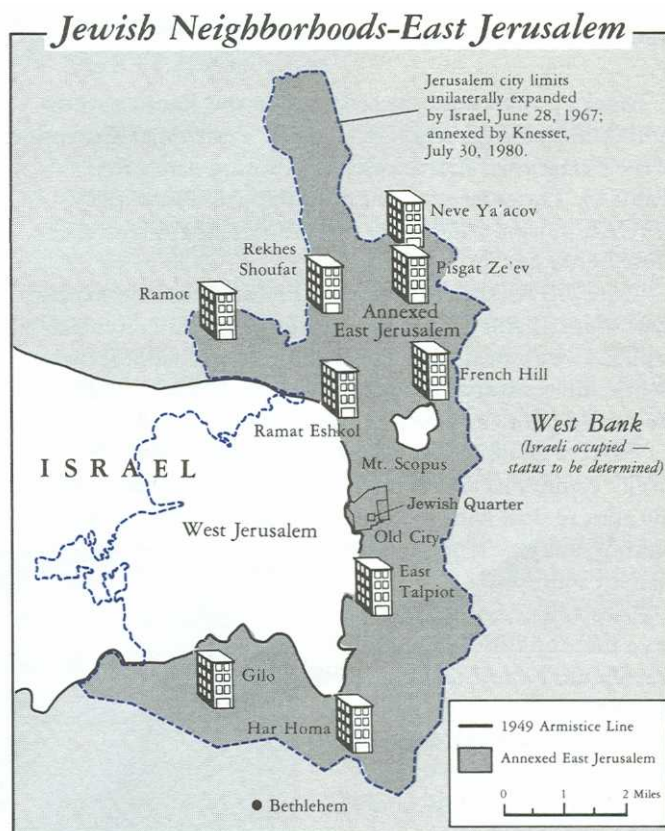
In mid-August, political leaders from the greater Jerusalem settlements of Ma'ale Adumim, Givat Ze'ev, the Etzion Bloc, Efrat, Betar, Kfar Adumim, and Adam called on the Rabin government to annex their settlements to the city of Jerusalem.

AUTOSTRADA TO NOWHERE

The clearest signal of the government's support of the expansion of settlement in greater Jerusalem is Prime Minister Rabin's decision to complete construction of a \$42 million, 9 kilometer road from the Jerusalem suburb of Gilo to the Etzion Bloc—a road critics have dubbed "the autostrada to nowhere."

The two-lane road features two underground tunnels and a valley-spanning bridge, the largest either in the territories or in Israel itself. The "intifada by-pass" road will skirt the Arab town of Bet Jala (one of the tunnels will pass under it) as well as Bethlehem and the Deheisha Palestinian refugee camp—all on the road settlers now must travel to reach Jerusalem.

The highway, according to Housing Minister Ben Eliezer, "is of prime security importance. The government regards the Etzion Bloc as an integral part of Jerusalem's



defensive perimeter." In his defense of the project, Ben Eliezer points to the decision to complete the road as evidence of the new government's determination to keep the issue of Jerusalem, and settlement in its surroundings, off the negotiating agenda—"We want to create a link between Jerusalem and the Etzion Bloc."

"There are not only security reasons for the road," explained the head of the Etzion Bloc council. "The primary reason is the crush of traffic on the existing road to Jerusalem. It's simply intolerable in the morning rush hour when everyone is going to work, and in the afternoon when everyone returns."

Amiram Goldblum, a leader in the Peace Now movement, said Rabin's approval of the project "makes the government's decision to change the order of priorities look ridiculous, since it plans to spend \$42 million for less than 10,000 people, while hundreds of thousands all over the country suffer from congested highways."

When the road is completed in three-and-a-half years, the entire Etzion Bloc region will be less than a 15-minute drive from Jerusalem, opening up the area to fast-paced settlement. Future settlement will thereby be focused on an area Rabin considers to be a permanent part of Israel.

"One can assume," editorialized *Ha'aretz* in a stinging rebuke of Rabin's decision, "that had the Likud announced its intention to go ahead with the project, the Labor Party and Meretz [Labor's coalition partner] would have criticized it as another symbol of the policy of creeping annexation." ♦

Israel's preferences are reflected in the Rabin government's continuing refusal to concede a territorial dimension to the Palestinian Interim Self-Governing Authority (PISGA). The reference point for the exercise of the PISGA's powers will be the Palestinian inhabitants of the West Bank, not the land itself.

"The jurisdiction of the PAC [Palestinian Administrative Council] will be powers and responsibility oriented," explains a September 17 Israeli summary of its proposals, "while the territorial/geographic aspects are reserved for the future permanent status negotiations...."

"[There is] no territorial dimension [to the interim period]," Rabin insisted in an October 20 interview. "Once you start to deal with the territorial dimension, you are tackling the problem of a permanent solution."

Palestinians, in contrast, believe that the PISGA's jurisdiction should be territorially based and should encompass all of the occupied West Bank and Gaza Strip, including areas of East Jerusalem, annexed by Israel in 1967.

Fruitless Palestinian efforts to define a geographic dimension to the area to be under the PISGA's authority have been a major point of disagreement during the negotiations.

Israel's refusal to award legislative powers to the PISGA means that the council will have no right to amend or cancel the many military orders that deal with land use—including, for example, Military Order 291, which suspended the land registration process, or Military Order 58, under which land was confiscated as "absentee property." Palestinian delegation requests for the suspension of the orders and other restrictions on land use have been denied.

Land and Water Issues

Israel has noted its readiness to discuss land and water use with Palestinians, a significant change from the Likud government's position. Yet, this readiness is based on Palestinian agreement to concede continuing Israeli control over key resources.

Israel's position that territorial questions are excluded from the interim period underlie its refusal to place on the diplomatic agenda a broad array of issues relating to its settlements in the West Bank and Gaza.

Settlements in the Israeli view are not bargaining chips,

to be sacrificed as the price for a negotiated peace agreement. Rather they are the key element in creating a *raison d'être* for continuing Israeli military control in the territories.

Rabin insists that "the means of security for the Jewish settlements must remain exclusively in Israel's hands" and not just during the interim period. That there will be no withdrawal from the territories is one of Rabin's basic principles.

"Our aim is to reach interim agreements of which [the settlements question] will not be a part," Rabin said on August 28. Israel resists addressing the question of any diminution of its control on all matters relating to the expansion and maintenance of settlements and related infrastructure, which are to remain under exclusive Israeli control as part of its "residual powers."

The exclusion of settlement-related issues from the negotiations is apparent in Israel's proposal outlining the 15 "spheres of authority" to be delegated to the PISGA.

"The detailed document," wrote *Ha'aretz* columnist Yoel Marcus on September 1, "fails to refer to a single issue of any substance for the negotiations. Yet, the failure to resolve such issues precludes any kind of progress. The document says nothing about the source of authority nor about anything related to water and land.... There is not a single word explaining the distinction between political and security settle-

ments, where they will be, and how many will be set up ... the impression is created that in fact there is no real difference in the positions of this and the previous government."

Nahum Barnea, a columnist for *Yediot Aharanot*, in his review of Rabin's proposal notes: "There is no word about the state-owned lands there. This accords with the idea of the Shamir government to keep state-owned lands as a reserve for the exclusive use of Jewish settlers."

Palestinians believe that continuing exclusive Israeli control over settlement-related issues will inevitably prejudice the final status of the occupied territories. Their concerns were expressed in an October 1991 U.S. letter of assurances to the Palestinians that criticized settlement activity as a unilateral action aimed at determining issues that can only be reached through negotiations.

"Based upon this premise," explained Dr. Haidar Abd al Shafi, head of the Palestinian delegation, "we insist that Israel cannot continue creating [settlement] *faits accomplis* that would affect the final status." •

"There is no territorial dimension to the interim period," Rabin insisted in an interview. "Once you start to deal with the territorial dimension, you are tackling the problem of a permanent solution."

RABIN POLICY WILL NOT AFFECT VITAL INTERESTS OF SETTLEMENTS

By Geoffrey Aronson

The assumption that Israel's Labor-led government has repudiated the settlement drive pursued by Likud governments over the past 15 years, while common in the United States, reflects a misreading of the new policies of Prime Minister Yitzhak Rabin. Rabin does not seek to do more than rationalize the radical settlement policies of the previous government. And he evidently does not believe that Israeli voters granted him a mandate in June to do more.

In explaining the Rabin government's decision in July to reduce planned public housing construction in the territories, Housing Minister Ben Eliezer said, "I frankly admit that we did not want to squarely confront the Jewish residents inside the territories."

Yet if his government fails to challenge the partisans of "creeping annexation," Rabin will be unable to slow the momentum of a program that will attract another 100,000 settlers to the territories by the end of the decade.

Settlers anxious to influence the settlement agenda for the new government, set up an early test of Rabin's policy. They launched a speedy, unauthorized construction of a building on HarSina Hill in the settlement of Kiryat Arba in early August. After a confrontation with soldiers who tried to block the unauthorized construction, settlers were given two weeks to make their case for the site's legalization. As of early November, the prohibited building was still standing.

Rabin never tires of declaring that he has no intention of "drying out" settlements in the occupied territories, especially in the growing suburban towns close to Tel Aviv and Jerusalem that have stolen away the settlement momentum from Gush Emmunim's small, religious outposts for more than a decade.

Indeed, the primary priority of Rabin's Labor government is to manage the readjustment in housing construction in Israel and the occupied territories that has been made inevitable by the decline in Soviet immigration and by the need to concentrate Israel's financial resources on job creation. It was in this context that plans for West Bank construction were scaled back to allow for the completion of 11,000 new units instead of 17,000.

"During the five-and-a-half year tenure of the national unity government [1984-1990], 3,500 housing units were budgeted for construction in Judea, Samaria, and the Gaza Strip," Rabin explained during a recent Knesset debate.

"At the time, nobody in the Likud saw this as a selling out of Eretz Israel.... This is not a drying up—this is not what we intend to bring about."

Former Housing Minister Ariel Sharon's massive public building campaign of the last two years was an opportunistic response of the Likud government then in power to the prospect of one million new citizens arriving from the former Soviet Union. Housing construction since mid-1990 was based on the anticipated annual arrival of some 200,000 immigrants. The failure of the projected influx to materialize forced Rabin to scale down dramatically the pace of public construction throughout Israel, including the occupied territories.

Rabin's announcement of a slowdown in West Bank construction was made in the context of a new national housing policy aimed at reducing the surplus of homes that will take Israel years to utilize and at ending the recent period of massive public financial support for housing construction. In the 1993 draft budget for example, there is no provision for government support of new housing construction anywhere.

"Jewish settlement in the territories will be preserved intact,"

wrote *Ha'aretz* columnist Uzi Benziman on August 7, "and its vital interests will in no way be affected by Rabin's policies."

Former Prime Minister Yitzhak Shamir would certainly have cut fewer planned homes in the West Bank than Rabin, but Shamir too would have been confronted with similar choices had he won the election in June. Indeed, in the first six months of 1992, Shamir had, in effect, implemented a de facto freeze on new public housing construction in the West Bank. (See July 1992 *Settlement Report*, page 7.)

Nationwide, publicly financed housing starts were down by more than 50 percent in the first half of 1992 compared with one year earlier. It was this slowdown that enabled Rabin to cut as many planned units as he did.

"When the dust is swept out from the 'historic' decision of the finance and housing ministers," wrote Yaron London in *Yediot Aharanot*, "it will become clear that they stopped far short of what had been campaigned for and against. The decision neither freezes nor halts construction. The two ministers were only reversing the mad policy of Sharon ... by putting a modicum of sanity into the whole business. In the coming year Israel's construction policy will amount to no more than a saner version of Sharon's extravaganza." ♦

Will Rabin slow the momentum of a program that will attract another 100,000 settlers to the territories by the end of the decade?

SETTLEMENT ACTIVITY

I. A draft copy of Israel's new National Master Plan for construction, development, and immigrant absorption envisages a settler population of 140,000 in the West Bank and Gaza Strip by 1995, 110,000 fewer settlers than plans of the Likud-led government. The current settler population of these territories is 100,000. The master plan projects the settler population of the Golan Heights in 1995 at 19,000, an increase of more than 50 percent over the current number of 12,000.

The percentage of Israelis living in the West Bank and Gaza Strip under a Rabin government will increase to 2.3 percent of the country's total population, according to the plan. This figure compares with 1.7 percent in 1990.

Cabinet approval of the plan will invest it with statutory authority. All subsequent planning—for housing construction, infrastructure, and industrial development—would then be based on its targets.

The plan reflects the Rabin government's intention to devote greater resources to the development and expansion of existing urban and suburban areas in Israel and the occupied territories.

Small West Bank settlements championed by the last Likud government, but which have not proved popular as settlement sites, will no longer enjoy privileged access to government subsidies- ♦

II. In contrast to a dearth of buyers for new housing in Israel, 2,700 of 3,750 West Bank and Gaza Strip housing units offered for sale by government and private developers as part of a "Settling the Heartland" campaign (see July 1992 *Settlement Report*, page 4) have been sold. Approximately 1,400 of the units were sold after the national elections in June, according to the campaign's organizers. They claimed in July, however, that some 2,300 units had been sold, suggesting a far slower post-election sales pace.

During the campaign, 400 homes were purchased in Efrat, a settlement south of Bethlehem with a population of 5,000. "Labor's support for expansion of construction around Jerusalem, including the Etzion Bloc, has really increased [public] response," according to the head of the local council. In contrast to such assertions, Israel's Housing Ministry claims "a total freeze on the sale of apartments in the territories."

Israel will have to purchase 42,000 government-guaranteed units from contractors at a cost of \$3.3 billion over the next two years, according to Prime Minister Yitzhak Rabin. Fewer than 1,000 of these units are located in the West Bank. Because of the decline in immigration and the distance of most of the unsold units from employment opportunities, "we don't know even when it will be possible to use them in an effective way," Rabin said- ♦

Palestinians can forget about Israel changing its policy. We are in control of the territory, and we will not move an inch.

Prime Minister Yitzhak Rabin
September 2, 1992

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