

REPORT ON ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES

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NEWS

The assassination of Yitzhak Rabin threatens both the timely implementation of the Oslo II accords and the preservation of an Israeli political majority in support of it. The challenge posed by extremist settlement advocates has once again asserted itself. (See story opposite.)

The Oslo agreement reinforces protections established for settlers in previous diplomatic understandings with the Palestinians. The complex nature and the aims of the historic Oslo II agreement are examined in a story beginning on page 1.

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RABIN ASSASSINATION PLACES SETTLER EXTREMISTS IN INTERNATIONAL SPOTLIGHT

By Geoffrey Aronson

A couple of months before Prime Minister Rabin's assassination, I was interviewing Dan Meridor, a former Likud minister of justice and one of the more thoughtful "Young Princes"—as the new generation of Likud leaders is known—when the telephone rang. Binyamin ("Bibi") Netanyahu, the Likud leader, was on the telephone. For the next ten minutes the two debated the political impact of the Likud's association with the growing tide of settler opposition to the Rabin government's diplomacy with PLO Chairman Yasser Arafat.

Meridor argued forcefully against the Likud's identification with the settlers, bemoaning the fact that Likud banners were prominent in televised pictures of major traffic jams caused by demonstrators blocking Israel's major highways. His message to Bibi was that outrageous settler behavior was a political liability to the Likud, not an asset.

I could not hear Bibi's responses, but it was clear that he was not won over to Meridor's point of view. The settler campaign beginning in mid-summer had captured both the headlines and the vanguard of those opposed to the Rabin

SETTLERS, continued on page 6

OSLO II ACCORDS HERALD NEW ERA IN ISRAELI-PALESTINIAN RELATIONS

To Rabin's and Peres' credit, the agreement does not create irreversible facts in three critical areas—responsibility for security, the fate of the settlers, and Jerusalem. Less than a third of Judea and Samaria goes over to Arafat. If the accord hits serious snags, Israel will still hold key positions—the West Bank hills, Greater Jerusalem, the Jordan Valley, and control over the roads. The key to the future of the territories is still in Israel's hands.

Ma'ariv, September 27, 1995

On September 28, Israel and the PLO initialed the "Israel-Palestinian Interim Agreement on the West Bank and Gaza Strip." This accord details the mechanisms, and the limitations, of the extension of Palestinian self-rule to significant portions of the West Bank. The text of the interim agreement, which is 29 pages long, is dwarfed by 7 lengthy annexes, 9 detailed maps, and an exchange of letters that run close to

300 pages.

The main feature of the agreement is the provision for the division of the West Bank into three areas (four, if Jerusalem is included)—each with varying degrees of Israeli and Palestinian responsibility. Area A, colored brown in the maps accompanying the agreement, consists of the seven major Palestinian

ACCORDS, continued on page 8

TO OUR READERS

The death by assassination of Israeli Prime Minister Yitzhak Rabin is being mourned by almost all Israelis, but perhaps most of all by supporters of his diplomacy with the Palestinians. Rabin's stewardship of this process has been critical to its success, and the complex schedule for the implementation of Oslo II would have tested his leadership as never before.

The key to Oslo II's success, however, is the extent to which the minimal needs of each party have been addressed and accounted for. One must assume that both Israeli and Palestinian leaderships believe that the agreement's complex mix of Israeli concessions and Palestinian achievements accomplishes this objective.

Yet, notwithstanding the fact that almost all Palestinians will answer to a soon-to-be elected Palestinian Council, there is reason to worry. Rabin's success in preserving Israel's key interests in the West Bank—maintenance of its strategic control of the area and protection of the West Bank's 150,000 Israeli settlers and settlements—has come at the expense of an agreement that ordinary Palestinians can live with. Palestinians and Israelis alike are ambivalent about an agreement which promises each far less than what they view as their historical entitlement. As explained elsewhere in this

issue, the Palestinians have managed to wrest less than 10 percent of the West Bank from Israeli control.

The point of their diplomacy, however, is not to satisfy each party's antagonistic aspirations. Instead, they have agreed to gamble that the circumscribed transfer of authority from Israel to the Palestinians, so painstakingly choreographed in Oslo II, will be enough to win popular Palestinian support.

It goes without saying that Rabin's successors need to be more mindful of the challenge posed by right-wing settler opponents of an Israeli withdrawal from the occupied territories. Israel's continuing settlement drive would pose a grave threat to Israeli-Palestinian reconciliation. Ultimately a major modification of this troublesome policy will be necessary if real peace is to be achieved. It is therefore unfortunate that precisely at this moment, Washington has decided to emasculate the purpose of the loan guarantees' "settlement penalty." This penalty alone has never been sufficient to halt Israeli settlement. But it has been one continuing pressure and evidence of American disapproval. It should be enforced.



KEY DATES IN MID-EAST DIPLOMACY

| October 31, 1991 | September 13, 1993 | May 4, 1994 |
|--|---|--|
| Middle East Peace Conference Madrid, Spain | Declaration of Principles on Interim Self-Government Arrangements | Agreement on the Gaza Strip and Jericho Area |
| August 29, 1994 | August 27, 1995 | September 28, 1995 |
| Agreement on Preparatory Transfer of Powers and Responsibilities | Protocol on Further Transfer of Powers and Responsibilities | Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip |

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RABIN'S FINAL DEFENSE OF OSLO II

The following is an extended excerpt of a October 5, 1995, speech by Prime Minister Yitzhak Rabin to the Knesset in support of the ratification of the Israeli-Palestinian interim agreement.

We view the permanent solution in the framework of the State of Israel which will include most of the area of the Land of Israel as it was under the rule of the British Mandate, and alongside it a Palestinian entity which will be a home to most of the Palestinian residents living in the Gaza Strip and the West Bank. We would like this to be an entity which is less than a state, and which will independently run the lives of the Palestinians under its authority. The borders of the State of Israel, during the permanent solution, will be beyond the lines which existed before the Six-Day War. We will not return to the June 4, 1967, lines.

And these are the main changes, not all of them, which we envision and want in the permanent solution:

- First and foremost, united Jerusalem, which will include both Ma'ale Adumim and Givat Ze'ev—as the capital of Israel, under Israeli sovereignty, while preserving the rights of the members of the others faiths, Christianity and Islam, to freedom of access and freedom of worship in their holy places, according to the customs of their faiths.

- The security border of the State of Israel will be located in the Jordan Valley, in the broadest meaning of that term.

- Changes which will include the addition of Gush Etzion, Efrat, Betar and other communities, most of which are in the area east of what was the “Green Line,” prior to the Six-Day War.

- The establishment of blocs of settlements in Judea and Samaria, like the one in Gush Katif. . . .

The first stage of this redeployment of IDF forces will be carried out in three areas, in order to enable the Palestinians to hold elections for the Palestinian Council, and for its chairman, without the IDF being permanently present in Palestinian communities:

[In] Area A, or the “brown” area, the redeployment of IDF forces will be carried out in three areas—will include the municipal areas of the six cities: Jenin, Nablus, Tulkarem, Kalkilyah, Ramallah, and Bethlehem. Responsibility for civilian security in this area will be transferred to the Palestinian Authority.

Area B, or the “yellow” area, includes almost all of the 450 towns and villages in which the Palestinians of the West Bank live. In this area, there will be a separation of responsibilities. The Palestinians will be responsible for managing their own lives, and Israel will have overall responsibility for the security of Israelis and the war against the terrorist threat. That is, IDF forces and the security services will be able to enter any place in Area B at any time.

The third area, Area C, or the “white” area, is everywhere that is not included in the areas that have been mentioned until now. In this area are the Jewish settlements, all IDF installations and the border areas with Jordan. This area will remain under IDF control.

Areas A and B constitute less than 30% of the area of the West Bank. Area C, which is under our control, constitutes more than 70% of the area of the West Bank. . . .

I want to remind you: we committed ourselves, that is, we came to an agreement, and committed ourselves before the Knesset, not to uproot a single settlement in the framework of the interim agreement, and not to hinder building for natural growth. . . . An examination of the maps and of the paragraphs of the agreement regarding the additional stages of the redeployment shows that Israel retains complete freedom of action, in order to implement its security and political objectives relating to the permanent solution, and that the division of the areas gives the IDF and the security branches complete security control in Areas B and C, except for the urban areas.

A difficult problem arose in Hebron, and with both sides in agreement it was determined that, prior to the completion of

the Halhoul bypass road, there would not be a complete redeployment in the city of Hebron, and this will take another half a year from the signing of the agreement, that is, until March 28, 1996. In our assessment, six months are required in order to build this bypass road. When the Halhoul bypass road and the Hebron bypass road (in the

Beit Hagai-Har Manoah-Kiryat Arba section) are built, this will enable the movement of Israelis without their passing through those sections of Hebron which do not have a Jewish presence. . . .

I should further emphasize that activity for providing security measures for the Israeli communities—fences, peripheral roads, lighting, gates—will continue on a wide scale. Bypass roads will be built, whose purpose will be to enable Israeli residents to move about without having to pass through Palestinian population centers in places which will be transferred to the responsibility of the Palestinian Authority. In any case, the IDF will not carry out a redeployment from the first seven cities, before the bypass roads are completed. In all, investment in the bypass roads will be about NIS 500 million [\$166 million].

From the depths of our heart, we call upon all citizens of the State of Israel, certainly those who live in Judea, Samaria and the Gaza Strip, as well as the Palestinian residents to give the establishment of peace a chance, to give the end of acts of hostility a chance, to give another life a chance, a new life. We appeal to Jews and Palestinians alike to act with restraint, to preserve human dignity, to behave in a fitting manner—and, to live in peace and security. ♦

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TIMETABLE FOR IMPLEMENTATION OF OSLO II 1995–1999

The following timetable presents key dates and phases for the implementation of the Oslo II accords.

| | ZONE A—CITIES <i>(1% of West Bank)</i> | ZONE B—VILLAGES <i>(27% of West Bank)</i> | ZONE C <i>(72% of West Bank)</i> |
|--|---|---|--|
| 1995 | | | |
| September 28 | | | |
| Accord signed in Washington. 1,500 Palestinian prisoners to be released by Israel. | Israeli redeployment from Palestinian cities, beginning with Jenin and ending with Hebron, by March 31, 1996. The positioning of 12,000 Palestinian police in the cities and at 25 additional locations.* | Transfer of all civilian and limited security authority in 420 West Bank villages to the Palestinian Council. | All security responsibility in Israeli hands. All civilian authority except that relating to land is transferred to the Palestinian Council. |
| 1996 | | | |
| April 21 | | | |
| Elections to Palestinian Council (may occur in January 1995). Prior to election, additional prisoners released by Israel. | | | |
| May | | | |
| Negotiations on final status begins. | | | |
| June–July | | | |
| Two months after election of Palestinian Council, the PNC abolishes portions of the Palestinian Covenant calling for Israel's destruction. | | | |
| August | | | |
| Three months after election of Palestinian Council. | | Palestinian police granted increased freedom of movement on roads not frequented by Israelis. | |
| October–November | | | |
| Israeli elections | | | First stage of further redeployment: Palestinian Council receives authority similar to Zone B over unspecified territory. |
| 1997 | | | |
| April | | | |
| | | | Second stage of further redeployment. |
| October | | | |
| | | | Third stage of further redeployment. |
| 1999 | | | |
| October | | | |
| Signing of Final Status Agreement. | | | |

* Redeployment from Bethlehem, Hebron, and Ramallah dependent upon completion of bypass roads.
Source: *Ha'aretz*, September 24, 1995.

government's policies. Bibi was content to ride this dangerous wave, whose main instigators were drawn from settlers even further to the right of the settlement movement's "mainstream" as represented by the settler council Yesha. Opponents of Yesha's comparatively accommodating line—men like Elihakim Ha'etzni, who argued for a civil revolt against the government, and the Zu Aretzenu (This is Our Land) movement, one of whose members filed a charge of treason against Prime Minister Rabin—were now leading the settler opposition to the government's reconciliation with the Palestinians.

Their strategy complemented that of the more traditional settler leadership, which was deeply enmeshed in coordinating increased security measures with the Israeli army in anticipation of the latter's redeployment. Unlike these deliberations, the actions of Zu Aretzenu—stopping traffic along Israel's highways or charging up West Bank hilltops to establish ersatz settlements—garnered headlines and mobilized large numbers of Rabin's rightist opponents. Prominent among these are both settlers for whom the Oslo process marks the beginning of the end of Jewish control over the West Bank and religious Jews who believe that the Oslo agreements are yet another sign of Israel's debasement as a Jewish state.

Growing Extremist Action

Beginning this summer, what was once the rightist fringe within the settler movement emerged as its most vibrant force. It enlisted what had until then been more moderate elements, like the articulate, English-speaking community in the settlement of Efrat near Bethlehem. There a campaign of so-called civil disobedience was launched, claimed by its originators to be in the tradition of Thoreau and Martin Luther King, but with the aim of sabotaging any territorial concessions to the Palestinians.

The "battle for the hilltops" was followed by an increasingly vitriolic assault on the government. Rabin and Peres were vilified in public demonstrations, Rabin was portrayed as a Nazi, and government ministers were physically harassed. Rabin's car was vandalized by rightists who boasted that if they could get to his car, they could also get to the prime minister himself.

The Likud, led by Netanyahu, was content to lend its aura of respectability to many of these incidents, some of which occurred, without condemnation, during rallies addressed by party officials. Netanyahu, unlike Meridor for example, saw political advantage in the increasingly poisonous atmosphere that attended public discussion about Rabin's policies toward the Palestinians.

Within the government there were two views on the meaning of the growing virulence of the campaign to delegitimize government policy. Most viewed it as a dangerous, yet containable, challenge to Israel's democratic tradition, whose history has been punctuated by extreme rhetorical condemnation of political opponents, most recently during the war in Lebanon

more than a decade ago. Demonstrators and right-wing leaders were handled leniently by Israel's legal and security systems. Rightwing movements like those associated with the late Meir Kahane, although formally banned, continued in barely changed forms and even increased their activities.

This forbearance of settler challenges is deeply rooted in the Labor government's, and indeed in Israel's, political tradition. Throughout its tenure, the Rabin government refrained from a direct frontal challenge to the settlers, even the most extreme among them.

Such toleration made it difficult to convince leaders like Rabin to take the full measure of the transformation that was occurring among his more extreme opponents. Reports began circulating in early September about increased security measures implemented to protect Rabin from extremists, but these changes were soft-peddled by government officials. Reports of the possibility of attacks on ministers were also circulating. One minister, Benjamin Ben Eliezer, was lucky to escape unhurt from a mob. Rabin, however, like most Israelis, continued to view the extremists as essentially a political, not a security or a legal problem.

Reevaluating Policies

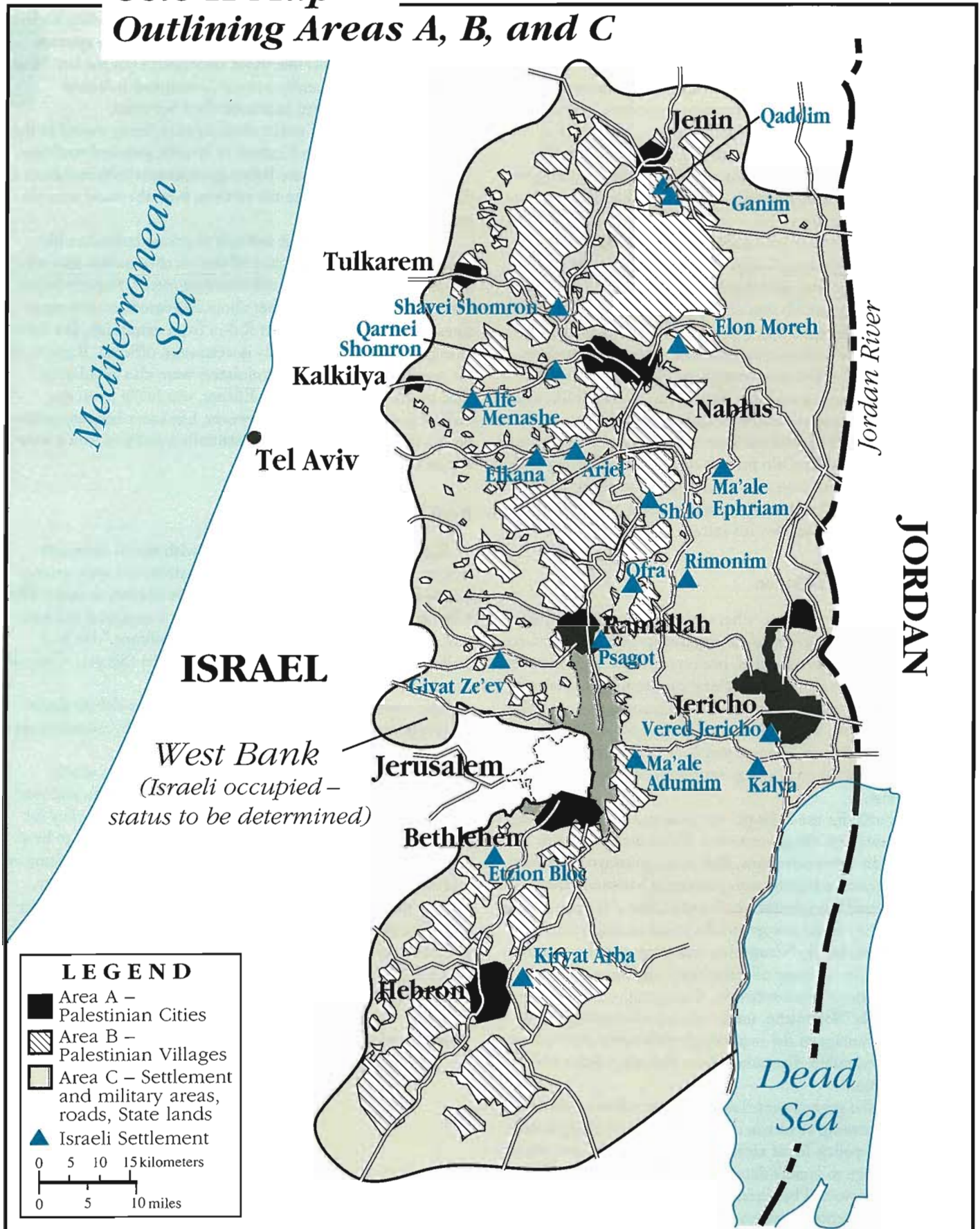
Rabin's assassination by an Israeli with ties to extremist settlers has destroyed this political equation, not only among Labor ministers but in the Likud and the country at large. The killer was among those facing off against a confused and hesitant army in last summer's "battle of the hilltops." He had stalked Rabin on at least two other occasions this year. Only in Tel Aviv did his persistence pay off.

The assassination will undoubtedly end the debate about the seriousness of the violent challenge posed by extremist settlers and religious fanatics.

But the power of the most adamant opponents of any reduction of Israeli control on the West Bank is first and foremost political. Rabin attempted to build an Israeli policy for the West Bank's future on what he rightly considered to be a broad national consensus—a policy that left the Israeli army in strategic control of the occupied territories and the settlers, despite their apocalyptic visions, with an unprecedented measure of protections aimed at securing their future. He paid with his life for his efforts.

Perhaps now it is time for Rabin's successors to reevaluate these goals and to confront the power of the settlers and those fanatics who claim the sanction of divine retribution against their mortal enemies. ♦

Oslo II Map Outlining Areas A, B, and C



SHARON ON THE FUTURE OF THE SETTLEMENTS

Following are excerpts from an interview with former Likud minister Ariel Sharon, published in the Israeli newspaper Davar, July 14, 1995.

Question: Israeli negotiators recently returned from a tour of the West Bank, lamenting the “Sharonization” of the occupied territories. How did this happen?

Sharon: When I assumed the post of chairman of the ministerial committee on settlement there were 25 settlement communities, most of them in the Jordan Valley, and two were under construction. Today there are 144 communities in Judea and Samaria. In October 1977, I presented to the government a plan that aimed to solve a number of problems we were facing. The first problem was that two-thirds of the Jewish residents of Israel live in a small strip that can be controlled from the high ridges of Western Samaria. I wanted to assure that in any future political agreement Israel would retain these areas and would prevent their retention by any other party. As a child of the settlement movement, it was clear to me that it was only possible to retain these commanding heights by Jewish settlement.

The second problem, the eastern front, was also addressed by Labor governments, and they gave their answer through the Allon Plan that I implemented, although in my opinion it wasn't deep enough.

The third problem was the need for a system of roads that would connect the seacoast with the Jordan Valley and the Dead Sea, and in order to retain control

over these axes it was clear that we would have to control a corridor many kilometers wide. The thing that seemed to me the most appropriate way of retaining these corridors was the establishment of settlements on both sides of the axis.

Question: From the beginning, you supported settlement in order to retain all of it in Israel's hands?

Sharon: No. In contrast to what has been said, except for isolated instances, settlements are not located in areas of large Arab population, not because I shied away from this but because the Arabs did not settle in areas that were of interest to us—because they are difficult regions. Were there Arabs in Beit Arieh? Did someone live in the area of Ofarim? Not today or ever. Here and there were small villages but not large concentrations.

Question: But you established settlements close to cities. Pesagot, for example, is almost inside of Ramallah.

Sharon: Good. Pesagot was a very important place. You can stand there and you can look at Jerusalem and you will see what could happen. The topographical conditions necessitated its establishment. Okay, there are also settlements like this but there were good reasons for them.

The whole process of settlement was based upon three

sources. The first thing was the grand reawakening of the national religious camp spearheaded by Gush Emmunim. The second thing was the change of government [in 1977 when Labor lost to the Likud] and the creation of ideological possibilities, and the third thing—something that does not seem superfluous to me—was the fact that I received the job of chairman of the ministerial committee on settlement. I do not argue with Shamir who gave me credit for this enterprise. I do not want to argue with him, but had he not prevented the establishment of some settlements our situation would be better. Also, Mr. Begin wanted at a very early period to stop the establishment of settlements.

Question: Why?

Sharon: Because he feared the Americans. And I would also say that both men did not really know how, [even Begin] with all of his abilities, to turn an idea into a reality. . . . In the first government of Menachem Begin there were a few genuine Laborites: Dayan, Ezer [Weizman], Yigal Horowitz and myself, people who had grown up and who knew how to take an idea and turn it into reality.

I began my work much earlier. After the Six-Day War, I was put in charge of training in bases in Judea and Samaria [which I had transferred into the West Bank]. . . . These bases were used as the seeds of the first settlements, but I did not publish a letter declaring this. . . . Have you ever seen the order of the day that established the Etzion Base? . . .

Question: So now you feel that your achievements are being sunk in the sea?

Sharon: God forbid!

Question: [IDF] Training centers 3 and 4 are being abandoned, and that is only the beginning?

Sharon: . . . Were there not Jewish settlements today on the Golan Heights and Judea and Samaria, Israel would long ago have found itself across the Green Line. The Jewish settlements are the only factor that has prevented the agreement of this government [to withdraw] and created difficulties in the negotiations. The Arabs also know their value.

Question: Settlements prevent for the time being a return to the Green Line but in the final status there is an intention to evacuate them.

Sharon: Who knows what will come after that? Not one settlement will be evacuated. Each one of them is important. We did not establish a settlement on every hill. When I concluded my job after four years the map was already sliced up on the ground. When I was Minister of Defense I remembered something that Israel Galilee [a prominent member of the Labor Party] had said to me when he gave to me my first job at the

The Jewish settlements are the only factor that has prevented the agreement of this government [to withdraw] and created difficulties in the negotiations.

SHARON, *continued on page 9*

cities—Jenin, Kalkilyah, Tulkarem, Nablus, Ramallah, Bethlehem, and Hebron. In Hebron, however, a 3.5 sq. km. area of the city that is home to 400 Israelis and 20,000 Palestinians will remain under complete Israeli control. In Area A, which comprises perhaps one percent of the West Bank, the Palestinian Council will have complete authority for civilian security.

In Area B, the “yellow” zone, which comprises all other Palestinian population centers (except for some refugee camps) and which totals 27 percent of the West Bank, Israel will retain “overriding security responsibility.”

Israel retains sole security authority in Area C, which comprises 72 percent of the West Bank including all settlements, military bases and areas, and state lands. Powers not related to territory will be transferred to the Palestinian Council. The agreement includes a vague timetable for the transfer of unspecified parts of Area C to Palestinian control, beginning in the latter part of 1996.

Although the Declaration of Principles signed in Oslo in September 1993 specifically excluded the issues of Israeli settlements and settlers from consideration during the interim period, their status is clearly and precisely addressed by the September 1995 agreement. The accord reaffirms, and in some instances expands, the broad range of protections for settlements and settlers first established in the declaration and later enumerated in the Gaza-Jericho accord signed in May 1994. The understanding includes the following protections during the 5-year interim period scheduled to end in May 1999:

- Agreement that no settlement will be evacuated;
- Exclusion of settlements, settlers, and “vital arteries”—main roads, water pipelines, electrical and telephone lines—and water resources from any Palestinian jurisdiction, interference, or control;
- The creation of blocs of settlements and the assurance of territorial continuity between them;
- Extensive and complex arrangements for security cooperation between Israeli and Palestinian military, police, and internal security forces, aimed at minimizing contacts between settlers or settlements and Palestinian security, judicial, and legal authorities;
- Limitation on the size, armaments, and jurisdiction of Palestinian security forces;
- Limitation on Palestinian land use near settlement areas and continuing Israeli supervision over Palestinian zoning and land-use decisions;

The agreement also reaffirms the provision in the Cairo accords establishing that Palestinian legislation cannot “deal with a security issue that falls under Israel’s responsibility,” nor can it “seriously threaten other significant Israeli interests protected by this agreement.”

In an extraordinary display of Israel’s ability to win Palestinian recognition of the legality of settlements, the agreement also has secured the critical recognition by the yet-to-be-elected Palestinian Council of the “legal rights of Israelis

related to Government and Absentee land located in areas under the territorial jurisdiction of the Council.” This important clause establishes continuing Israeli control over all state and absentee lands in Areas A and B. According to well-informed Palestinian sources, Palestinians have thus recognized Israel’s legal right to control up to 90 percent of lands in Area B. The clause also establishes a precedent for the continuation of settlements and their expansion under Israeli sovereign authority even in the event of their transfer to nominal Palestinian control.

In principle, however, the Rabin government acknowledged that in a permanent solution, Israel’s explicit territorial requirements in the occupied territories will be limited to settlements and military locations. While these considerations still provide the basis for an assertion of formal sovereignty over a large proportion of the West Bank and Gaza Strip, they do represent the first time that Israel has established any limitation on its territorial claims to the areas.

Rabin’s view of a final territorial settlement is reflected in the map depicting the territorial arrangements made in this interim pact: Israel is laying claim to significant territories around Jerusalem, the Jordan Valley and its western highlands, and the June 1967 border region. Israeli control of West Bank roads and strategic heights along the area’s central spine has produced a gerrymandering of territory in much of the remainder of the West Bank. (See map, page 5.)

Major General Uzi Dayan, head of the IDF Planning Branch and a chief negotiator of the accord, explained that elements of the agreement relating to security were guided by three considerations: the position of the West Bank in Israel’s overall strategic security concept, defense of the settlements and their routine life, and the prevention of Palestinian armed attacks against Israeli population centers.

The treaty’s text has slowly made its way into the public domain, but at the time of this writing its maps are a more elusive commodity. The true import of the treaty—which aims to end the century-old contest over the lands of Palestine—can not be understood without these maps.

Palestinian negotiators were laboring at such a disadvantage during most of the negotiations, because Israel refused to produce any maps until early September—that is, *after* the text of the treaty had been hammered out. When PA Chairman Yasser Arafat got his first glance at the maps—only on September 19—he stormed out of his session with Foreign Minister Shimon Peres. He complained that Israel was cutting the West Bank into bits and pieces. Palestinians, he argued, were being awarded a multitude of isolated cantons—yellow islands in a sea still controlled by Israel.

Israeli negotiators undertook to mollify Arafat. The fixes that brought Arafat back to the negotiating table—ones that added an insignificant percentage to Israel’s original offer—are clearly visible on the working maps as a different shade of yellow than the original. According to a U.S. official who has

viewed it, this revised map “connects some yellow areas in the most minimal way imaginable” by creating “cheezy little causeways” between a few Palestinian yellow areas. One Palestinian negotiator has likened the map of Palestinian authority to “Swiss cheese.”

It has been obvious from the beginning of the talks between Israelis and Palestinians that Israel was intent on exploiting the advantages awarded by its superior power. So that it is no surprise that the just-signed Oslo II interim accord extending limited Palestinian authority to parts of the West Bank reflects, in large measure, Israel’s successful effort to preserve what it considers to be its cardinal interests in the West Bank—principally its demands to remain in strategic control of the entire area and to preserve its exclusive control over its settlements and settlers.

On the ideological level, Rabin, more forcefully than any previous Israeli leader, repudiated what he called “the hallucination of Greater Israel”—which claimed Israel as the exclusive heir to a divinely ordained sovereignty throughout “Judea and Samaria.” In the wake of Oslo II, one can no longer speak of a single entity called Judea and Samaria, but rather of many Judeas and Samarias with pieces of the West Bank sandwiched among them.

The negotiations for Oslo II have begun to deconstruct the long outdated myth—deeply ingrained in Israel’s national consciousness—that Israel’s settlements, in and of themselves, have any security value whatsoever. Rabin acknowledged in a September 22 interview that “the settlements, which had always been given defense significance, lost their value in the public’s consciousness.” Stripped of their protective ideological and security *raison d’être*, settlements nevertheless remain a principal obstacle to additional Israeli withdrawal as well as the most potent means of assuring popular Israeli support for the maintenance of an IDF presence beyond Israel’s borders—a presence that will be expanded, not reduced, in the wake of the agreement.

Former prime minister Yitzhak Shamir has decried the agreement as “the opposite of peace.” According to Ariel Sharon, who rightly prides himself for his central role in Israel’s settlement drive, “There is no doubt that without the line of settlements, the Rabin government would have no problem [withdrawing from the occupied territories]. This is what is stopping them today.” Settlers, who were once viewed by Israelis as leading the way to a solution—Greater Israel—are today understood by their supporters and opponents alike to be the principal obstacle to a lasting agreement modeled on the Oslo accords. ♦

SHARON, *continued from page 7*

Ministerial Committee on Settlements. He said to me, ‘I want to teach you something. In order to establish a settlement you need government permission. I created something new, a Nahal [paramilitary] outpost. For an outpost, you don’t need to bring it up for approval.’ I remembered these words and established thirty Nahal outposts in Samaria. Most of them were turned into settlements over time together with the two in the Golan Heights.

In the same fashion I created industrial zones . . . Actually, in almost every community I established an industrial facility.

Question: Some of which are not being used to this day.

Sharon: In Barkan [near Ariel] there isn’t a meter available.

Question: Barkan is an exception.

Sharon: Listen, anyone who has some hindsight need not be excited about this. Take Metulla, for example, which just celebrated its 100th anniversary. It’s worthwhile to remember how many times people settled this place. One group replaced another. They in turn were replaced with others until the situation stabilized. . . .

The settlement communities, almost without exception, are part of a concept which says that we need to enable the Arabs to conduct their lives as much as possible without our intervention. External and internal security should be in our hands, and matters concerning themselves should be left to their “blue police.”

Question: Municipal autonomy?

Sharon: When Begin presented his autonomy plan I told

him: ‘You are establishing a Palestinian state, even if we massively settle these areas vital to our security.’ And we did this. . . . I remember the argument with Ezer [Weizman, minister of defense in Begin’s first government]. He always wanted to establish [only] five Jewish cities [in the West Bank]. I argued that the demographic issue was important, but we had to control the territory. You can double or triple the size of Ma’ale Adumim, but you don’t have a way to Jordan and the north Dead Sea without settlements along the way. The people have no intention of moving from these places.

Question: And they won’t move even if Rabin decides to offer compensation?

Sharon: . . . Rabin knows that if he offers compensation, some people in Ariel will accept it. This will possibly happen also in the secular parts of Karnie Shomron. But in Yizhar? In Elon Moreh? In Tapuah? Let him try in Ali, in Ma’ale Levona, in Shilo, in Bracha, in Kedumim [settlements in the West Bank heartland established by Likud].

Question: You mention only a few settlements.

Sharon: You simply are mistaken. Go to Beit Hagai, to Shema, to Carmel, to Beit Yatir. So what is Rabin going to do? Exit from Ma’ale Adumim? He doesn’t want to leave there. Yesha [the settlers’ council] estimates that 30 percent of settlers will leave, but settlements can handle this. . . . We are already seeing the second generation in these settlements. What is happening to them is similar to what occurred 50 years ago. In 1975 Rabin asked me, ‘Who are these Gush Emmunim anyway?’ . . . I told him, ‘You will see, they are like we were in the 1940s, only more serious.’ ♦

ISRAEL WINS U.S. CONCESSIONS ON LOAN GUARANTEES

The Clinton administration has notified Congress that Israel will suffer a \$60 million "settlement penalty" reduction from the \$2 billion in loan guarantees Washington made available in October. In 1994, the administration exacted a \$311.8 million penalty. For fiscal year (FY) 1993 the sum was \$437 million. This year, the Clinton administration assessed Israel's expenditures on settlements during that year at \$303 million, but then restored \$243 million of the deducted amount to fully compensate Israel for costs incurred in its redeployment in the Gaza-Jericho regions.

Israel's minister of finance explained recently that the \$303 million sum reflects routine nonconstruction-related expenses such as salaries of teachers, nurses, and other civil servants. During the foreseeable future, Israel's Treasury Ministry expects Israel's expenditures on settlement-related roads and infrastructure (not including expenditures relating to Israel's redeployment) in the occupied territories to be \$200-\$250 million annually.

The \$10 billion program in U.S. loan guarantees, spread out in equal installments over 5 years, was initiated in 1992. The guarantees were devised as a means of supporting Soviet immigration to Israel. The economic rationale for the program, however, has always been less important than the politics driving it, so much so that the Rabin government was recently permitted to draw down the \$10 billion over 6 years and to use the entire \$4 billion annual loan guarantee for FY 1996 and 1997 to guarantee the financing of its national budget deficit. The decision can be seen as a vote of U.S. support for the Labor government as it heads into its campaign for reelection.

As in years past, U.S. calculations of Israel's settlement expenditures excluded all private Israeli investment in the territories. Therefore, almost every housing project that is being built in settlements in East Jerusalem and throughout the West Bank by private construction companies now proceeds without any U.S. penalty.

The exclusion of "private construction" represents yet another retreat from principled U.S. opposition to continuing settlement—a retreat that permitted the Rabin government to continue building and settling at a pace rarely seen in almost three decades of occupation.

Compensating Israel for its expenditures on military redeployment resulting from negotiations with the Palestinian Authority has been the subject of extended debate throughout the last year between the State Department and Congressman Lee Hamilton (D-Ind.). The former chairman of

the House Foreign Affairs Committee argued that this offset arrangement weakened the legislation's original purpose—to demonstrate to Israel that there were costs to continuing settlement expansion. (See *Settlement Report*, November 1994.)

This year, unlike last year, Hamilton was briefed in advance by Assistant Secretary of State Robert Pelletreau. And this year, no hearings are scheduled by the Republican-controlled committee.

News of the decision on penalties was released during ceremonies marking the signing of the Oslo II accords. According to one congressional staffer, critics like Hamilton "couldn't make a case. It was not a time to be critical." ♦

Loan Guarantee Settlement Penalties
FY 1993–FY1995
(in millions of dollars)

| | <i>Settlement Penalty</i> | <i>Redeployment Offset</i> | <i>Net Reduction</i> |
|------|---------------------------|----------------------------|----------------------|
| 1995 | 303 | 243 | 60 |
| 1994 | 311.8 | 95 | 216.8 |
| 1993 | 437 | NA | 437 |

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