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Near East & South Asia

ISRAEL

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25 August 1992

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Regional Affairs

Mediation Role of Israeli Arabs Examined

92AE0541C Tel Aviv HA'ARETZ in Hebrew 19 Jul 92
p B3

[Article by Dani Rubinstein: "A Good Position for Mediation"]

[Text] On the West Bank and in Gaza the Arab citizens of Israel are very respected. They respect them, but they also are suspicious of them. At almost every national congress held in East Jerusalem or in Shekhem over the last several years, you could meet Israeli personalities such as the former MK [Knesset member] Muhammad Mi'ari or MK 'Abd al-Wahab Darawshah. Last week, when the crisis at al-Najah University broke out, MK's Hashim Muhamid, Iliad Sadaq and Darawshah rushed over to try to mediate. A week earlier Ibrahim Nimir Husayn from Shefar'am, Tarik Abd al-Hai from Tirah and Shaykh Ra'id Salah, the mayor of the town of 'Umm al Fahm, came to the Gaza Strip to help bring about a cessation of the street battles that had broken out there between Hamas [Islamic Resistance Movement] and Fatah activists.

Community leaders in the territories appreciate these expressions of solidarity by their Israeli brothers, which were particularly evident during the difficult days of the Intifadah, in which whole areas on the West Bank and in Gaza were shut off under curfew, and there was fear of shortages of food and medicine. There were then always organizations of Israeli Arabs who set up special committees for the hard times, gathered emergency equipment and tried to transport it to the territories. No Arab state and no Arab community outside Israel offered that kind of assistance to the residents of the territories.

But because the Arabs of Israel have tied their fate to that of the State of Israel—they vote for and are elected to the Israeli Knesset and take part in one way or another in the political, social and economic experience of the entire Israeli community—the residents of the territories are also suspicious of them. Dr. Azmi Bishara of Nazareth, who teaches at Bir Zeit University and conducts research at the Van Leer Institute in Jerusalem, said once that the Arabs of Israel do indeed display solidarity with the Palestinian struggle in the territories, but the expression of that solidarity testifies to the fact that from the point of view of the Arabs of Israel, the struggle in the territories is not their struggle. It is never said that Tul Karim displays solidarity with Shekhem; in those two cities the struggle is one. But Nazareth can display solidarity with Jenin; The Palestinian struggle in each of them has a different hue. The Arabs of Israel conduct their struggle for equal rights within Israel while the Arabs of the territories are struggling to break away from Israel and to achieve self-rule.

In the territories they do not use the phrase that is common here, "Arabs of Israel." When the heads of the Arab community from the Galilee and the Triangle came to make peace between Hamas and Fatah in Gaza, the

newspaper headlines in East Jerusalem announced that leaders from the "1948 area" were taking part in pacification committees established in the Strip. They call them the "inside Arabs," or the "Arabs of '48" because the phrase "Israeli Arab" has connotations that are unacceptable in Palestinian terminology. But even in this area a change has occurred in recent years: after the PLO in fact recognized Israel in 1988, the term "Israeli Palestinians" began to appear in some Palestinian publications.

Beyond the family, commercial and work ties that exist between the two Palestinian groups on either side of the Green Line, there is a political connection between the various organizations in the territories and in Israel that are similar or close in their world view. The Islamic movement in Israel, led by Shaykh Nimer Darawish, is establishing ties with the Hamas organization on the West Bank and in Gaza. Activists from the Fatah central stream in the territories, led by Faysal al-Husayni, maintain regular ties with people from the Progressive Movement for Peace, with MK Darawshah and with that group in Hadash that is not Communist. Close contact exists between the Israeli RAKAH [New Communist List] and the national party, al-Shaab, which is the new name of the Palestinian Communist party in the territories. You can even find small groups within the State of Israel paralleling the Popular Front organization of George Habash and the Democratic Front of Nayif Hawatimah, including the "Village Sons" organization. By the way, these radical Palestinian groups that are active in the territories also establish ties in Israel to small groups of Jews, mostly the offspring and heirs of the "Matzpen" movement.

The ideological ties between the parallel political movements in the territories and within Israel indeed blur the distinction emphasized by "Arabs of 1948" and "Arabs of 1967," but do not erase it. Thus, for example, the Islamic movement in Israel does not accept the ideological platform of its sister, the Hamas movement in the territories, which contains paragraphs denying in principle the right of the State of Israel to exist, on the claim that all of Palestine is a Muslim religious trust. Muslim leaders in Israel are prepared for ideological flexibility and, of course, for day-to-day cooperation with the authorities of the State of Israel. Their proximity to Hamas is expressed in the fact that they did not establish a party that competed in the elections, but they nevertheless called on their supporters to participate in the elections.

Similarly all the nationalist groups of Israeli Arabs refused to take part in the Intifadah. No Israeli Arab representative was ever a member of the national institutions of the West Bank and Gaza, like the "National Front," (Halaf) or the "National Steering Committee" which was active in the territories in previous years, or in the "United Command of the Uprising." All of the salient components of the intifadah: prolonged commercial strikes, paralysis of the educational system, cessation of tax payments, the banning of Israeli products, the

murder of suspected collaborators, and the resignation of police and officials from the Israeli Government—none of those things ever occurred in Nazareth, in Shefar'am, in Umm-al-Fahm or in any other Arab settlement in Israel.

Likewise, the Communist parties in the territories and in Israel, which are close and assist each other, do not ignore the distinction between them. The Israeli Communist party stresses, for example, the fact that it is a "Jewish-Arab" party (even though 90 percent or more of its members and voters are Arabs), while the Communists in the territories are a Palestinian Arab party that has no Jewish members.

What distinguishes and unites the parallel political movements of the Arabs of Israel and the territories puts the Israeli Arabs in a very comfortable position for the tasks of mediation and assistance on the West Bank and in Gaza. In East Jerusalem there are many other reporters, lawyers and academics, Israeli Arabs from the villages of the Galilee and the Triangle, who work among the Palestinian community in the city and its surrounding area. The Israeli doctor Ahmad al-Tibi from Tayba, for example, who works and lives in East Jerusalem, is considered to have excellent ties with the PLO national leadership, and he has good access, as well, to people in the Israeli establishment. The Arab colleges in the territories have dozens of Israeli Arab lecturers. On the one hand, they are close to academics from the territories who fulfill an important mission in the Palestinian delegation and in the peace process, and, on the other hand, they have ties with their friends in the Israeli universities where they studied.

The status of the Israeli Arabs and their leadership has improved since the moderation in the positions of the PLO and the beginning of the peace talks, and their positions have earned greater legitimacy. When Sa'ib 'Ariqat, a Fatah loyalist on the West Bank, and Dr. Haydar 'Abd-Ashafi, a man of the national left from Gaza, got into serious and violent rivalry with Hamas activists and leaders in the Gaza Strip, Dr. Muhammad al-Zhar and Shaykh 'Abd al-'Aziz Rantisi, the two sides called on those from their own camp in Israel for assistance, Shaykh Ra'ad Salah and Ibrahim Nimer Husayn. It was more comfortable to conduct the contacts between the opposing camps in the territories through them.

Likewise, in cases of crisis and tension with the Israeli regime, like what happened at the time of the Al-Najah University incident, it is reasonable for Israeli Arabs to try to serve in the function of mediator. Their status has risen not only in the eyes of the Palestinians in the territories and the PLO, but also within Israel. The Rabin Government is the first in Israel to establish consultations with Hadash [Democratic Front for Peace and Equality] and with the Arab Democratic Party of Darawshah, and even signed memoranda of understanding with them. It has always been the dream of the Israeli Arabs to serve as a bridge for peace and understanding in Israel and in the region. They are still far

from achieving that, but recent events have breathed fresh hopes in that direction in many of them.

Levinger, Arab Tensions on Autonomy Question

92AE0486A Tel Aviv HA'ARETZ in Hebrew
3 Jul 92 p B3

[Article by Danny Rubinstein: "There's No Room for Compromises in Hebron"]

[Text] The mayor of Hebron, Dr. 'Abd-al-Majid, laughed upon hearing the question whether the settlers in the center of the Arab city had received construction permits from the municipality. Of course not. The law, indeed, requires this, but they never applied, and the municipal authority never discussed it.

The seizure of the homes for housing the settlers, in the old center of Hebron, was carried out by the military government, and the Arab municipality has no authority over them. They do not pay municipal taxes, not property tax, not the education levy, not the construction and the sanitation levies. The military government even transfers the payments for the water and the electricity that are supplied to the settlers by the municipality.

The relations, or the lack of relations, between the Jewish residents in Hebron and the municipality could serve as a striking example of the complications, perhaps the impossibility, of introducing in the territories any principles of autonomy and transferring to the Arabs authority of self-government.

Dr. al-Zir is not a political person. He was for many years a Jordanian official, the doctor responsible for the district health bureau. In 1986, he agreed to accept appointment as mayor, and he replaced the Israeli official, Zamir Shemesh, who had served in that position following the expulsion of Fahed Qawasmeh and the dismissal of Mustafa e-Natshe. The annual publications that he issues about the municipality's operations do not mention at all the several hundred Israelis who live in five enclaves in the heart of the Arab city. From the viewpoint of the municipality, they are not citizens of the city but rather part of the military government. "Even if they seized what was once Jewish property in Hebron, their presence is not accepted," says al-Zir. "Imagine that I would come tomorrow to Yaffo and seize property that was mine. Who would give it to me?"

If in other places in the West Bank and Gaza the Jewish settlements heap difficulties on the establishment of autonomy for the Palestinians and perhaps find an arrangement, in Hebron there is no room for compromises. The only choice in the city will be between the rule of the settlers and the army and Arab autonomy.

There was still a quarantine at midweek on the old commercial area of the city. Several hundred meters from the municipality building, soldiers had placed a roadblock the entire width of the main street that descends to the area of the markets, and they allowed entry and exit in case of emergency only. Beyond the roadblock, all the stores were closed, except for a few

pharmacies, and no one was to be seen in the streets. The quarantine was imposed on Saturday after a young Arab woman stabbed and wounded the settler Hillel Hurvitz, who had gone home after prayers to the Tel-Rumeyda neighborhood. Since the incident, there have been retaliatory actions every night by the settlers. They damage cars and try to set shops on fire and to damage Arab property.

The IDF [Israel Defense Forces] is helpless before them, among other reasons because in many ways the settlers in Hebron are a paramilitary arm: they are all armed, the curfew and the limitations that the Israeli authorities impose on the residents of Hebron apply only to the Arabs and, of course, do not apply to the settlers. Every day, now as well, when the settlers' children are transported to school, or when the women go shopping in Qiryat Arba, they travel like a military patrol in southern Lebanon: heavy military escort, lookouts and scanning of the area. They look carefully themselves, with their weapons cocked always. Not a day goes by without incidents: scuffles in the Cave of the Mahpela, stonethrowing, curses, spitting, attacks, and violent retaliations.

In the empty streets beyond the intersection of Babel-Zuwei'a and the entrance to the markets, the row of the settlers' enclaves is clearly discernible. Four isolated and fortified complexes, spreading west from the Cave of the Mahpela, through the wholesale market, the bus terminal that was expropriated and the Romano House, up to Hadassah House. The fifth complex, Tel-Rumeyda, is far from them, at the top of the hill. The settlers' complexes look like military strongholds in the middle of a battle: surrounded by barbed wire fences, guard positions, and watch towers, where soldiers are stationed at all hours of the day and night. There is a constant chatter of communications gear and fragments of commands can be heard all the time. The settlers have established their own security system, which has become part of the regular military setup. In several complexes, construction is being completed in white stone, whose color stands out against the background of the old buildings and the ruins of the old city. An Israeli flag flies in every corner of each enclave.

Next to the Cave of the Mahpela, I got on an Egged bus that travels several times a day from Jerusalem to Hebron and Qiryat Arba. The protected civilian bus also looked like a military vehicle. Most of the passengers were reservists, the number of whom in Hebron is certainly several times that of the settlers. An older settler holding an Uzi and a suitcase entered, and one of the soldiers asked him if in the wake of the elections he had brought the suitcase for the compensation money. The man looked angry, but did not reply.

The residents of Hadassah House and Romano House are completely unlike the settlers in Ari'el, Gush 'Etzyon or Ma'ale Adumim, which are separated from the Arab settlements. The only possible Jewish presence in Hebron is that of complete masters and rulers; the

presence of full Israeli military force and government without any show of self-government and autonomy for the Arabs.

Rabbi Moshe Levinger and his people will never agree to accept any authority of a Palestinian municipality. They will never pay it taxes and will not accept services from it. And the Arab municipality will never accept them as citizens of the city, because their existence in the city is inseparable from the bayonets of the soldiers and the orders of the military government.

Columnist Calls For Direct Talks With 'Arafat

92P40237A Tel Aviv YEDI'OT AHARONOT in Hebrew
23 Jul 92 p 19

[Article by Sever Plotzker, YEDI'OT AHARONOT correspondent]

[Text] Prime Minister Yitzhaq Rabin is a man who can now turn a heavy page in the history of Israel. Yitzhaq Rabin is now in a position which no other prime minister has reached, certainly not within the first days of his tenure in office. He is strong, trustworthy, has leadership qualities, and is a nationalist. He served for many years as defense minister in a national unity government: there is no defense personality like him. So one cannot accuse him of making security concessions.

Yitzhaq Rabin, unlike any other, can invite the head of the PLO, Yasir 'Arafat, for direct talks, face to face, on the future of the territories and on elections for autonomous institution councils.

The public at large in Israel has already been prepared for this meeting.

'Arafat, without argument, is a repellent sort, very smooth, and a terrorist—an enemy. But 'Arafat is the leader of the Palestine National Movement with which we must conduct negotiations over the future of peace, whether we want to or not. An invitation to direct talks does not obligate Israel to any political or security concessions, but this will have the impact of thunder on a clear day as a political reality in our region. This will be the great political act that all are now anticipating.

Rabin's call to 'Arafat to come for peace talks will tear up all the cards of indirect and hesitant diplomacy bound up in the "Madrid process." "Rabin's initiative" will only strengthen Israel politically and in terms of security. The commotion, confusion, and runaround which this will cause the PLO will also bring this organization to do some soul-searching, which it has repeatedly evaded: whether to turn toward a settlement or toward eternal war.

We will talk directly with our obstinate enemies and not through the mediation of the outgoing American administration, which is shaking in its boots on the eve of elections. This will shatter any taboo about the PLO that we inherited from Menahem Begin, who himself a long time ago stopped serving our national interests. Rabin will join the list of those who have made history, who did so with wisdom and strength.

Only Rabin can do it and now is the time.

Internal Affairs

Rabin Policy Compared With British White Paper

92AE0540A Tel Aviv YEDI'OT AHARONOT (Weekend Supplement) in Hebrew 24 Jul 92 pp 5, 16

[Article by Ari'el Sharon: "Worse Than the White Paper"]

[Text] Mr. Rabin is running. Running toward Baker, running to the Egyptian ruler, running to the United States, hastening to cancel and destroy the settlement work, hastening to withdraw from the Golan Heights and to release armed terrorists with the blood of al-Najah on their hands, running toward concessions without anything in exchange, and attempting to drag us all down the slope.

Mr. Rabin looks like a short distance runner trying for a long race. Too long for him and too dangerous for us. He is puffing and panting. He is short of breath and short of time.

Where is Mr. Rabin hurrying to? In his haste he has not even discussed, consulted, or thought what can be claimed in exchange for his far-reaching concessions, concessions that to date no Israeli government and no Zionist leadership in the Land of Israel in the past 100 years ever considered making. He did not demand in exchange that the Arab arms race, which is more intensive than anything we have seen in the past 40 years and is the main threat to us and to the entire Middle East, be stopped. He did not demand the dismantling of the terrorist organizations currently acting from the capital cities of the same Arab countries to which he is hastening to make concessions.

Mr. Rabin certainly knows that even if he signs every agreement, as long as the terrorist organizations continue to exist under the protection and with the assistance of the Arab countries, there will be no peace in the area. He did not demand anything, but paid only by stopping Jewish settlement in order to meet with Mubarak in Cairo, just as in the past his colleague Mr. Peres gave Taba in payment for meeting with Mubarak in Alexandria.

Mr. Rabin is running. Every once in a while he gets a light punch in the jaw from his interlocutors. "There is no difference between political and security settlements," Baker lectured Rabin. "True, you took an important step for the benefit of the Arabs by stopping Jewish construction," tagged on the Egyptian ruler, "but it is not enough. We understand that you have been only one week in office, but you must try harder, Mr. Rabin."

Speaking of the Arab boycott, Mr. Mubarak added: "Only after all Jewish construction has stopped, including in Jerusalem, will we be able to discuss a normalization in the relations between the two countries

at peace." "Such a discussion will take place after you withdraw to the 1967 borders," added the host, winking slyly.

Mr. Rabin is running. Israel is attacked, but he does not react. Who has time to point that out to the American representative, who is telling his partners in talks, the PLO leaders in Jerusalem, that now there is finally a "serious government in Israel."

Imagine the international commotion if anyone in Israel were to say: "After the elections, when the United States will finally have a serious administration...."

Mr. Rabin kept quiet when Mr. Shamir was openly insulted during the visit to Egypt. And when the Egyptian ruler said, like a teacher to his pupils: "I do not need an invitation to go to Israel, I will come when the conditions will allow it," and treated us as if he were the master of the house, Rabin nodded.

The media, which is competing for who dares to do more for the left-wing and in a crasser manner, carried a flow of news items: "No more building contracts to be signed;" "Signed contracts not being honored;" "The work of anyone who has not poured the floor yet stopped by order;" "Whoever did not finish the skeleton will not be able to continue" (Under the Turkish occupation we knew at least that whoever had finished the roof was protected); "Work to cease north of Hadera and south of Ashdod;" "Work to dry out in Judaea, Samaria, and Gaza."

I hear those voices and they remind me of something. I search among maps and find the "White Paper" map. The similarity is striking.

For a moment I am stunned. Not possible. And suddenly I realize that today we are beyond the White Paper. It is worse. There at least the Jews were not forbidden to build in their own localities or to develop them as they saw fit.

Rabin's left-wing government is now doing things that the British did not dare to do.

The reasons for stopping construction in Judaea, Samaria, and Gaza are identical in substance to those of the White Paper: "The Jewish National Home" needs peace, quiet, and permission from the neighbors. In view of the fact that "unlimited" Jewish expansion by immigration and land purchase aroused fears and hatred among the Arabs, severe restrictions were in the interest of the "Jewish National Home," because they secured peace, quiet, and the approval of the Arabs! That is what the White Paper said and that is what the Rabin Government says today—"It is at our initiative and in our interest." As much cynicism and hypocrisy then as today.

The point of departure is identical: Both the construction stoppage and the White Paper proceeded from the assumption that Jews had no national rights and not even personal rights in western Eretz Yisra'el [Land of Israel] or at least in parts of it, whereas the Arabs had a

right to settle and build unimpeded throughout the area of western—and of course eastern—Eretz Yisra'el, a right that was withheld only from Jews.

The difference is that at the time this was decided by a foreign government, whereas now it was decided by Rabin's Jewish Government.

On 28 February 1940 David Ben-Gurion said: "The regulations (of the Mandatary Government regarding land) rob the Jews of equality before the law and institute racial discrimination. They confine the Jews inside the 'settlement area,' just like in Tsarist Russia...."

What is now happening is a mortal blow to the rule of the law and particularly to the normal operation of the government in Israel. Democracy permits and allows for changes of government only on the basis of governmental continuity and responsibility.

When the government changed in 1977 all the decisions of the previous government were implemented, even those we did not like. Policy may be changed, but an abrupt cancellation of legal, clear, and operative decisions taken by the previous government is destructive to a democratic administration.

Rabin said on the Moqed show: "Israel is a law-governed state and it honors international agreements." In other words, agreements with Arabs yes, while agreements and contracts signed by the previous government with Jews can be voided by a wave of the hand.

One cannot come away from the feeling that what is now happening in the political process is linked to the elections in the United States. U.S. interference in the Israeli election was serious. No less serious is the fear that the Israeli Government will be seen as interfering in the U.S. electoral system. In the past, while serving as ambassador to the United States, Yitzhaq Rabin failed once by helping President Nixon. This time he can no longer claim an innocent mistake.

The head of the Israeli Government or anyone authorized by it must not create the impression of any interference in the current elections in the United States. Not only in favor of the present administration, which as is known is not famous for its love of Israel or of Jews, but also in favor of the democratic candidates, who are perceived positively in relation to Israel.

And the present U.S. Administration is dutybound not to involve Israel in the electoral campaign by pressuring it to make concessions. Israel cannot sacrifice its security and existence so that the present administration can be reelected.

I know that what I have just said is not easy to accept. The topic that is currently preoccupying many is the guarantees, which we will perhaps get. Some of the people are dancing around the golden calf. "The settlements are not important," they say. "Security, too, is today less important," and never mind the future of the nation. The slogan is: "Guarantees now."

All the Eretz Yisra'el faithful must now make a supreme effort, as is their duty, to overcome all that and I am positive that we will.

Rabin's Political Map of Territories Criticized

92AE0540C Tel Aviv YEDI'OT AHARONOT (Weekend Supplement) in Hebrew 24 Jul 92 pp 4-6, 39

[Article by Amos Levav: "We Have Encircled the Arab Population Centers in Judaea and Samaria"]

[Text] Ari'el Sharon worked on this map for 15 years. For 15 years he built settlements in Judaea and Samaria with a view to derailing the autonomy plan. He never stopped, not as defense minister, agriculture minister, commerce and industry, or housing minister. Now the moment of truth has come. He fans himself with his settlement map and says with assurance: "Rabin will not succeed in his autonomy plan," and this is the test. Sharon shows his map to Israeli and foreign visitors and says proudly: "We have encircled the Arab population centers in Judaea and Samaria."

Sharon's map hangs on every wall at every local council and authority in the territories. This is what it looks like: Janin is "surrounded" by two Jewish settlements—Ganim and Kadim (with about 30 families in each). Four Jewish settlements are located on the Janin-Nabulus road, and three on the Nabulus-Tulkarm road; between Nabulus and Qalqilyah there are five, and between Nabulus and Ramallah 10 Jewish settlements. There is only one area to which Sharon has not managed to get. That is the Tubas area, north-east of Nabulus. The string of Jewish settlements is fairly thin south of Gush 'Etzyon, too, in the direction of Qiryat Arba'.

"We were not thinking of autonomy when we built these settlements," claims Benny Qatzover, head of the Samaria Regional Council. He and Menahem Felix were among the first to settle in Samaria. They were on every hilltop. The troops used to evacuate them, but they kept returning, with tents and generators, flashing eyes, and Torah scrolls, hoarsely singing "Our Lord Lives."

Today this is a different Benny Qatzover. The slogans he delivers are the same, but the fire in his eyes seems to have died down. He points to red and green dots on the map, talks of more than 100,000 people living there, but he knows that his brigades have evaporated. Gush Emunim's offices in Ramot Eshkol in Jerusalem stand empty and the Tehiya movement dissolved leaving behind only big debts at the bank.

"Sharon's map will not stop the autonomy," he said in a tired voice, "but the power of Jewish life will. Real autonomy will necessarily clash with this Jewish reality."

[Levav] How?

[Qatzover] "In every way. A Jew will not submit to the authority of an Arab policeman anywhere. According to the autonomy plan, the IDF [Israel Defense Forces] is slated to get out of Arab population centers. All the terrorist organizations will start operating there in the open. But Jewish life here is strong and it will be difficult

to tear them away from this area, from the daily ride to work, and from the daily activities. No one will agree to live here in a ghetto."

[Levav] Will you put up opposition?

[Qatzover] "Certainly. No Arab policeman will give us orders and no Arab town hall will build next to us. No Arab authority will dump its waste next to us, and no Arab industrialist will build an industrial park in our vicinity. We will not let ourselves be choked off, and we will not allow our power, telephone, or water to be cut."

Behind Benny Qatzover's chair in the council offices in Elon More hangs a picture. Everyone in it looks very festive: the interior minister at the time, Dr. Yosef Burg, Benny Qatzover, and even Brigadier General Ben-Eli'ezer, the commander of Judea and Samaria, a broad smile on his face. "Ceremony of Proclamation of the Samaria Regional Council," reads a huge sign in the background.

Today, the same "Fu'ad," minister of housing, is freezing the development of Elon More. Qatzover says that the Jews in the settlements are now like fish. "They leave us here, they do not touch us, but they take our water away."

Contractors at the new building site are beginning to pack up. Contractor Ofer of Bet She'an said his tractors were going home. They finished excavating the hills above Nablus and now he did not know what other hill he will excavate and where. The view from the hills is magnificent. Benny Qatzover, standing with his back to Nablus, is giving an interview for a Czech television team. He tells them that a separation between the two nations is impossible, but they do not understand why. In their country a separation is under way these days, quietly and without any bloodshed. "The masked men you met in Nablus will be the policemen under the autonomy," he warns. "All the traffic from the Binyamin settlements goes through Ramallah. The children from the mountain ridge drive through Nablus to go to school in Qudumim and Qarney Shomron."

According to Yitzhak Rabin's definition, Elon More is a political settlement. Benny Qatzover commented on that: "This is an unfortunate expression that has laid to waste the entire Zionist project. Elon More is as much of a political settlement as Petah Tiqwa. And since the results of the elections became known here, there have been more stones, more roadblocks erected by Arabs, and more burning tires. One reflection of that were the events at the al-Najah University. Arab logic works backward. Any time you go halfway toward them, they interpret it as weakness and become more daring."

He does not believe that the autonomy will come to pass at all, but if it does, he gives it one month, no more. "And then it will explode," he is convinced. "They will kill one another, there will be violent gangs, we will see here scenes like in Lebanon, with militias and phalanges, and we will be in the middle. Then the army will come back and that will be the end of the autonomy."

Neighboring Nablus is a large city with 140,000 inhabitants, "surrounded" by the 240 families of Elon More and the 45 families of Brakha, Itamar, and Yitzhar. Nablus is a violent city. Most of the major riots in the territories began there. Since the murder of the last mayor, Za'far al-Masri, Nablus has not had a mayor and is being run by functionaries in fear of their lives. His portrait hangs in every room, reminding them of that terrible day in March 1986, when the young man was killed in the entrance to the City Hall building.

They are prepared to talk, but without identifying themselves. They say that their city gets water from five springs in the area and when they go dry, they buy water from Meqorot [Israeli Water Authority]. They buy fuel from the PADESCO company, which is shared by the three Israeli oil companies Paz, Deleq, and Sonol. They produce their own electricity at a local power station. They are building schools by themselves, with the help of donations from rich Arabs. "Since the mayor was murdered we have been left like a flock without a shepherd," they say with a sad laugh.

Former Mayor Bassam al-Shak'ah sits in a wheelchair on the terrace of his elegant villa in the hills of the Rafidiyah neighborhood. His fate was "better." He was left "only" without legs. One morning in the summer of 1980 he started his car to go to work, and that is when the explosion occurred. The Jewish Underground had laid the bomb that severed his legs. Since then he disappeared from the political arena, but he is still viewed by his brothers as their leader.

They come to him on pilgrimage to consult him and to bring him fruit from their gardens. He is a great extremist, but he always says everything quietly and with a smile. He is even more opposed to autonomy than Qatzover. "It is a part of the Zionist strategy," he says. "The Zionists want the land, but not the people. This will be an autonomy under military protection. This is the worst plan for the Palestinian people."

[presumably Levav] And for the five years of the transitional period?

[al-Shak'ah] The question is what will happen in five years. The occupation will continue. The Zionists must accept our solution—an independent state for our nation, with all the legitimate rights.

[Levav] You know, Bassam al-Shak'ah, that the Jews who live here are also opposed to autonomy.

[al-Shak'ah] Yes, but for different reasons. He laughs.

[Levav] So there will not be any autonomy?

[al-Shak'ah] Look, in 1979 we opposed elections for the city authorities here. The population was against them, too. So the military governor threatened the council members that anyone who did not stand for election was to prepare for being deported. The population was told that the voters' ID's were going to be stamped, and anyone who did not vote would get into trouble. So,

many did go to vote and many put in blank ballots. In other words, resistance can be broken, but in the end we will win.

A strange calm surrounds the place. The view from the hill is of harsh, rocky scenery. Bassam al-Shak'ah paid a heavy price for his public activities. His brothers are running the family affairs. He does nothing but sit at home and receive people on the terrace. He has not traveled abroad for many years. Twice he was given permission to go to Jordan, then he was told: "That is it, enough." No explanation was offered and he did not ask why.

He went to Jerusalem one year ago. He does not have the patience to wait for permits every time. His narrow confines are Nabulus and Ramallah. It is not for nothing that he says: "We live in one big jail, but your situation is not much better than ours." He still believes that he will see change in his lifetime. "It cannot stay bad forever," he smiles. "The solution will not be soon, but Muslims, Christians, and Jews did live here in peace in the past. Zionism brought the situation here to a boil. We will, however, establish a state, and the world will recognize us."

He is not involved in Palestinian-Israeli contacts. Currently he almost never talks to Palestinian leaders. "That is just talk," he says. "In Arabic we say: No one can swallow his tongue. They talk, so what?"

The world is a small place; on the way to Ramallah we met Avraham Mintz, a 63-year-old Jew and one of the founders of Elon More. One does not see many people his age in those settlements. At the time he came to the area with his entire family, two sons and a daughter. His son Yehuda 'Etzyon, was one of the heads of the Jewish Underground. His daughter Orit is the leader of the new settlement of Rehelim. Currently it is a "settlement" with two tents and one generator near the Nahal brigade presettlement established by Moshe Arens.

Avraham Mintz is also weary. He brought a generator for his daughter and spoke in a somewhat different tone about the Rabin Government. In his view this is an unavoidable stage on the way to Israel's annexation of the territories. The Likud Government could not do it without this transitional stage. He believes that it will be difficult, but afterward it will be better.

He fears that one of Rabin's next steps will be to evacuate Rehelim, which had been authorized by Arens. It was established on the road as a protest settlement, after Rahel Druck and Yitzhaq Rofe were killed by gunfire from an ambush. Two girls sit there in the morning, 'Enat Agrovitz from Jerusalem and Tatzi Frumin from Bet-El. They are both 16 years old. They come by bus in the morning, stay all day on the parched hill, and in the evening they are relieved by a guard of boys who spend the night there. Only the Nahal soldiers in the neighboring watchtower are not relieved. "I love this place," says Tatzi. "It is a part of the Land of Israel."

[Levav] What do you do here all day?

"Walk around, talk, help the soldiers a bit, rest."

The Tatzi-'Enat force is now getting ready for the evacuation ahead. "We will oppose it," they promise. "We will chain ourselves, masses of people will come here."

At Yosef's Tomb in the center of Nabulus the situation is somewhat different. A gathering of yeshiva students spend the day there and reservists guard them while they pray. In the evening they go home and only the troops are left.

Yehoshu'a Shapira teaches at the Patriarchs' Tomb Yeshiva, which has about 30 students. He promises that they will oppose the autonomy. He sits with 30 students at a historical tomb in the heart of an Arab city with 140,000 inhabitants and asks: "Would you bring strangers into your bedroom? This is our national home."

[Levav] So what do you suggest be done with the Arabs?

"Patience. My grandfather in the gas chambers did not expect me to sit here, at Yosef's Tomb."

Yehoshu'a Shapira believes that he is there, at an ancient tomb, in the heart of a semiindustrial area, next to carpentry shops, "as envoy of the nation." He is worried, but only for the short term. "In terms of the nation I am not worried," he assures us. "We will not be torn away from the nation, but we will also not be torn away from the land."

[Levav] How will you reconcile the contradiction?

"Time will tell."

Things look a bit different in Ari'el. Less mysticism and more practical concerns. An elegant hotel was built there on the main road and in the television room, Ron Nahman, freshly elected MK [Knesset member] and head of the council, is talking before a delegation from the town Thousand Oaks, California. He had once visited the town as a public envoy and met with the rabbi. He invited him to come visit Ari'el, and now the rabbi was introducing him to his flock: "Ladies and gentlemen, the mayor of Ari'el."

Ron Nahman speaks with great confidence. "Nobody will freeze me" [English phrase written in Hebrew], he says and the audience does not quite know what freeze he is talking about. "I am too hot," he declares, and several women blush lightly. Nahman, however, continues: "How will they freeze us? What will they do to my five-year old daughter? Will they close down her school? We will resist. And you can help. I always claimed that the answer to terrorism is tourism." The audience gets the pun and applauds thunderously. "Now go," Ron Nahman enjoins them, "go see Ari'el before the sun goes."

Later, in the lobby, in better Hebrew, this energetic man said: "Yes, the people here are in shock. They did not believe that the government would sink so low and would take as hostages people who came here on a mission from the State of Israel. The infrastructure for

100,000 people was being built here and the Alignment is trying to stop it. In four years' time the Likud will make good and topple the Alignment. Will we then behave by the same standards and dry up the kibbutzim, the Histadrut, and the Sick Fund? The Alignment ministers and MK's will not have one minute of peace," he promised. "You will see what actions we will stage, together with our supporters inside the Green Line. And everything will be legal."

The settlement of Brakha sits on Mount Grizim, at an altitude of 881 m. At noon only children are playing outside. A soldier sits in the gate and Arab workers are building quickly, before the freeze. Rabbi Eli'ezer Melamed is the local rabbi and also serves as secretary of the Board of Judea and Samaria Rabbis, the most important and the strongest body in the territories today. He is a young, authoritative man, who speaks in a soft voice.

Immediately after the elections, reports spread that the settlers were stocking weapons. Rabbi Melamed called Motta Gur up and reassured him. But he also promised that the autonomy will meet with very tough resistance. "The autonomy will give the Arabs a public hold on the country, and this country is ours," he explained. "We need all of it and we came to all of it. The Arabs can continue to live here, but as individuals and not as a nation with rights on the country."

[Levav] Rabbi Melamed, you are talking about two million Arabs!

[Melamed] "That is right, it is a difficult problem. But autonomy will lead to a Palestinian state no better than Lebanon, but closer to Jewish population centers and therefore much more dangerous."

[Levav] So what will you do?

Rabbi Melamed was very definite in his answer: "First, there will be no fratricidal war," he promised, "and we will remain a part of the Land of Israel, for good and for better."

[Levav] All of you look to me as if you were in shock.

[Melamed] "In the first few hours after the elections it was more than worrying. But by morning it was already clear that the shift to the left left was not that great. The rabbis talked among themselves after the elections, partly in order to calm down and partly to see what will happen. As you can see, the Jewish settlements here are spread all over the area. This is the object, to settle the entire country. The settlements are a reality."

"Today it is already more difficult to implement the autonomy than it was yesterday, and tomorrow it will be more difficult than it is today. The entire process of settlement of the country is stabilizing. Also, the dispute now is about autonomy, whereas a few years ago it was about withdrawal."

Rabbi Melamed promised mass demonstrations. "There must be demonstrations in Jerusalem once again," he said. "Demonstrations like there used to be. We must

involve the Likud, the National Religious Party, Mole-det, and SHAS [Torah Observing Sephardis] voters. We will also establish home circles. Rabbis have a great influence in this respect."

He remembers the Likud era almost nostalgically, when Ari'el Sharon drew his anti-autonomy map in the area. "That is true," Rabbi Melamed said, "there was pampering under the Likud. We were spoilt."

The scenario envisaged by Attorney Elyakim Haetzani, the wrathful prophet from Qiryat Arba', is not as restrained as that of Rabbi Melamed from Mount Grizim. This week he has already seen the first scene in the field, 500 m from his home. A representative of the Housing Ministry came with an order and stopped the construction of 200 new housing units.

"Unfinished Jewish homes will stand here," he prophesized. "On the other hand, Arab construction will begin at a frenzied pace. The Arabs who opposed autonomy will murder Jews in order to torpedo the process. Settlers' blood will be spilled unpunished. The Arabs will feel that the government is on their side. And then we can expect that some Jews will react very radically, something that I am against."

[Levav] Fratricide?

[Haetzani] God protect us, but this government declared war on us, excluded us from the rest of Israel, put the settlers on the other side of the fence, and darkened our future. And when people feel such despair and hopelessness, can you imagine how they will react?

[Levav] The Arabs are desperate, too, hopeless, and facing a dark future.

[Haetzani] Right, and see how they respond.

[Levav] And how will the government respond?

[Haetzani] This government carries the genes of Altalena, of Hapo'el companies, of not giving jobs to right-wing people, and of the blood libel of Arlozorov's assassination. Consequently, when 2,000 Jews will barricade themselves somewhere, they will not treat them with velvet gloves, as they did the students at the al-Najah University."

Elyakim Haetzani said that his shock was not as severe as that experienced by his friends, simply because he foresaw the process and was not taken by surprise. But he also foresees the end of the Rabin Government. "Its end will come when it will become the government of some of the people," he predicted. "What you see here today are indeed trauma symptoms. We have come to a crossroads in history, the crossroads of the division of the realm."

In a narrow alley in East Jerusalem, in a small office in a neglected office building, one can learn what the "Arab rank and file" thinks. This is the office of Attorney Leah Tzemel, an unrelenting fighter for Palestinian rights. She began her career with Felicia Langer, who broke down and has been living in Germany in recent years.

Leah Tzmel's office is crammed with people. Arabs come from remote villages and cities in the territories, wave orders and papers around, and wail loudly about their problems with the Israeli authorities. Amin al-Atrash, for example, has been living in Jordan in recent years, and now they are not allowing him to return to his home in Bayt Sahur. He does not want autonomy. He wants a state. "Do you like seeing your flag above your head? I want to see the Palestinian flag above mine," he said.

He will be content with autonomy only as a transitional stage toward a state. "We will be driving without seeing army and police," he said, and his eyes misted over. "Everything looks better without the army. I am a teacher and I went to jail three times. The army did not like the fact that I was studying in Iraq. Now all this talk of autonomy and a state sound like a dream. We will have a government and a police of our own, my children will be free. A dream, a dream."

Wajiha Hamad 'Issa, an elegant young woman from Bethlehem, came on behalf of her brother and husband. "He killed a collaborator," she said quietly; someone made it clear: "Stinker, stinker," and everyone laughed in the crowded office. Wajiha does not ask for much: "I only want to live like you Israelis," she said. "To travel everywhere without permits, to send my children to school without being afraid, not to hear shots and be scared. I do not want to see soldiers in Bethlehem, I want to go to sleep without worrying. Today I do not enjoy my life. I sit at home all the time."

To Mufid Muslah of Salfit, near Nablus, autonomy means that his two brothers will be released from Israeli prison. His friend, however, who is not willing to give his name, laughed cynically: "Autonomy? Do not make me laugh. And what about the thousands serving in jail? And what about our lands, on which Sharon built his settlements? I come from the village of Bayt Nuba. Ever heard of it? For sure not. It was a village near Latrun. Today there is a park there, Canada Park. In the war we heard shots outside at 0500. I was five years old at the time, but I remember as if it were yesterday. I remember how my father took us quickly, I remember the bodies of the neighbors outside, I remember how we fled to a village near Ramallah.

"We did not believe that the Israelis would get there, too. But they came, and five days later we went back to our village. We found there a field, an empty field. Not one house was left. Later, years later, I studied and I became a physics teacher, but the Administration fired me, so I had a tractor and I carried out manure. You know from where? From Canada Park. So you talk to me about peace? About autonomy?"

A heavy silence descended on the room and only one old woman, patiently sitting on the side, threw into the crowded atmosphere: "Autonomy, state, peace—I do not believe a word anymore."

Analysis of Politics 'Without Right Wing'

92AE0486D Tel Aviv HA'ARETZ in Hebrew
26 Jun 92 p B1

[Article by Orit Shohat: "Suddenly There's No Right"]

[Text] Up to the moment that the election results were broadcast, it seemed that except for the delicate souls of Maratz, there was nothing in the state besides the right. Rabin hid his doves, the religious parties promised that only the Likud could [deliver], Levinger shot at the screen, the NRP [National Religious Party] took a position to the right of the Likud and Tehiya stood to the right of the NRP. Even the staidness of Agudat Yisra'el turned into the right in the form of Rabbi Peretz. When it became too crowded on the right, Moledet broke all of the conventions and, in a campaign broadcast message that raised frightening associations, showed happy days when lovers would be able to walk hand in hand in eternally green fields, to the music of violins, in a country clean of Arabs.

From the moment that the results were known, it became clear that everything was a bluff. Tehiya disappeared, Levinger received 3,500 votes in all, Tzomet was transformed in the space of a few hours into a Dash in farmer's overalls, a kind of a center party whose main concern is proper administration and education. Shas explained that it had indeed pledged not to assist in the formation of a government headed by Labor, but that when it became clear that such a government would be formed also without its assistance, there was nothing in principle to keep it from joining. Avraham Shapira began to make noises about disappointment with Rabbi Peretz, who did not bring the right-wing Sephardi votes that he had promised, and the NRP made noises of disappointment with the right-wing line that it had taken in the elections, as if someone had imposed it on them.

Even in the Likud the number of right-wingers suddenly diminished. Shamir indeed made a Revisionist defeat speech, but Shamir was already speaking for history. Me'ir Shitrit and Benjamin Netanyahu, who began this week the journey to the future, mentioned only the weaker strata and the deficiencies of democratization in the party as reasons for the failure. None of them remembered to raise the flag of the loyalists of Eretz Israel, apparently because there are no buyers. Moledet remained the only true right. Until the soldiers' votes are counted, it seems that the number of its supporters does not exceed the number of seats in the Ramat Gan stadium. If one adds to that those who voted for Tehiya who did not pass the minimum percentage for a Knesset seat, Bloomfield Stadium also could be filled. That is everything.

It seems that the public that had been suspected of indifference is actually a tolerant public, which is essentially peace- and compromise-seeking. Even though the Arabs threaten its personal security, it is not addicted to xenophobia, and Rehav'am Ze'evi is not succeeding in becoming the Israeli Le Pen. In a situation of physical fear of every streetcleaner, it would have been possible to

explain even 20 seats for Moledet, but that did not happen. The Moledet thugs seem to be foreign to the Mediterranean experience, as if they were imported in a special airplane from England or Germany and are no more than a branch of the skinheads.

Miron Benevenisti asserted on this page yesterday that the public had not become left wing, that it was only expressing pragmatism. But studies that were carried out in the last four years show that most of the public is not interested in the territories. If their security is ensured, they are ready to return almost everything. In the seventies, the emotional assertion was often voiced that it was impossible to return territories for the conquest of which the blood of our soldiers had been spilled. This argument has fallen silent. The intifadah left the conquered territories to the Arabs, the soldiers, and the settlers. Settlement in the territories came to be identified with a housing solution or religious ritual. It should be remembered that in the settlements there sits today the votes for only one egocentric Knesset seat. Not more, as most of the Jewish residents are children. This public will make a lot of noise, but it is worth remembering well its true size.

The surprise of the elections in every respect is Refa'el Eytan, who, like Yitzhaq Rabin, apparently embodies the Israeli male ideal. Tzomet is only superficially a right-wing party. As Rabin said that the bones of the Arabs who rise up should be broken, so Rafal calls them stupified cockroaches. This is a tactical hatred that can dissipate with the coming of normalization in relations with the Arabs.

Ze'evi is a cold-blooded rightist with terrifying intellectual solutions. On the one hand, he proposes to teach Arabic to every child in Israel, because he is not a racist, and on the other hand, he proposes to starve the Arabs in the territories in order to encourage their emigration. The relevant paragraph in his platform says that labor of Arabs from the territories will be completely forbidden in Israel, and every initiative aimed at the creation of alternative employment in the territories will be halted. In this manner, the voluntary transfer will be "accelerated," in the language of the platform.

Moledet is a right-wing party by the book. It has a broad right-wing weltanschauung, which also includes a return to the [Jewish] sources, an erotic attitude to the soil of the country and to its past, as this is expressed in the Ha'aretz Museum directed by Ze'evi, an educational youth movement, a demand to teach more Torah in the schools, and also a proposal to convert the Knesset into a Sanhedrin of 71 members. Moledet also has a right-wing economic platform, which negates strikes, trade unions, government intervention in the economy, and what is lacking to complete the picture is only the rejection of abortions and homosexuality. That is the way a reliable right wing looks everywhere in the world. In contrast, Tzomet's economic platform is generally left-wing, and talks about equality as a central value that holds society together. Tzomet is also a very secular party, and its concern for the future of the settlements is

purely defense-oriented. Refa'el Eytan knows that most of his voters did not come from there but from the group of "you have had it," so that it may be assumed that his right-wing position will come to appear very flexible over the coming days.

Had the Election Committee also disqualified Moledet, we would not have known that it is so small, and Rabin might have feared making concessions and even the establishing of autonomy, for fear that a gigantic right wing that the public yearned for was hiding somewhere.

Now it appears that everything was a figment of the imagination. Sharon can incite, the Council of Judea, Samaria, and Gaza can shout to the skies, but Rabin must remember that he has both a mandate and real support for concessions for the sake of peace, that the Israeli public all in all wants security, not revenge, not land, not expulsion, not blood, not fire, and not the messiah.

Profile of Avraham Shohat, New Finance Minister
92AE0512B Tel Aviv YEDI'OT AHARONOT (Weekend Supplement) in Hebrew 17 Jul 92 pp 1-3

[Profile by Nahum Barne'a]

[Text] The people from Qupat-Holim [national health fund] are the first in line at the new finance minister's office. As usual, the fund is bankrupt. However, now, the finance minister is a politician of a different type. Beyg Shohat holds in his hand the key to the Rabin government's success. For the first time in his life, he discloses, he has enemies.

On Tuesday at 1715, for the first time, Shohat gets into his state-provided Volvo (license no. 12-012-00), which was previously used by outgoing Finance Minister Yitzhaq Moda'i. The car is creme with black upholstery. The windows are shielded. Moda'i traveled more than 105,000 kilometers in the car during the two years it was at his disposal.

Shohat studied the car with his fingers: first, the air conditioning switch, then the gear shift handle, the car phone, the reading light. He has the fingers of a builder, thick and inquisitive. He probes until he locates the handle to open the sun roof. He asks: "Why did Moda'i need a sunroof? What is he, a playboy?"

Perhaps he needed it for parades I suggested. The masses would stand outside cheering, and the finance minister would poke his head out to bless his people with peace. Imagine yourself doing the same thing.

Shohat refuses to imagine himself. "A sausage like yourself," he said.

"Sausage" is the new minister's preferred term of endearment. All of his love for swallowing food in general [a reference to his generous girth] and swallowing sausage products in particular is invested in it. Inasmuch as the finance minister's opinion is very important in Israel, Tel Aviv's restaurants which cater to the business crowd will soon be filled with people who will pretend to

be sausages. One will boast, "Beyg called me a sausage." The other will skeptically say, "Really? I do not believe you."

At 0200, near the end of the long discussion in the Knesset, Shohat was summoned to the podium to take the oath of ministers. He became choked. He was thinking about his mother and father who died in 1978 and 1980, respectively. He was an only child. In his wedding picture, his mother—a small, bony woman—hides herself in a chair, and his father, who was a builder and a work manager at Solel Boneh [construction company], is arranged in front of Levi Eshkol, the finance minister at the time and the father of the bride. How much would I give, he thought, for my parents to see me sworn in as a minister.

After the ceremony, he went to the home of a close friend, P. R., in the Ramot neighborhood [of Jerusalem]. A party had been prepared by his friends—his "friends" in the preeminent Israeli sense, i.e., his friends from the youth movement and the army, children who grew up and became friends, and friends of friends who made trips together to Ra's-Burqa, which Shohat will probably now forego for reasons of service and security.

When Shohat ran in the primaries, first for Rabin and then for himself, he plowed through the country. Almost everywhere, he slept at friends' homes. I have no problem he said. I put my head down and fall asleep.

His friends pinned a button to his shirt bearing the silhouette of a bull attending to his needs inside a "no parking" sign ([the caption on the button read] literally: without bull excrement). They also bought him two George Armani ties, a large leather briefcase of the type used by legal teams, and a portable, leather-covered, metal whiskey container, though they told him that the last item was not for him and asked that he please convey it as a gift to the prime minister.

They inundated Shohat with questions such as (imitating Avraham Shapira's accent): Scherezzer, how much is bus fare, what is the latest price of a standard loaf of bread. To their surprise, Shohat knew everything (How did you know [they asked]? Whoever wants to be finance minister should know, he said).

Shohat likes them and they like him. Perhaps it was apparent only to me that, somewhere around 0300, the thin line between mere friendship, which is free of stratagem, and the honor and attention given to someone who holds power, was born.

Yes Minister

And what power. In addition to the great responsibility which every finance minister bears, Shohat also bears an extraordinary load of expectations. Rabin has signed a check for change, and Shohat is supposed to bring in the receipts. Time is their merciless enemy. If Rabin's government does not take off within several months, it is liable to bog down in a fatal quagmire. It must immediately change the national order of spending priorities, provide tens of thousands of new jobs, and invest in the

infrastructure. Such a pretension is almost revolutionary. It is poised over Shohat and Rabin, whose temperament and life experience are not revolutionary at all.

Shohat, who has never known true political enemies (and if he has, he has managed to disarm them), will need to face off in difficult initial conditions with the strongest lobbies in Israeli politics:

- The military lobby, which is moving to assault the budget in an extraordinary situation in which the defense minister is also the prime minister.
- The social lobby, which has gained generous representation in the new government: [incoming Transportation Minister Yisra'el] Qaysar, [incoming Environment Minister Ora] Namir, [incoming Economics and Social Development Minister Shim'on] Shetrit, [incoming Absorption Minister Ya'ir] Tzaban, and perhaps Fu'ad [Binyamin Ben-Eli'ezer] as well. Most of them are ambitious, trenchant politicians who are building their careers on a populist social message.
- The Histadrut [labor federation] lobby, which has been waiting impatiently for a political turnaround, so that it can quickly call in its great debts with the new finance minister.
- The agricultural lobby, which comprises the moshavim and kibbutzim, each separately. Each of the two are major political powers in the Labor Party. The great, awesome struggle to be waged will be over the billions of shekels which the kibbutzim and moshavim owe to the banks. In the meantime, the moshavim are struggling to transplant a deputy minister on their behalf in the finance ministry, Nisim Zvili.
- The slipperiest and most sophisticated lobby of them all: the inside club of senior finance ministry officials. This is a very talented group of general state managers who have learned to deal with the succession of finance ministers using methods which would arouse the envy of Minister Humphrey from *Yes Minister*. They enjoy a sympathetic press and the backing of the political, business, and academic establishments. If Shohat is not careful, they will bury him in professional advice and paper. This week, some of them attempted to maneuver him into appointing a director-general from among them.

Yesterday, Thursday, Shohat's third day as finance minister, he was supposed to have met with a delegation from the Histadrut. Qupat Holim is (again) bankrupt. If money is not injected by Sunday, the banks will turn off the faucet. This is a very difficult test at a critical time. The Likud finance ministers used to exploit such crises to obtain a package deal with the Histadrut secretary-general under which the Histadrut would restrain itself on the wages front, and the finance ministry would pay Qupat Holim's accounts—i.e., what amounted to purchased quietly.

Labor's finance and health ministers cannot behave in this way. Not now. They are suspected of having come to power only to plunder the state treasury and to transfer

money to the party treasury. A single major injection of funds into Qupat Holim is liable to weaken the psychological momentum which the new government is riding. The danger, from their standpoint, is that they will lose their birthright in exchange for the Histadrut's mess of lentils.

Longtime Histadrut adversary Hayim Ramon, [the incoming health minister], and perhaps Shohat as well, are moving toward a confrontation, one result of which could be the dismissal of the fund's political leadership and the transfer of its management to a professional manager expert in rescuing failing enterprises, who would be brought in from abroad.

The Last Pioneering Spasm

During Labor's primaries, Shohat went to the Interior Ministry and changed his name on his identification card from "Avraham" to "Avraham-Beiga." He wanted to run under his nickname, and he feared that, in the absence of an official document, the Elections Committee would deny him that possibility. Now, he is wavering between signing Finance Ministry documents with "Avraham Beiga," or "Avraham B.," or perhaps "A. B.," or "A. Beiga," or just "Beiga Shohat." Shohat's nickname, Beiga, has come a long way. It is a corruption of a Yiddish term of endearment [feigele, meaning little bird], which his mother attached to him when he was a small, skinny child in the workers' dormitories in Tel Aviv.

Shohat was born in Tel Aviv in 1936. His family was strongly involved in Mapai [Israel Workers Party]. His father established a construction contracting group which made a great deal of money in Tel Aviv in the late twenties, until members of the workers council convinced members of the group that it was not nice to make so much money. They transferred the group, gratis, to Solel Boneh and joined the company. During WWII, the family went to Beirut, where Solel Boneh worked for the British Army.

Beiga went to the Yamiya shelter of the United Kibbutz Movement. In fifth grade, he met Tama, the daughter of 'Elisheva' Eshkol, an activist in the Organization of Working Mothers, and Levi Eshkol, who later became finance minister and prime minister. There is nothing princely in the story of the match between Shohat and Eshkol, and there is certainly no trace of a male Cinderella. Israel was different then. Activist parents lived their own lives and did not interfere in their children's development. The house was a nest for the youth movement.

Beiga and Tama went to Kibbutz Nahal-'Oz. When they decided to leave, Beiga wanted to go to the university in Jerusalem and study economics. However, his father's profession, afforestation, was decisive. He went to the school of engineering and construction at the Technion. He became an engineer and managed the Solel Boneh branch in 'Arad and at the Dead Sea. In 1961, when he arrived in 'Arad, the town was in its infancy.

Tama Shohat, a social worker, worked on the team to establish 'Arad. Years later, she established a personnel management company which operates throughout Israel. An independent woman, she will not play the minister's wife, nor will she live in her husband's shadow.

'Arad was the last major settlement enterprise assigned to the people of the country during Mapai's period in power. Perhaps Karmi'el can be included under this heading as well, namely, the last spasm of the pioneering movement. 'Arad did not start with the merciless dispatch of new immigrants in trucks to an abandoned Arab village or to a conglomeration of Jewish Agency housing in some remote place. Rather, it developed as a cultivated city of the children of the Tel Aviv elite—an urban kibbutz. Lova Eliav headed the team that established 'Arad. He was succeeded by Colonel Yitzhaq Pundaq. Shohat headed the residents' council, which waged a stubborn war against the authorities, against the "baron's officials." They demanded self-rule. It was thus only natural that Shohat was elected mayor of 'Arad in 1967, when 'Arad obtained independence. He was mayor of 'Arad for 21 and ½ years before retiring. Everything which he did there is recorded in the chronicle of heroic deeds: a balanced budget, management prizes, empty pages in the state comptroller's reports, and the garnering of close to 90 percent of the votes of the residents in municipal elections. 'Arad sent Shohat into national politics in the same year that Arkansas sent Bill Clinton, and Georgia sent Jimmy Carter.

A Rounded Elbow

On Tuesday of this week, he passed over the photographs of finance ministers hanging in the hallway of the minister's bureau. Kaplan, Eshkol, Sapir, stints for Saraf and Rabinovich, and, later, a series of Likud finance ministers, including Ehrlich, Horowitz, 'Aridor, 'Orgad, and Moda'i, with Labor member Shim'on Peres interspersed between them. However, none of them served for more than two years. All of them finished in sorrow. Moda'i spoke with Shohat for three hours. He told him about what went wrong for the outgoing government.

I asked Shohat: Have you ever resigned in protest? Shohat: "Never, I would not need to. I am a public hedonist. I have always done as I pleased. Neither the movement's justice nor any safeguard [batiah] [has stopped me]. And I was always lucky."

In 1981, he became a leading supporter of Yitzhaq Rabin for the first time. His reasoning was practical. Shim'on Peres would never win the elections. Rabin had a chance. Shohat had the fortune of being elected to the Knesset in 1988 and receiving the chairmanship of the economic committee immediately. He had the fortune of Knesset finance committee chairman Mikha Harish preferring to be the Labor Party's general secretary. And he had the fortune of being able to defeat Shlomo Hilel and Shim'on Shetrit, who also wanted to chair the economic committee, even though he was not even a member of the committee.

Shohat maintains that he was lucky that Rabin beat Peres in the primaries, that he [Shohat] was safely elected to the party's list, that Labor won the elections, and that Rabin did not find a more suitable candidate to be finance minister on Labor's list. Shohat: "Six months ago, if I were to have been told that I would be finance minister, I would not believe it."

Shohat: "I do not view myself so much as a politician. In 'Arad I was everyone's mayor. I am a politician in the sense that we took a certain line in the elections and received a mandate for it. My job was to work to the best of my ability to implement that line. However, I am not a politician in any other sense. My elbows are round."

Very round. When Shohat took it upon himself to campaign for Rabin in the primaries, he presented a condition, namely no personal attacks against Peres. The fact that this condition tallied with Labor's campaign strategy was fortunate for Shohat. In the very touchy internal contest for places on Labor's Knesset list, he also refrained from saying what he thought about his other friends. Such remarks are not in his nature.

Shohat: "Hatred is a part of political life. I can uphold my norms, but not those of others."

I asked: What kind of dove are you? I do not recall hearing you fight publicly for your dovish views.

Shohat: "I am a dove in the dovecote, not outside. I believe that peace is more important than anything."

Nonetheless, Beiga Shohat was the first person after the elections to establish contact between Rabin and Refa'el Eytan [the head of the right-wing Tzomet Party]. Shohat is very sorry that Eytan did not join the coalition.

Sapir's Method

Shohat's first act on Tuesday morning was to seek out Rehav'am Ze'evi. The previous evening, when Shohat came down from the Knesset podium, Ze'evi stooped to shake his hand. Shohat was so excited that he failed to notice him. On television, this scene came across as an intentional rebuff. Ze'evi—who had helped Shohat for a short time to hold onto the chairmanship of the finance committee in the previous session—was hurt. Shohat sought to appease him that morning.

On the same morning, Bela Qarni, who was the secretary of Levi Eshkol and Pinhas Sapir in the Finance Ministry, came to the Finance Ministry bureau bringing flowers. She said: "For me, a circle has been closed today. This is one of the most exciting days in my life."

I asked Shohat what he thought about Sapir's method.

Shohat: "It was good for its time."

Shohat related how, in the first years after 'Arad was established, water was conveyed to the town in an old pipe that had been laid after the Sinai operation [in 1956]. The water was brackish and filled with oil. The line ruptured daily, and water had to be transported in containers.

Israel Water Planning had planned an additional brackish water line. Shohat demanded that sweet water wells be dug at Tel-Shoqet and that an expensive water line be extended to the city. A meeting was held in Sapir's office in Tel Aviv. Sapir listened and said, the boy is right. The Israel Water Planning experts were insulted. Sapir could not care less about their economic calculations. Sapir did not read documents. He decided.

Shohat: "I know that it is impossible to manage a state in this way today. We do not live in the sixties. It is now forbidden to manage an affair for the people from the top. The Finance Ministry's role is to create playing conditions."

I said, Eshkol made very bold decisions.

Shohat: "The problems are different. Eshkol once told me that, as finance minister, the revenues side did not interest him so much. It was much more interesting to deal with expenditures. However, we cannot go with deficit budgets now as we once did. Our challenge is to generate economic growth without increasing the deficit.

"The money [borrowed] with the [loan] guarantees should be invested in infrastructure. I say to the head of the allocations branch: Take from all of the programs which the ministries have in stock [those programs which are suitable for receiving allocations]. For example, [select programs on file with] the Public Works Department, Bezeq [Telecommunications Company], Israel Chemicals, and the Ports Authority. If there are legislative problems, we will legislate.

"The guarantees will make it possible to mobilize additional money abroad, in Germany for example. However, the money must not be used to cover the current deficit.

"All of the Americans with whom I have spoken have said that the Israeli economy has not had a chance like this for dozens of years, all because of a political turnaround. However, the Americans also have economic conditions. They are demanding privatization and liberalization, which is a red flag for them.

"Unlike Yitzhaq Rabin, I favor the privatization of El-'Al [the state-owned airlines company]. However, we must ensure that the purchaser will be committed to handing over the planes during an emergency. The privatization of Israel Chemicals must continue without a loss of control on our part. This also applies to other companies."

Incidentally, Rabin did not inform Shohat of his appointment as finance minister until the day on which the appointment was made. Shohat understood in some way. Rabin acted similarly regarding most of his appointments. It is fortunate that, in Shohat's case, the secretary of the Knesset delivered the announcement on the podium.

I Like Fireworks

In 'Arad, the lawns were filled with teenagers, wrapped in blankets and sleeping bags, mainly with their girlfriends and boyfriends. Beiga established the 'Arad Festival nine years ago. He heartlessly cut short his first day in the Finance Ministry to travel to 'Arad to open the 10th festival.

We went to the opening show at the 'Arad stadium. There were 5,000-6,000 people there, some on the lawn, others on the dais. The show was called "Twelve Tones," the intention being to reconstruct the songs of the military troupes. Shohat stood on the side, breathing the air, and swallowing two hot dogs.

The locals lovingly and respectfully approached him to wish him success. I know few people in politics who have been pampered by such easy, unceremonious love. Some embraced him. One woman looked at the hot dog and asked whether they were feeding him at the Finance Ministry. We have unequalled pride, another said. Another solemnly said: We are crossing our fingers [mahziqim 'etzba'ot] for you.

Beiga told me about a respected public person who, several years ago, at the opening of the festival, waited on the edge of the stadium. Let us go in and sit down, Beiga told him. No, the man said. I will enter and pass before the public when the spotlight falls on me.

Have you gone mad asked Beiga. Why do you need this.

It is not for me, the man said. It is for them.

When Beiga went to his chair, the members of the choir sitting on the lawn said: Here is Beiga Shohat. They stood up immediately and sang, in honor of the new finance minister, the theme song of the National Religious Party: oh-oh, oh-oh, oh-oh, oh-oh, ay-ay, ay-ay.

The mayor of 'Arad, Betzal'el Taviv, summoned him onto the stage. When he came up on the stage, a confetti bomb burst under his feet. His head adorned with paper, Beiga delivered his speech, which lasted three seconds. "My first public speech turned out wonderfully on such an evening," he said. "Thank you and all the best."

Toviya Tzafir, the master of ceremonies, asked him to go on a diet. "Beiga, slim down a bit," he said. "I need to imitate you now for four years."

At the end of the show, there was a fireworks display. Beiga arose from his place and thrust his large head upward.

"I love fireworks," he said.

Around midnight, we went to the downtown area, which was exploding with girls whose hair had been braided by members of the black Hebrew sect a la Harlem. Beiga took two to three hot dogs from one of the stalls. People asked: Are you here? How nice. One said: The time has come to suspend this festival. Too much noise. Too much dirt. We wanted songs, and they bring us pop rock.

One said, without a trace of maliciousness: What is this, Harun al-Rashid [an Abbassid caliph] coming to visit the people?

At the pool, they were singing the songs of David Broza and Me'ir 'Ari'el. It was cold. Nonetheless, the pool was filled with young people seeking ecstasy as they waved their hands to the rhythm of "Terminal." Beiga, going on his second night without sleep, drank a can of diet cola and spoke with people. Later, we took the Volvo, and, like two boys who had received the car from dad, tore up the road.

Happy Finance Minister

The next day, at 0630, Beiga said that he had good news for me. All of the remarks about the finance minister not sleeping at nights because of the situation were untrue. He had slept soundly. He opened his briefcase full of documents, put on his reading glasses, and read them one by one: the construction situation in the territories, Qupat-Holim's situation, and more. The radio announced that the finance minister was about to meet with Trade and Industry Minister Mikha Harish to discuss an economic plan. What, Beiga exclaimed. No meeting had been set.

The radio also announced that the finance minister supports the demand of the new absorption minister to expand his authorities. A complete fabrication Beiga said. And later, there was an interview with Nisim Zavili, a candidate for the post of deputy minister, who spoke about his authorities, and other ministers. It seems that all of them had awakened this morning having resolutely decided to arrange a microphone for themselves.

Shohat's office notified him that he was scheduled to meet with James Baker on Monday to discuss the loan guarantees. Shohat: "A meeting with Baker. That is good." He slapped my knee in joy. How good, I thought, that we have a happy finance minister, in the meantime at least.

Challenges Facing New Defense Minister Detailed

92AE0486C Tel Aviv HA'ARETZ in Hebrew
30 Jun 92 p B1

[Article by Re'uven Podhatzor: "A Reconsideration Is Necessary"]

[Text] The pattern of decision-making in Israel gives the minister of defense great power and decisive influence on national security policy. In the absence of control and oversight mechanisms for the decisions and outputs of the defense establishment, the minister has almost complete independence. The minister of defense decides the fate of gigantic military projects, and sometimes even crystallizes a new strategy, and there is no review of his decisions. Therefore, his conception of security is so important.

The expected entry of a new minister into the ministry of defense will almost certainly bring a reexamination of several decisions made in the last two years by Moshe Arens that were founded on his weltanschauung. These decisions were not discussed at all outside of the defense establishment, and they did not pass the hurdle of parliamentary review. The next minister of defense will have to go back and discuss at least two of them—the continuation of the Arrow project and the completion of the development of the Israeli spy satellite.

Each of these decisions has a far-reaching influence not only on the defense budget and on the allocation of resources between the arms of the IDF [Israel Defense Forces], but also on the crystallization of Israeli strategy given future threats.

The Arrow project received a certain exposure in the Israeli media, and a public debate on it even started, while the Israeli spy satellite has remained outside of the spotlight.

In recent years, the recognition grew at the top of the Israeli defense establishment that an independent satellite capability should be acquired, which would make it possible to develop the capability of gathering strategic intelligence. The launching of the two satellites of the "Ofeq" series proved that the decision had been made to develop a spy satellite. Minister of Defense Moshe Arens exposed it when he declared towards the end of the Gulf War that "the process of developing a spy satellite in Israel is on our agenda today." Arens instructed the IDF to include the satellites project in the framework of its multiyear plan, which was crystallized not long after the Gulf War.

It would seem that there is no more logical step than the development of an Israeli spy satellite, which would make possible a break from Israel's almost complete dependence on the strategic intelligence information that the United States supplies to it from its own satellites. In the course of the war, it became clear that the Israeli defense establishment was forced to rely on data that the Americans supplied to us even for basic information about the Iraqi ballistic [missile] launching capability.

A deeper examination of the issue raises not a few questions whose answers must be weighed before we continue to invest the gigantic sums that are required to complete the development of the Israeli spy satellite.

In order to decide on the future of the spy satellite project, cost-benefit calculations must be made. The cost of the project is so high that there is no doubt that its completion must be at the expense of other important requirements of the military. Consequently, the investment would be justified only if it would become clear that the launching of Israeli spy satellites is vital for the IDF and would provide it with essential strategic advantages.

According to the international professional literature, such a project can cost as much as a billion dollars. This

is the sum with which Israel Aircraft Industries [IAI] must complete the development of the satellite, build several satellites, and develop a launching capability within a short time. But to this sum must be added the cost of launching additional satellites to replace the satellites that go out of service (the life expectancy of a spy satellite that covers the earth from an orbit several hundred kilometers high is 6-12 months). On the assumption that the IDF will want to "maintain" a few satellites in space at the same time, the cost of a number of new satellites should be added each year, which is estimated in the professional literature at hundreds of millions of dollars (according to the literature, the cost of a satellite is estimated today at \$150-200 million).

Given the large expense, there should be an examination, as mentioned, of the benefit—the quality and the quantity of the intelligence information that the satellites would gather. Professor Dror Sadeh, the former director of the Israel Space Agency, discussed this subject not long ago (HA'ARETZ, 21 May). According to him, the subject is a satellite that will make a four-minute pass over Iraq every four days, for example. On the theoretical assumption that four satellites would be launched simultaneously, then on the basis of Prof. Sadeh's calculation, it will be possible to gather information on what is going on in a defined region for four minutes a day. Of course, the quality of such information should not be disparaged, but the question arises whether it justifies the great investment that is involved in completing the project. Sadeh himself says that he is not at all convinced of the efficacy and the feasibility of the Israeli spy satellite project.

Another issue is linked to the project's schedule. According to the original planning, the development stage is to be completed within about one more year. But if there will be a serious and unexpected mishap during one of the launches, it would cause a considerable delay in the completion of the development, and that will, of course, have an implication for operational aspects and for the IDF's procurement plans. The delay will also increase the cost of the project to an extent that is still difficult to estimate.

The entry of a new minister to the ministry of defense is an appropriate opportunity to hold an in-depth discussion of the issue of the development of an Israeli spy satellite. This discussion should be held under the parliamentary supervision of the Knesset Foreign Affairs and Defense Committee. The members of this committee must not satisfy themselves with the routine approval of the defense budget; they must carry out the supervisory duty that is imposed on them and demand from the defense establishment that it include them in its deliberations.

Dangers of Jewish, Islamic Fundamentalism

92AE0513A Tel Aviv HA'ARETZ in Hebrew
10 Jul 92 p B1

[Article by Ze'ev Schiff: "Two Enemies of the Process"]

[Text] If the negotiations on establishing Palestinian self-rule in the territories are accelerated, as the Prime Minister designate Yitzhaq Rabin has promised and wants, we will find that two bitter enemies will try to upset the political process. The most radical enemy on the Palestinian side is the Islamic fundamentalist groups together with the Popular Front of George Habash and, perhaps, other groups, as well. On the Israeli side, the enemies of the process are some of the Jewish settlers in the territories and the radical right. These will try to prevent the establishment of Palestinian autonomy in the territories.

Those two groups have in fact declared war on the idea of autonomy and agreements. Thus an unholy alliance has been created between Muslim and Jewish fundamentalists. Their ultimate goals are, of course, entirely different, but for one stretch of the way a partnership of tactical interests has been created between them. Both of them oppose the political process, but for different reasons. The two groups are trying to sabotage it because they want the whole pie. Both of them are against real compromise, and each wants to subdue the other. That is to say, to continue the conflict. The Arab side would not shrink from terrorist methods and bloodshed. The Jewish side would prefer to work through politics, but could also apply force, and there will be strenuous provocations as occurred in the past. It is not inconceivable that groups might also arise from the Jewish underground. Yitzhaq Rabin's government will be forced to act against both of these groups. It will not be an easy test for the new government.

On the Palestinian side, Hamas [Islamic Resistance Movement] is the leader of the opposition to the political process. (The connection being fashioned between this organization and groups in the Islamic movement in Israel is worrisome.) Working alongside Hamas in the territories are Islamic Jihad, the Popular Front and the Hawatmah faction of the Democratic Front. The renewal of activity by this coalition constitutes the Iranian attempt to lead, with monetary support, the groups opposed to the peace process. Thus far Iran has succeeded with smaller groups, such as the Shakaki faction in Islamic Jihad, but it is working for broad cooperation, even in the military sphere, with Hamas. The expansion of Iranian penetration is likely to cause trouble. But there is no ignoring the tight connection of the Muslim Brotherhood movement in Jordan with Hamas. This connection, with Jordan constituting the principal base for Fatah military activity in the territories, must be brought up urgently in the discussions between the new government of Israel and King Husayn.

A broad, hard struggle is already under way between the coalitions opposed to the political process and the Palestinian "nationalist camp" headed by Fatah, that wants to continue the negotiations with Israel. Thus far Fatah and its supporters have come out on top, but we should not minimize the depth of Hamas penetration of the Palestinian public.

The ability of the fundamentalists to recover was proven at the very time they were hit hard by the Shin Bet. They always managed after several months to retool, including their activity from within prison. If the political process advances, we should expect an increase in terrorist activities by these groups. They have likely followed closely the reaction of the Jewish public to their stab-bings. If they should want it to have an influence on the political process as well, they will not shrink from showy, radical acts of terror. Another approach would be to direct the daggers at the Palestinian delegation to the talk—not to make do with threats, but to personally attack several of the members of the delegation in order to terrorize the others.

If the negotiations fail for political reasons, the coalition opposing peace will, of course, be strengthened. If the talks succeed despite all the obstacles, it is not inconceivable that voices will be heard, even in Hamas, calling for integration in the process in some indirect way in order to be able to take positions of strength in the autonomy administration.

On the Israeli side the cards are mostly face up. Some of the settlement leaders said that the establishment of Palestinian autonomy should be foiled. Added to the ideological pressure are the economic interests—to preserve the enormous property they have amassed. Their activities began back in the period of the Shamir Government when ministers actually worked against the declared program of the government. Even before the Knesset elections, the National Religious Party declared in its platform that it opposed autonomy for the Palestinians. When they sit in the opposition, many in Likud will now be able to find the time to deal with the territories instead of worrying about their seats. This would be a "good topic" for a personality like Ari'el Sharon. We can thus expect various provocations from some of the settlers. If there were once rabbis who permitted, outright or discreetly, the activities of the Jewish underground, including acts of murder—it is reasonable to suppose that their ilk will be found in the future, if and when an autonomous Palestinian administration should come into being in the territories. But we must hope that the issue would arouse debate among the settlers themselves, and many would oppose illegal acts or acts against the Israeli Government.

One way or the other, a heavy burden will fall on the IDF [Israel Defense Forces] in the territories and on the Shin Bet. The new Prime Minister will have to lay out clearly to these groups their objectives and methods of operation in such a sensitive period, with the lessons of the past looming in the background. Jewish lives in the territories must be protected from Arab terrorism, but that does not mean we can ignore provocations intended to disrupt the political process. Nevertheless, there is no way to deal with Arab fundamentalism in the territories other than by preemptive strike. If Fatah and its supporters should want to continue the intifadah in tandem with the political process, they are likely to find it rough going on that issue.

More Zionist, Communal Shas Being Planned

92AE0486E Tel Aviv HA'ARETZ in Hebrew
26 Jun 92 p 5

[Article by Shahar Ilan: "Rabbi Yosef Intends to Turn Shas into a Party with a Zionist-Communal Coloring"]

[Text] The spiritual leader of Shas [Sephardi Torah Guardians], Rabbi Ovadia Yosef, plans revolutionary changes in the party and in its council of wise men; this was revealed yesterday by a source close to the rabbi.

According to the source, Rabbi Yosef plans to turn Shas into a less ultra-orthodox, more Zionist party with a stronger communal emphasis, while focusing on social problems. Likewise, he intends to enlarge its council of wise men, in order to reduce the influence of Rabbi Schach in the council. Today, four rabbis are members of the council of wise men; and it is not clear what its final size will be. Among the options being considered: enlarging it to seven, 11, or 12 wise men.

Among the rabbis whose names were mentioned as candidates for serving in the council of wise men is the leader of those of Tunisian origin, Rabbi Me'ir Mazzuz, whose assistance was very helpful to Shas in the elections; Rabbi Mansour Ben-Shimon of Bayit Vagan, a Halakhic expert and the father of three religious judges; and the leader of the Sephardi movement for repentance, Rabbi Re'uven Albaz, who represents a very large public.

In Shas they are also very interested in adding to the council Rabbi Bentziyon Abba-Sha'ul, whose status is considered equal to that of Rabbi Yosef. Abba-Sha'ul is not a Zionist, and in the past refused to enter politics and satisfied himself with sponsoring Shas's network of talmud torah's. But in the present elections he instructed his pupils to vote for Shas, and in the party they hope that in the future he will also agree to join the council of wise men, even though the chances of that are not high.

Another possibility is that the council will include younger heads of yeshivas, though the chances of that are small because most of the heads of the Sephardi yeshivas obey Rabbi Schach.

The Social Aspect Will Be Highlighted

Yosef also intends to instruct the members of Shas to give more prominence to the communal and social aspect of the party. Up to now, they say in Shas, the party was Sephardi in election campaigns and ultraorthodox afterwards. The result of this was that in the present election campaign they feared in Shas that the Sephardi public would not regard it as its representative and would not vote for it. "Only Rabbi Schach's statement that the Sephardim are still not ready for rule saved us," say some in the party.

Rabbi Yosef also intends, as part of the trend of breaking away from Rabbi Schach, to lead Shas in a more Zionist direction. This trend fits in with Shas's desire to take over the Ministry of Religions and the Chief Rabbinate, with the aim of finally replacing the NRP as the party responsible for the religious establishment in Israel.

The Council As A Rubber Stamp

It was published yesterday, for the second day in a row, that the council of wise men would convene, but the meeting was not held. Sources in Shas said that for the moment there is no need for it to be convened, as Arye Der'i and Rabbi Yosef have already agreed to join the coalition that is headed by Labor. They added that the four wise men customarily speak with each other over the telephone, so that there is no real need for them to meet.

It should be noted that the council generally meets only when lengthy deliberations are expected or for making ceremonial decisions. For example, the members will consult with each other before the meeting of the representatives of the faction with the president, where they will announce their candidate for prime minister.

HA'ARETZ's reporter notes that Shas's council of wise men is very different from the Ashkenazi councils: until two years ago, only Rabbi Yosef was involved in the party's decisions, and the council of wise men served as a rubber stamp. In the last two years, the other members of the council began to display a certain involvement, though it is minimal.

When friction developed with Rabbi Schach, two members of the council—Rabbi Shimon Ba'adani, the head of Kollel Torah Vehayyim in Bney Braq, and Rabbi Shalom Cohen, the head of the Porat Yosef yeshiva in Jerusalem—began to serve as liaison between Rabbi Schach and Shas. This forced Rabbi Yosef to deal with a situation in which he was not sure of the loyalty of two of the four wise men.

The fourth member of the council—the head of the Reshit Hakhma yeshiva, Rabbi Shabtay Aton—also shows minimal involvement in the activities of the council. In the last two years he has conducted a struggle against the minister of communications, Rafa'el Pinhasi, who did not keep his promise to appoint Aton's son, 'Akiva, as director-general of the Ministry of Communications or as chairman of the board of Bezeq.

The Decisive Factor in the Council

The great influence of Der'i on the council of wise men was not always appreciated by Aton, Ba'adani and Cohen. Thus, for example, Rabbi Aton sent a letter to Shas's members of Knesset before the elections, in which he warned them that they would be thrown out. Despite this, Der'i succeeded—with the support of Yosef—in the end in getting all of the MK's, except for Shlomo Dayyan, onto the present slate.

Before the elections, they said in Bney Braq that Rabbi Schach had tried to get Der'i to sign an undertaking that he would obey the entire council of wise men, and not just Rabbi Yosef, and Der'i refused. This story was not confirmed, and it may never have occurred, but it gives a good description of the relationships between Der'i and the wise men.

At this time, Yosef's intention to change the council indicates a trend to become even more involved in party activity. Two years ago, Der'i forced him to submit to Rabbi Schach and to join a Likud government instead of a Labor government. Yosef cut himself off to an extent from the party in protest. Now he intends to become the dominant factor in the council of wise men, but it is not clear whether or not he will succeed.

Analysis of Labor, East Jerusalem Settlements

92AE0517C Tel Aviv HA'ARETZ in Hebrew 14 July 92
p B1

[Article by Nadav Shragay]

[Text] Jerusalem Mayor Teddy Kollek's battle these past weeks to block Ari'el Sharon's final attempts as Housing Minister to establish Jewish facts in East Jerusalem creates the impression that for the new government, with which Kollek is identified, the law regarding Jewish settlements in East Jerusalem will be the law laid down for Jewish settlements in the territories.

Delays in the plans for building 200 housing units in each of the following locales—the City of David, the Flowers' Gate, Ras el-'Amud and Wadi Joz—paint a misleading picture of what is now expected in Jerusalem. The truth is that Jewish settlement in East Jerusalem has not been frozen and, chances are, will even be thickened substantially. The Labor Party, not the Likud, gave birth to the traditional idea of settlement in East Jerusalem.

On the inspiration of David Ben-Gurion, Moshe Dayan, Pinhas Sapir, Levi Eshkol and Kollek himself (despite the reservations he has expressed), a "belt" of northern neighborhoods, which closed the gap between the Mount of Olives and the western city up to the Prophet Samuel quarter, was established in the first stage. The second stage planted the peripheral neighborhoods: Governor's Palace, Gila, Ramot, and Neve Ya'aqov. The current stage is very rapidly filling in the northern area between Neve Ya'aqov and French Hill with a massive Jewish presence.

The period of Likud rule, as regards Jewish settlement in eastern Jerusalem and the territories, must be divided into two parts: 1977-1990, for most of which David Levi served as Minister of Housing; and the last two years, when Ari'el Sharon replaced him. Sharon permitted Jewish societies working for acquisition of land and houses in the eastern city to do in Jerusalem what the Judaea, Samaria, and Gaza Council has done in the territories. In Judaea and Samaria, Sharon placed the powerful operational apparatus of the Housing Ministry at the disposal of the settlers. In Eastern Jerusalem, he placed in the societies' service such companies as 'Amidar and the Jewish Quarter Development Corporation, which engaged in less intensive settlement on the ground and construction.

While Levi was in the Housing Ministry, approximately 1,000 housing units were built in Judaea, Samaria, and Gaza each year, while very little by way of acquisition

was done in Eastern Jerusalem. One such purchase, the St. John Hospice in the Christian Quarter, aroused a violent storm, but the scope of activity during Levi's term cannot be compared with the Sharon period. Some 20,000 housing units were planned or built during Sharon's time in Judaea, Samaria, and Gaza and scores of construction sites and buildings were bought in Eastern Jerusalem.

David Levi perpetuated the Labor government line, concentrating construction of large Jewish neighborhoods, more or less on that scale, in relatively unoccupied areas of Eastern Jerusalem. Ari'el Sharon also continued that policy, but began to work at the same time in densely populated Arab areas. Hundreds of Jewish residents were added to the Moslem Quarter during his term. Two marked zones were only recently inhabited and populating Bet Vitenberg with Jews was also completed. Jews now live in Silwan, the City of David.

So long as Sharon limited his policy in Eastern Jerusalem to achieving isolated gains and settling between 20 to 100 Jews, he succeeded. The moment he attempted to operate on a larger scale in the heart of heavily populated Arab areas, he failed. His allies, the societies, pinpointed for him the areas designated government property by the late Pinhas Sapir when he was Finance Minister. Sharon was surprised to discover that the eastern city contained 26 undeveloped pockets in which small Jewish neighborhoods, of about 200 housing units each, could be established. He adopted the idea and, at the end of his term, began to present the planning boards some of the plans, recently frustrated by Kollek, for construction of those neighborhoods deep in heavily populated Arab areas.

What is now expected in the eastern city? The northern sector will be populated as far as Neve Ya'aqov; construction of extensions of Pisgat Ze'ev will continue until completion for about 70,000 Jews; another Jewish neighborhood will be created in the chain of peripheral Jewish neighborhoods; Har Homa, between Gila and Governor's Palace, containing about 4,500 housing units; and the Shu'fat ridge, with about 2,200 housing units, will be developed for haredi [ultra-Orthodox] residents.

Sharon's plans for creating small pockets of about 200 housing units will not be realized. It will not be possible, however, to prevent realization of Jewish possession of a variety of assets legally acquired during Sharon's period.

Statistics on Construction in Jerusalem, Environs

92P40236A Tel Aviv HA'ARETZ in Hebrew 22 Jul 92
p 4

[Article by Yerah Tal, HA'ARETZ correspondent]

[Editorial Report] The 22 July 1992 edition of Tel Aviv HA'ARETZ in Hebrew carries on page 4 a statistical overview of construction in and around Jerusalem. Newspaper correspondent Yerah Tal gives the following figures:

Housing Units Being Built Beyond the Green Line

Gilo	146	
Ramot	139	
Pisgat Ze'ev	3,987	
Nave Ya'aqov	606	
East Talpiot	67	
Other	16	
Planned Housing Starts		
Rekhes Shu'afat	2,100	
Old City	250	
Armon Hanatziv	200	
Har Homa	4,500	
Settlements in Greater Jerusalem		
	Being Built	Planned
Ma'ale Adumim	94	1,000
Betar 'Iliit	380	1,000
Efrat	318	1,500
Ma'ale Efrayim	46	

Tal reports that "7,000 housing units are being built today beyond the Green Line" in the Greater Jerusalem region and "almost 10,000 additional units are being planned." She adds that in all, "4,961 housing units are being built in the neighborhoods annexed to the city."

Peace Now Statistics on Settlement Activity

92AE0555A Tel Aviv HA'ARETZ in Hebrew 23 Jul 92 p 3

["Peace Now Statistics on Construction in the Territories"]

Peace Now Statistics on Construction in the Territories

Settlement	Ground laying	Foundations	Basic skeleton	Beginning interior work	Advanced stages	Total
Northern West Bank						
Avney Hefetz	For 500 housing units	20	198	58	-	276
Oranit	-	-	-	-	-	Build Your Home [BYH] program
Itamar	-	-	-	80	-	80
Alon Morch	+					
Alfey Menashe	+	32	10	174	14	230
Elqana	+	-	-	-	-	-
Ari'el	+	-	192	551	434	1,177
Brakha	-	-	-	80	-	80
Barqan	+	-	-	-	-	-
Ganim	+	-	-	11	-	11
Homesh	-	-	-	13	40	53
Hinanit	+	-	-	-	15	15
Hermesh	-	-	-	60	-	60
Yitzhar	-	8	-	32	-	140
Yaqir	-	-	-	-	140	140
Kadim	-	-	-	20	36	56
Kfar Tapuah	-	-	-	32	104	136

Peace Now Statistics on Construction in the Territories (Continued)

Settlement	Ground laying	Foundations	Basic skeleton	Beginning interior work	Advanced stages	Total
Mevo Dotan	+	-	-	-	40	40
Ma'ale Shomron	-	-	-	-	-	BYH
Nofim	+	-	-	-	53	53
Sal'it	-	-	-	-	-	-
'Enav	For 20 housing units	-	-	-	45	45
'Imanu'el	+	160	-	48	43	240
'Etz Efrayim	-	-	-	16	-	16
Tzofim	+	10	-	20	-	30
Qedumim	+	-	18	120	66	204
Qarney Shomron and the Eastern Hill	+	60	150	104	207	521
Ginot Shomron	+	-	-	50	66	116
Qiryat Netafim	+	-	-	-	20	20
Revava	For 200 housing units	-	-	60	24	84
Reyhan	-	-	-	-	-	-
Sanur	-	-	-	-	-	-
Shavey Shomron	+	-	-	25	10	35
Sha'arey Tiqva	-	-	-	-	-	-
Shaqed	+	-	-	-	30	30
Total	-	290	568	1,654	1,376	3,888
Central West Bank						
Abir Ya'aqov	-	-	-	-	116	116
Adam	+	-	30	-	-	30
Alon	+	30	-	-	-	30
Bet El	+	-	40	40	192	272
Bet Arye	-	-	14	114	20	148
Bet Horon	-	-	-	-	-	-
Giv'on Hahadasha	-	-	-	-	34	34
Giv'at Ze'ev	-	-	-	62	-	62
Dolev	+	-	27	-	-	27
Halmish	-	-	-	33	-	33
Hashmona'im	-	-	-	-	-	-
Talmon Alef	-	-	-	-	-	-
Talmon Bet	-	-	-	-	-	-
Talmon Gimel	-	-	-	25	18	43
Kokhav Hashahar	-	-	-	-	25	25
Kfar Adumim						
Migdalim	-	-	-	60	-	60
Ma'ale Adumim	+	-	-	-	1,000	1,000
Ma'ale Efrayim	-	-	-	46	-	46
Ma'ale Levona	+	-	-	34	-	34
Ma'ale Mikhmash	-	-	-	-	-	-
Mitzpe Rahel	+	-	-	70	-	70

Peace Now Statistics on Construction in the Territories (Continued)

Settlement	Ground laying	Foundations	Basic skeleton	Beginning interior work	Advanced stages	Total
Matityahu	+	-	-	-	-	-
Nahli'el	-	-	-	-	-	-
Nili	-	-	30	-	-	30
Na'ale	-	-	-	-	-	-
Ateret	+	-	-	-	-	-
'Ali	+	15	57	96	154	322
'Aley Zahav	-	-	-	-	-	-
'Almon	-	-	-	-	-	BYH
'Ofra	+	-	-	12	-	12
'Ofarim	+	-	546	-	-	546
Pdu'el	-	-	-	18	-	18
Pisgot	-	-	48	-	-	48
Qiryat Sefer	-	-	-	-	-	-
Rimonim	-	10	-	66	30	106
Shilo	-	-	-	-	130	130
Total	-	55	1,242	676	1,719	3,692
'Etzyon Bloc						
Alon Shvut	-	-	-	-	-	-
El'azar	-	-	-	-	-	-
Efrat	+	-	-	132	40	172
Betar Ilit	-	-	-	464	-	464
Hadar Betar	-	-	-	-	-	-
Kfar Etzyon	-	-	-	-	-	-
Karmey Tzur	-	-	-	-	-	-
Migdal Oz	-	-	-	-	-	-
Metzad Alef	-	-	-	52	-	52
Metzad Bet	-	-	-	-	-	-
Ma'ale 'Amos	-	-	-	-	-	-
Neve Dani'el	+	-	5	-	24	29
Noqdim	+	-	-	-	-	-
Tzoref	-	-	-	-	-	-
Qeydar	+	-	-	-	-	BYH
Rosh Tzurim	-	-	-	-	-	-
Teqoa' Alef	-	-	-	-	-	-
Teqoa' Bet	-	-	-	-	-	-
Total	-	-	5	648	64	717
Hebron Hills						
Adora	-	-	-	25	-	25
Eshkolot	+	-	-	-	-	-
Metzudot Yehuda	-	-	-	25	-	25
Hagai	+	-	-	60	-	60
Tene	-	-	-	45	-	45
Karmel	-	-	-	30	-	30
Livna	+	-	-	130	-	130

Peace Now Statistics on Construction in the Territories (Continued)

Settlement	Ground laying	Foundations	Basic skeleton	Beginning interior work	Advanced stages	Total
Ma'oz	+	-	-	30	-	30
Susya	+	-	-	40	-	40
'Etani'el	-	-	60	-	-	60
Pney-Haver	-	-	-	30	-	30
Qiryat Arba'	For 310 housing units	-	-	244	39	283
Shem'a	-	-	-	60	-	60
Telem	+	-	-	-	-	-
Total	-	-	60	719	39	816
Jordan Valley and Dead Sea Area						
Almog	-	-	-	-	-	-
Argaman	-	-	-	-	-	-
Bet Arba'	-	-	-	-	-	-
Beqa'ot	-	-	-	-	-	-
Gitit	-	-	-	-	-	-
Gilgal	-	-	-	-	-	-
Vered Yeriho	-	-	-	-	-	-
Hamra	-	-	-	-	-	-
Yitav	-	-	-	-	-	-
Yafit	-	-	-	-	-	-
Mehola	-	-	-	-	-	-
Mekhora	-	-	-	-	-	-
Mitzpe Shalem	-	-	-	-	-	-
Mitzpe Yeriho	-	-	-	-	12	12
Masu'a	-	-	-	-	-	-
Na'ama	-	-	-	-	16	16
Na'aran	-	-	-	-	-	-
Netiv Hagdud	-	-	-	-	-	-
Patza'el	-	-	-	-	-	-
Qalya	-	-	-	-	-	-
Ro'i	-	-	-	-	-	-
Shadmot Mehola	+	-	-	-	-	-
Tomer	-	-	-	-	-	-
Total	-	-	-	-	28	28
Gaza Strip						
'Aley Sinai	-	-	-	35	-	35
Bdolah	+	35	5	36	-	76
Bney 'Atzmon	-	-	-	30	52	82
Gadid	-	-	-	-	62	62
Gan Or	-	-	-	40	16	56
Ganey Tal	-	-	-	28	23	51
Dugit	-	-	-	-	-	-
Kfar Darom	-	-	-	54	-	54

Peace Now Statistics on Construction in the Territories (Continued)

Settlement	Ground laying	Foundations	Basic skeleton	Beginning interior work	Advanced stages	Total
Morag	-	-	20	-	-	20
Neve Deqalim	-	-	48	87	231	366
Nisanit	-	90	10	-	226	326
Netzer Hazani	-	-	-	22	-	22
Netzrim	-	-	-	-	-	-
Pe'at Sade	-	-	-	55	35	90
Qatif	-	-	-	40	20	60
Rafiah Yam	-	-	-	-	-	-
Total	-	125	83	427	665	1,300
Total	-	470	1,958	4,124	3,891	10,443

[table as published]

Mortgage Incentives Offered by Settlers

92P40248A Tel Aviv YEDI'OT AHARONOT in Hebrew
3 Aug 92 p 2

[Text] The YESHA Council [settler council for Judaea, Samaria, and Gaza] is setting up an economic body through which settlers who seek to acquire a home in one of the settlements can obtain a mortgage with terms similar to those mortgages granted by the state, given the fact that preferred terms that were given to settlers in the settlements have been removed.

This organization is in its initial stages. Money to finance the mortgages, according to leaders of the YESAH Council, is supposed to come from donors in the United States who have, until now, invested in Israel bonds. Council leaders have already turned to them and promised them that money they invest, which will be handled by the settlers, will have a return yield since the transaction will be conducted through existing mortgage arrangements.

According to Pinhas Wallerstein, the regional council head of the tribe of Benjamin, gifts and contributions are not being discussed. He says that this is a financial investment that will yield a return to the investor.

The leaders of the YESHA Council have also turned to contributors and have asked for direct investment to build in the territories and to direct the contributions to the settlements instead of the government. Some activists among the settlers will travel to the United States for this purpose. Settler elements said yesterday that they had recently received promises from some Canadians to contribute with funds.

In addition, the settlers are planning to enlarge their infrastructure, to formulate building procedures, and to implement actual construction in the territories. During a tour arranged yesterday by MK [Knesset member] Bibi [Benyamin] Netanyahu to some of the settlements accompanied by the general director of the YESHA Council, Uri Ari'el, a completed neighborhood in Talmon settlement was shown; it was built solely by Jewish laborers. The neighborhood comprises 25 wooden homes which, a few weeks ago, had only the floors installed and now are near completion.

Analysis of Foreign Investment in Territories**Egyptian Banking Negotiations***92AE0533A Tel Aviv HADASHOT in Hebrew 2 Jul 92
p 21*

[Article by Avi 'Anbar: "The Oxygen of the Territories"]

[Text] An item that did not receive much attention was lost among the wealth of headlines provided by the Comptroller of the Banks, Dr. Amnon Goldschmidt, at a press conference that the Bank of Israel held last week on the occasion of the publication of the Annual Report on the Banks for 1991. In making the first public reference to the subject, Goldschmidt confirmed the existence of contacts with the heads of an Egyptian bank for the opening of branches in the territories.

Those who are acquainted with the discreet and secretive approach of the central bank to the conduct of contacts on such sensitive matters raised more than one eyebrow upon hearing the detailed response of the comptroller of the banks on this subject. Goldschmidt confirmed that negotiations are under way on the opening in the territories of a branch of the Arab Bank for Real Estate. This is a bank that is owned by an Egyptian Government corporation and is based in Jordan. The bank has 19 branches in Arab countries that are involved in financing land deals and construction. It is not considered to be one of the big ones in the Arab world.

The Egyptian banks are not privately owned—they belong to the government, directly or indirectly. A delegation of the heads of the bank arrived in Israel about four months ago in order to hold meetings with the banking regulators of Israel regarding the possibility of opening branches in the territories. The Bank of Israel gave unofficial and reluctant approval for making such contacts, while covering the subject with a smokescreen. This was the case also with the contacts for the opening of branches of the Cairo-Amman bank in Gaza and in the West Bank about four years ago.

One of the more reasonable speculations is that a plan is being cooked up for bringing the Egyptians into the territories, in preparation for their greater involvement in the fate of the Palestinian population in the future, with American support. There are even those who say that it is through the channel of money that the West Bank and Gaza will be linked to Egypt.

Goldschmidt noted at the press conference that the negotiations on the opening of the branches of the Arab Bank for Real Estate had stalled due to the absence of contacts between the bank regulators of the countries that are involved: Israel, Egypt, and Jordan. According to the Basel Convention, which regulates the relations of the global banking system, contacts for opening branches of foreign banks in other countries require the establishing of contact between the bank regulators. The remarks of Goldschmidt, who refused to reply to the question whether he had approached his colleagues in

Arab countries—were, however, directed to his colleagues in Egypt and in Jordan, and there was an explicit hint of his desire for making contact.

The background for the comptroller's detailed comments must be seen against the background of the change in Israel's policy, especially that of the Ministry of Defense, towards the development of an economic infrastructure in the territories, in order to create new jobs for the residents of the West Bank and Gaza. The Ministry of Defense has appointed Professor 'Ezra Sadan, the former director-general of the Ministry of Finance and the acting director-general of the Ministry of Agriculture, to plan and execute the economic reforms in the territories.

Within the framework of those reforms, which in the opinion of many have come too late, tax concessions were approved for investors who want to establish plants in the territories. The policy that is now being pursued by the Ministry of Defense is speedier approval for the establishing of plants, even if they are workshops and garages that employ a small number of workers. The official figures refer to approval for the establishment of approximately 40 plants in the previous year.

The traditional policy was to prevent the establishing of an economic infrastructure in the territories, in order to create dependence on Israel and as a result of pressures from the industrialists in Israel—to prevent the flooding of the domestic market with cheap goods, influenced by labor costs in the territories. The *via dolorosa* that an Arab investor went through to obtain approval for establishing a plant was insufferable, and in the end it was given to the cronies of the Civil Administration and all kinds of collaborators.

It is in this context that the appeal of the comptroller of the banks is to be understood. Israel is interested today in creating as many possibilities of international and local financing as it can for the purpose of investments in the territories. This is in order to reduce the economic pressure on the residents of the territories and to limit the number of workers engaged in Israel. A request for international financing comes up in every conversation that ministers and the prime minister have with European and American figures.

It may be assumed that the new government will broaden the policy that was adopted by Minister of Defense Moshe Arens. Businessmen in the territories are expressing optimism regarding the possibilities that will be opened to them in the future. It may be assumed that in his frequent contacts with leaders of the world economy, Bank of Israel Governor Professor Ya'akov Frenkel is raising the need for massive investments in the region as a preparation for any diplomatic solution.

Today the situation is such that the residents of the territories prefer to work with Arab banks. In contrast, until now no capital was injected into the territories from other countries, including Arab countries. The European Community is injecting into the territories every year tens of millions of dollars to develop various projects, most of them not economic, but linked instead with the

development of basic services such as welfare, roads, construction of hospitals, etc. It may be assumed that the aid spigot will be opened when there will be a sign of a diplomatic agreement in the region, which now seems real with the victory of the Labor Party in the elections.

EC Investment Philosophy

92AE0533B Tel Aviv HA'ARETZin Hebrew 15 Jul 92
p B2

[Article by Yossi Torpstein: "First a Bank, Afterwards a State"]

[Text] "With the signing of this agreement, we are laying an important cornerstone in the construction of our independent Palestinian state." This was declared by Feisal al-Husayni, the chief of the Palestinian team to the peace process, at two ceremonies that were held last week in East Jerusalem hotels, and at which were signed agreements for transferring a large part of the emergency assistance of the Community to Palestinian institutions in the territories.

The reference is to emergency assistance that totals approximately \$78 million, which the European Community allocated to the territories in March 1991 as compensation for damages from the Gulf War. The Community allocated approximately \$200 million to Israel and about \$728 million to Egypt.

The European representative in the territories, Thomas Duple, who signed the agreements, also declared that the signing "symbolizes the new stage in the relations between the European Community and the Palestinians: the transition to self-government by the Palestinians." Duple went on to say that the European policy is striving to strengthen the Palestinian institutions. "The time has come to grant these institutions greater responsibility," he added.

The European Community allocated approximately \$37 million to the Higher Palestinian Housing Council, which is headed by Ibrahim Sha'aban, for the construction of low-cost housing in the territories, while the four Palestinian credit institutions received approximately \$19 million for economic development. But what makes these ceremonies a turning point is inherent in the character of the occasion itself. Both the Palestinians and the Europeans premeditatedly gave the ceremonies a governmental, festive flavor. This was the first time that the Europeans transferred the economic assistance monies to the territories in an official and public manner, as if this involved relations between states.

This is another building block in the development of links between the European Community and the territories. In the opinion of the Europeans, the territories are a separate entity from Israel, and this is also the way in which they relate to their economic problems. But in the course of the past year, and especially since the peace process began, this policy has been accompanied by a new political tone, which is growing stronger, of diplomatic

recognition of the Palestinian entity. The two ceremonies were the first open expression of this.

A prior indication of this policy was the appointment of Thomas Duple as the representative of the European Community in the territories. His status was a bone of contention between the Community and Israel, which refused to recognize his diplomatic status and his right to serve permanently in East Jerusalem, without being subordinated to the embassy of the European Community in Tel Aviv.

The present European policy concerning the Arab-Israeli conflict and the issue of the territories began to crystallize following the Yom Kippur War and the Arab oil boycott that was imposed on Europe. The European Community learned to appreciate the potential for it in the oil-rich Arab markets, which were a profitable area of business that was hungry for Western know-how and technology. For its part, the Arab world also discerned the economic and political advantages inherent in the growing economic power of the Community. In this convergence of interests, the Palestinian issue began to assume prominence as a political test for relationships. The Europeans then began to use the terms "the legitimate rights of the Palestinians" and "the conclusion of the Israeli conquest."

The "Declaration of Venice" of the European Community of June 1980 was a milestone in the Community's policy. The declaration affirmed publicly for the first time the principles of the right of self-determination that is granted to the Palestinians and the need to include the PLO in Middle East peace negotiations. These became the fundamental principles of the European position.

One year later, the entire Community, as well as each of the European member states, began to grant financial assistance for the economic and social development of the territories. In 1981, \$700,000 in aid was allocated, and by 1986 the Community had injected approximately \$6.2 million into the territories. These sums were not transferred directly to the Palestinians, but rather to European charitable associations that had operated in the territories for many years. Another channel for injecting assistance into the territories was the annual grants to the welfare and employment agency for refugees in the Middle East, UNRWA [United Nations Relief and Works Agency for Palestine Refugees in the Near East].

"The year '86 was the turning point in the European attitude to the issue of the Palestinians and the territories," said the Palestinian economist Samir Halila, who is active in the Palestinian credit institution "The Economic Development Group." At that time, the European Community decided to implement a policy different from that of the United States and to establish for the first time direct relations with the territories and with the PLO. The Community decided to allow direct agricultural exports to Europe from the territories despite Israel's strong opposition. Another significant decision

established that the Community would set aside a separate item in its budget for the purpose of economic assistance to the territories, in contrast to its previous behavior, when this assistance was included with all the monies that were given to UNRWA and to the charitable organizations.

Furthermore, the establishing of a separate budget line item for aid to a population that does not have a recognized state-international status deviated not only from the rules for aid used by the European Community, but also from those used by other Western states that grant economic aid to third-world countries: in general, the aid is given only to governments, as they can be subjected to control and supervision.

In any event, the amounts of direct aid grew each year. In contrast to 1987, when the European Community allocated approximately \$3.5 million to the territories, it granted them nearly \$13 million this year. The aid from each individual state also increased gradually. At the same time, apparatuses were built up in the West Bank for absorbing the direct aid, and four credit institutions were established, which direct the European grants to economic projects in the territories. Persons active in these institutions said recently that the Palestinians intend to convert these institutions into development banks when the Palestinian self-government is established. Such banks, which are necessary for economic development and capital investments of considerable magnitude, do not exist at all in the territories.

The Europeans took care not to transfer the monies through the Israeli government, on political principle and out of consideration for Palestinian opposition. For its part, Israel asserted that this hindered proper economic planning for the territories.

On the other hand, in the previous year the Community demanded of the Palestinians that they establish central institutions that would receive the European money and that would centralize the funneling of it to defined economic spheres in a planned and orderly manner. This reflected lessons that the Europeans had learned from the past regarding the Palestinians' inefficient and sometimes corrupt use of the monies. But this demand also gave a significant push to the process of building the Palestinian institutions. In addition to the credit institutions, central mechanisms were established, including higher committees in the area of housing and in the area of culture.

After the Gulf War last year, as well, when the Community decided to freeze the contacts with the senior levels of the PLO, the British vice consul in Jerusalem, John Crane, said: "In addition to the humanitarian aid to the population of the territories, the Community is striving to assist towards the development of an independent economic entity in the territories so that the Palestinians will have the option to establish an independent state, if they so desire."

While Gassan al-Khatib, a member of the Palestinian delegation to the peace talks and the chairman of the

"United Agricultural Company" credit institution, referring to the signed of the recent aid accords, declared: "I hope that this growth in the amounts of the aid on the part of the European Community will also be accompanied by a parallel growth in the sphere of the political aid, in the sphere of the defense of human rights in the territories and in an effort to establish an independent Palestinian state." The comments of al-Khatib expressed the expectations of the Palestinians concerning the role of the European Community in the peace talks. And the Europeans are, indeed, acting in this direction. They are interested in filling a central role in the peace process alongside the United States, as part of their interest in being a central power factor on the international stage, especially in everything concerning the Middle East. The pressures exerted by the European Community to be included as well in the multilateral committee for arms control affairs and also for the participation of representatives of the Palestinian diaspora in the committee for refugee affairs, despite Israel's opposition, reflected this trend. These issues will rise again for renewed discussion when relations between the government of Yitzhak Rabin and the European Community are crystallized.

Economic Opportunities Given Peace Settlement *92AE0512A Tel Aviv HA'ARETZ in Hebrew 6 Jul 92 p B1*

[Article by Judy Maltz]

[Text] What kind of trade agreement would be worthwhile for Israel to sign with its Arab neighbors? Which Israeli products are recommended for export to the Gulf states? Should the labor market in the territories be severed completely from the Israeli labor market? Is it preferable to allow goods to be freely exported and imported between Israel and the territories, or is it preferable to impose restrictions on trade between the two sides of the green line [1967 border]?

Perhaps it is too early to discuss these questions just one week after the publication of the election results. Nonetheless, the economists and academicians who gathered at the Hebrew University in Jerusalem for a special seminar on the future of the Israeli economy were apparently unable to refrain from dreaming a bit about the economic opportunities presented by the prospects for peace.

Professor Nadav Halevi: "There would be a great chance for trade cooperation between Israel and the Arab countries following a peace settlement. But a major expansion should not be expected in the near future, because it will take time before business considerations become operable." According to Halevi, the Arab countries do not trade much between each other, because they export the same goods for the most part. Therefore, most of their imports also come from other countries.

By contrast, there is a great potential for trade between Israel and the Arab countries, because Israel exports many goods which the Arab countries import, especially technology-intensive industrial products. Halevi: "If the

Arab countries purchased these products from Israel at the rate of our relative share of world trade, our sales volume would be \$50 million to \$100 million annually. But I think that much more could be reasonably expected, among other things, because of our geographical proximity to each other."

Halevi estimates that a peace agreement in the region would have a primary effect in the area of trade relations between Israel and the Arab countries, and less of an effect on trade relations between Israel and the territories.

According to him, it is difficult to imagine a situation of economic unification between Israel and the Arab countries similar to that which exists between the European countries. However, one should not rule out the possibility of a free trade zone arrangement emerging—under European pressure—between Israel, Jordan, and the residents of the territories.

Regarding the territories, Halevi states that it is necessary to aspire to a trade agreement similar to the agreement signed between Israel and Europe in 1975. Such an agreement grants the smallest, weakest economy (then Israel, currently the territories relative to Israel) a time period to organize and streamline through a gradual elimination of import duties. During this period, the stronger, larger economy (then Europe, now Israel relative to the territories) opens immediately to competing imports from the smaller, weaker economy.

Does One Want Hungry Neighbors?

Professor Efrayim Kleiman emphasized in his remarks the asymmetry in economic relations between Israel and the territories: About three-quarters of all exports from the territories are destined for Israel, but they constitute only 3 percent of total Israeli imports. Also, almost half of the workers of the Gaza Strip and about a third of the workers of the West Bank are employed in Israel, but they constitute only 6 percent of all persons employed in Israel.

Kleiman: "The conclusion is that the territories are economically unimportant to Israel. The main consideration in economic relations between Israel and the residents of territories should be political: Do we want satisfied neighbors or do we prefer our neighbors to go hungry because we wish to protect our products?"

According to Dr. Yoram Meshar, the new government should establish as an objective, in the framework of the autonomy plan, a full severance of the labor market in the territories from the Israeli labor market. Meshar: "One reason [for such a severance] is that the overall contribution [to the Israeli economy] of workers from the territories is negligible. Reliance on cheap manpower also diverts capital from some sectors to others. However, of greater importance is the great social price caused by friction between hostile populations."

Professor 'Ezra Sadan, who serves as an advisor to the defense minister regarding the economy of the territories, points to the positive changes which have occurred

since the civilian administration decided in January 1992 to facilitate the establishment of new factories in the territories. Sadan: "The residents of the territories have a significant industrial potential. They have factories which are now succeeding in penetrating the Israeli market at a very high rate, such as the shoe factories in Shkhem [Nabulus]. In the metal branch, there are factories [in the territories] which have already conquered our market, not because of cheap labor, but because of good work."

Dr. Yehoshua' Angrist pointed to the growth of the educated labor force in the territories during the past decade. He proposed that the government channel tax revenues from residents of the territories into large, labor-intensive infrastructure projects in the territories.

Scandal

Any discussion of the future of the Israeli economy would of course range beyond Israel's economic relations with the territories and the Arab countries. Therefore, the second part of the discussion was devoted to the more immediate topic of economic policy goals. Discussion participants agreed on most of the subjects under this heading, except the exchange rate policy.

The correct prescription for renewed economic growth, according to Prof. Yoram Ben-Porat, is a substantial increase in investments in infrastructure, the softening of the labor market (which must include more than just an erosion of wages), investments in education and research and development, and the acceleration of money market and capital market reforms. Ben-Porat: "This country, which is supposed to be a reservoir of human capital for the Western world, experienced negative investments from abroad again in 1991. In some ways, this is a scandal. Therefore, we now need liberalization at a much more rapid pace with less sloganeering." Dr. Avi Ben-Best, a member of the senior management of the Bank of Israel, stated that the best way to ensure the business sector's profitability is to cut state spending deeply. "The government's relative size is the most important variable regarding motivation to invest. The higher state spending is, the higher tax and interest rates are, and it is the business sector which suffers."

Dr. Dani Tsidon, a lecturer in international trade, argued that the Israeli economy suffers from "a surplus of management and a lack of policy." According to him, the Bank of Israel's excessive involvement in foreign currency trading damages the business sector. Tsidon: "The same magnitude of involvement in another country would result in the loss of all foreign currency reserves within a week."

The deputy in charge of the Finance Ministry's allocations branch, Yarom 'Ariyav, said that the existing circumstances do not permit significant changes in the Israeli economy. 'Ariyav: "Correct treatment by the government requires not only a dramatic change, but also the resolute handling of reforms and structural changes in the different sectors."

Most of the participants in the discussion attacked the government's exchange-rate policy. They argued that a large devaluation should be effected to improve the business sector's profitability and to remedy the unemployment problem. Prof. Nadav Halevi: "I am willing to accept 20- to 25-percent inflation versus single-digit inflation if that is the price of boosting employment."

Privatization in Communications, Electronics

92AE0541A Tel Aviv YEDIO'T AHARONOT in Hebrew
20 Jul 92 p 46

[Article by 'Arye 'Egozi: "REFA'EL Is Going Civilian"]

[Text] The Weapons Development Authority [REFA'EL], together with private investors, has set up three corporations that deal in the application of technological developments from the military area to civilian uses. They estimate that within four years these companies will do \$50 million worth of business.

It is clear to REFA'EL, as it is to the other security industries, that the only way to overcome the crisis in the world weapons market is to recycle part of its activity to the civilian sector. That transition has been harder for REFA'EL than for the other industries, in which there were already the beginnings of civilian activity. Re'even Qrupiq, an economist and lawyer who formerly managed an electronics firm, has been drafted for the job.

Qrupiq decided to act only in those areas in which REFA'EL was found to have the ability to offer civilian industry a technological solution cheaper than the current one. "We did not take the approach of reinventing the wheel, but rather how to do it more efficiently," say Qrupiq.

About 30 projects that were suggested were examined and found not to meet the criteria; therefore no additional work was invested in them. The examination showed that REFA'EL had a relative advantage in three areas: in civilian communications, in equipment for the industrial production of semiconductors, which are used in the electronics industries, and in medical equipment. "I had another principle for acting in the civilian area—in no way would we specify a product or initiate its manufacture. That must be done by those who deal in the specific area and know the market for the specific product," says Re'even Qrupiq, and therefore based the program on the establishment of partner companies with business entities in each of the areas in which potential for activity was identified.

REFA'EL is still a support unit of the Ministry of Defense and therefore cannot act like a business. Two years ago, in a not particularly successful attempt to penetrate the civilian arena, they set up "Gal Ram," a government daughter corporation of REFA'EL, which is now used for the official processes of establishing partner companies. "Gal Ram" holds half the shares and the private investors, the other half.

The first company to be established is "Power Spectrum Technology," an American company, whose identity

Qrupiq is keeping secret, holds half the shares. The partner company will use REFA'EL's technologies to enhance the civil communications system. The time frames are short: Within two years the company is to supply its first system. "These are enormous projects for a constantly expanding market," says Qrupiq, refusing to reveal further details, for fear of helping the competition.

Another company will be set up in the area of communication, whose principal product will be a mobile station for satellite communication. The prototype already exists: a James Bond suitcase containing the transmitter and the antenna for the transmission of data via satellite. You open the suitcase anywhere in the world, key in the entry code, and establish an immediate connection via satellite with a central computer system. Sounds way out? In fact, it already works, and REFA'EL people are demonstrating it for potential customers.

In the area of semiconductors, a joint firm was established with Israeli investors. An initial machine for testing semiconductors has already been sold to an Israeli plant. Another plant in this category is being established as you read these very lines, and the potential seems very promising here, as well.

Several of the technologies established in REFA'EL over the years for smart weapons systems have served as the basis for activity in the third area—medical equipment. An innovative heart-lung machine has already been tested in a number of complicated heart operations carried out in the Hadassah Medical Center in Jerusalem.

Here, too, the partner is from the area of medical equipment, and is the one that determines the need and characteristics. REFA'EL only supplies alternate technologies developed over several years. "We will also profit from the subcontractors of these firms," says Re'even Qrupiq. He explains that from a business point of view it is not worthwhile to set up entire production lines for the needs of civilian equipment, so that the manufacturing capability of REFA'EL's plants can be brought to bear in various areas.

Steps for Improved Economy Described

92AE0513B Tel Aviv HA'ARETZ in Hebrew
10 Jul 92 p B1

[Article by Gabi Bashan: "When Will the Sun Come Out?"]

[Text] Those who once thought dawn would break on the 24th of June and a new sun would shine over us apparently understand that was an exaggerated delusion. The settlement budgets cannot be released that quickly, Kupat Holim and the kibbutzim are waiting at the entrance and Avraham Shapira is not even waiting for the establishment of the new government. They all want money now, quickly.

In the pause between the two governments, at a time when, apart from the snatching of fringe political

appointments and small budgets, almost nothing is happening in the economy, we can take the opportunity to give advice to the incoming Treasury Minister. Beige Shohet certainly was not there, but his spirit hovered over the congress convened yesterday by the Finance College and the newspaper HA'ARETZ in the Dan hotel in Tel Aviv on the ever-recurring theme: "Whither the economy?"

About 300 people gathered to hear the speeches. Dani Gilderman, the "Bibi Netanyahu of the economy," scattered slogans in the style of American electioneering. Uri Menashe, the chairman of the Industrialist League working committee, faithfully represented the views of his constituents. The other speakers were very practical, and their opinions, not surprisingly, were almost united since most of the speakers were not the clear representatives of sectors of the economy.

The growth of the last few years was not real growth, Professor Ha'im Ben-Shahar claimed. The recession in which we find ourselves began in mid-1987, and only the increase in demand because of the immigration and the massive construction for the immigrants is what brought about 100,000 new workplaces and a growth of 6 percent in product.

"This is a superstructure on the basic economy," says Ben-Shahar, that produced business opportunities that were not exploited. The construction, and the workplaces created as a result, are temporary. Ben-Shahar refers those seeking an answer to the question "Where did we go wrong?" to the latest Bank of Israel report, which provides a clear, lucid answer without drawing conclusions. Just bare facts.

It turns out that most of the growth in product was in the noncommercial sector, construction and services, and not in the commercial manufacturing sector that brings real growth in manufacturing and the influx of foreign currency. The data point to the fact that since 1986 prices have risen in the noncommercial sector by 178 percent, while there was a rise in prices of 74 percent in the commercial sector. The result is that while the profitability of the noncommercial sector increased, it dropped in the commercial sector.

'Avi Ben-Best, a member of the Bank of Israel's reduced administration, joined in Ben-Shahar's remarks with textbook examples. "Overall investments in the economy grew in 1990 by 25 percent and in 1991 by 31 percent, but investments in construction in this period grew by 54 percent and by 122 percent, respectively," he said.

The statistics of business product growth, 6.2 percent in 1990 and 6.3 percent in 1991, are also distorted by the construction branch. In 1990, product in the construction branch grew by 11.3 percent and in 1991, by 25.9 percent, while the rest of business product grew by only 3.1 percent and 2.7 percent, respectively.

In Ben-Shahar's view, as in that of most of the speakers, what is required today for the economy is certainty and

assurance of profitability for the business sector. The first objective must be the reduction of unemployment, which today amounts to 11.5 percent of the workforce.

Over the next four years, the period of tenure of the new government, 160,000 people will be added to the workforce as a result of natural increase in the population, and about 200,000 among the new immigrants, (assuming immigration of 150,000 a year). Overall, together with the number of unemployed now, workplaces will be needed for 560,000 people.

If unemployment at the end of the period reaches 4-5 percent, which is about 100,000 people, that would mean absorption of about 120,000 new workers per year, and annual growth of 6 percent. Together with an annual growth in productivity of 3 percent, the growth target comes to 9 percent per year, which would bring the economy to a product at the end of the period of \$80 billion.

"With that kind of income it will be possible to set up a good service system, with a gradual lowering of the tax rates. The growth in exports could reach 12-15 percent because only a portion of the growth in product is directed to the local market," says Ben-Shahar.

The first difficulty facing the new Treasury Minister is, in Ben-Shahar's opinion, maintaining the budget framework. The dynamic of facts in the field will prevent a release of budgets from monies intended for settlements next year, and the education, welfare, and health budgets will not be able to take precedence, at least not in the next two years. Yoram Gaba'i, in charge of state income, also agreed with that assessment.

Also joining in the call to maintain the budget framework was Shlomo Piotrkovski, the general manager of First International Bank, who spoke about the banking system and the money market. Piotrkovski alluded to this topic mainly from the point of view of the money market and its reform. "The real test of the reform will be if the deficit reaches 6 percent to 7 percent of the GNP," says Piotrkovski.

The general manager of the International noted that the banking system has changed greatly in recent years and has moved on to its main function—financing economic activity and financial advisement, an issue that he feels will become central over the next few years.

He listed four major developments that will affect the banking system:

1. The process of deregulating the system. In the past, interest was set by the Bank of Israel and Treasury. Today, following the drop in rates of fluidity, the market also has an influence, and the ability to move money among various channels—indexed, nonindexed, foreign currency, and indexed foreign currency—creates areas for interest. "Interest in Israel, despite the claims that we hear, is among the lowest in the world," he said.

2. Continuing the reform of the money market.

3. Continuing the process of privatization, which is a necessary precondition for the existence of a normal money market.

4. Continuing the liberalization in foreign currency, though carefully. Piotrkovski does not, at this stage, recommend letting firms invest abroad.

Dealing With Sacred Cows

But the main issue, that was like a second thread in the comments of all the participants in the congress, was devaluation. Is it needed or not? Apart from Uri Menashe, the representative of the industrialists, all of the speakers put down any need for a one-time devaluation.

The man who gave it the kiss of death was Avi Ben-Best, who presented a graph of the real devaluation from the mid-60's. It turns out that until 1978 there was creeping devaluation, and since then there has been a continuing real increase in the rate of the shekel vis-a-vis the dollar, despite any number of devaluations during that period.

"For the entire duration of the period there has been growth in demand," says Ben-Best, "while there was stagnation in supply, an almost total freeze." He sees the solution in increasing supply and reducing demand, which in itself would bring about real devaluation and an increase in the profitability of exports.

According to Ben-Best, there is no problem with the programs. There are good programs now and there have been good programs in the past. The problem is carrying them out. "The decision about the obligation to purchase apartments from contractors was correct. The question is only how much and how."

"The levels of those obligations were too high, and they were made in the wrong places," Ben-Best said, while calling for an absolute end to all public construction, an examination of the possibility of cancelling contracts that have not been started, and even the cessation of apartments that have started going up in areas where there are high surpluses.

Ben-Best warned against the establishment of a government rental company, which would be the largest rental company in the Middle East. "It is preferable to sell the apartments at auction, even with minimum prices, and cut our losses than to go to rental," he said. "Then we would see the contractors going bankrupt," came the reply from Benesh Avital, the general manager of the National Mortgage Bank.

Ben-Best, like the other speakers, called for a reduction of the budget's share of product; for a gradual reduction of taxes; mainly, for the employment of workers; and for consolidating the labor market. "The real decline in salaries over the last two years has barely corrected the distortions of the past," he said.

But Ben-Best sees the expansion of the infrastructure, physical and human, as the main thing. "Investment in infrastructure is investment in sources of production," he said, while noting the drop in those investments from 4 percent of the budget in the 1970's to 2.5 percent.

Ben-Best pointed, as well, to the budget resources for expanding investments—a complete cessation of public construction and dealing with sacred cows such as defense and welfare.

Ha'im Ben-Shahar was the one who defined the two basic conditions for the success of all the programs:

1. radiating reliability from the government side by sending out the message that it is not the government of the socialist sector, especially by accelerating the process of privatization;

2. going into an honest and serious peace process that will make Israel increasingly attractive in the eyes of investors.

"We must do that now," says Ben-Shahar. In his opinion: "It is true from both an economic and a political point of view since the results will be seen only in three to four years when the government will have to stand for reelection."

"It will not be easy," warns Yoram Gaba'i. "The economic program in 1985 was very easy to carry out; the situation was so bad we had nothing to lose." Today the situation is different, and real economic leadership is needed to raise the economy up onto the right road.

Plans for 'Palestinian Airport,' Gaza Seaport

92P40227A Tel Aviv HA'ARETZ in Hebrew 16 Jul 92
p 4

[Text] Members of the Palestinian delegation, who intend to resume talks soon with the Israeli delegation over autonomy arrangements, plan to demand an international airport in Jerusalem which would be linked to the autonomous region and would serve its inhabitants, according to a Palestinian source who participated in the discussions.

They likewise intend to demand that Gaza port be deepened so it can be used as a maritime port for the autonomous region. This would be principally for the export and import of merchandise and products. "If Rabin indeed means to allow Palestinians to fully administer autonomy-related affairs, then he will understand our request to build an economic lifeline for the transitional government," said a Palestinian source.

In his words, the Palestinians had already started making financial preparations to build a Palestinian airport in Jerusalem when Hanan Ashrawi and Nabil Sha'th met recently with German Government ministers; this included Economy Minister Jurgen Moellmann, from whom financial aid for airfield construction was sought. The source added that the Germans responded positively to the request, but linked the aid to general peace negotiations without committing themselves.

Palestinian engineering experts prepared technical surveys for the Palestinian delegation regarding the reception capability and capacity of the planned Gaza port. These surveys will also be presented, when the time comes, to members of the Israeli delegation.

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