Politial Affairs

Nearly all of 1984 was taken up with the elections to the 11th Knesset and surrounding events: the opposition's successful attempts to bring down the government; the precampaign selection of party lists; the actual campaign, culminating in the July 23rd election; and, finally, protracted interparty negotiations which produced a government unlike any that coalition-rich Israel had ever seen. By the time this last event had occurred, the year was three-quarters over.

Toward an Election

Early in the year the Labor Alignment, encouraged by polls that showed it well ahead of the ruling Likud party, intensified its efforts to topple the government of Prime Minister Yitzhak Shamir. The government coalition, reeling under the double burden of an economy threatening to lurch out of control and continuing guerrilla warfare in Lebanon, was also wracked by personal feuding within the two main components of the Likud bloc, Herut and the Liberal party. This state of affairs was reflected in the polls, which showed the prime minister trailing former president Yitzhak Navon as the "person most suited" to lead the country; more concretely, it seriously hampered the government's day-to-day functioning. Thus, in mid-January the coalition lost three Knesset votes in one week, including one on an issue central to the Likud government's ethos: a motion regarding a freeze on settlements in the administered areas.

On January 25 the government coalition barely survived three no-confidence motions. These grew out of threats by the Tami party, whose three votes were crucial for the coalition, to bolt unless its demands were met. The ethnic-oriented Tami party (which was back to full strength after its leader, MK Aharon Abuhatzeira, had served a three-month jail sentence on fraud charges) was making political capital of a recently issued report showing the spread of poverty in the country. Essentially, Tami wanted greater social benefits for the large, low-income families which presumably formed its constituency, and was not deterred in its demands by the Treasury's near bankruptcy. In the event, Tami fell into line—having wrung
secret economic pledges from the finance minister and other coalition leaders—and the government survived.

The unsavory spectacle surrounding this affair led Minister Without Portfolio Mordechai Ben-Porat to threaten resignation. At the January 29 cabinet meeting, Ben-Porat pledged to support the government in principle, but said that he would judge each issue “on its own merits.” With Tami making waves, and the support of Ben-Porat and former finance minister MK Yigael Hurvitz (who abstained on the no-confidence motion) wavering, the coalition, with an ostensible majority of 64-56, found itself in a precarious position.

PREPARING FOR THE CAMPAIGN

On March 22 the Knesset voted on a motion for the agenda, submitted by the Alignment, calling for the dissolution of parliament and early elections. Labor had played its hand well. Tami, riding high, so it believed (the voters were to judge differently), on the crest of the social-welfare concessions it had extracted from the Treasury, and stung by reports that the party’s Swiss patron, Nessim Gaon, had been refused financial concessions by that same Treasury, announced that it would vote for the Alignment bill. Not even the hurried return of a parliamentary delegation from Argentina in the midst of a key mission (see “Israel and World Jewry”) could help the government stave off defeat, since both MK Ben-Porat and MK Yitzhak Berman (Likud-Liberal), another maverick, had also decided to cast their votes with the opposition. An 11th-hour maneuver by the Likud—getting the House Committee to approve a secret ballot—was ruled out by Speaker Menahem Savidor after consultation with the attorney general. (Savidor was later dropped by the Liberals from their Knesset list for his pains.) Reinforced by the coalition defectors, the opposition pushed through the vote 61-58. The one uncast vote belonged to former prime minister Menachem Begin, who continued to remain in seclusion.

About a week later Prime Minister Shamir met with Labor party leader Peres and the two agreed on July 23 as election day. Peres came under criticism from within Labor and from the left-of-center parties for having consented to this date, the conventional wisdom (which proved to be correct) being that a late July poll would cost the Labor Alignment and its natural allies votes, since supporters of this bloc constituted a disproportionate number of the Israelis who went abroad during the summer.

As the traditional parties geared up for the campaign, they were joined by some new faces, whose impact was to be considerable. On the eve of the crucial Knesset vote, Ezer Weizman, a highly popular former air force commander who had served as defense minister in the first Begin government and had played a key role in bringing about the peace treaty with Egypt, announced that he was forming a centrist party. Weizman believed that he could better the performance of Yigael Yadin’s Democratic Movement for Change (DMC) in 1977, and, by siphoning off
votes from both the Likud and the Alignment, emerge as a major Knesset force. Two other new lists formed around this time: the Sephardi Torah Guardians (Shas), an ultra-Orthodox religious (rather than ethnic) list that had already scored impressive gains in municipal elections in Bnei Brak and Jerusalem and was to prove a surprise factor in the Knesset elections as well, challenging the Ashkenazi hegemony in the religious-political sphere; and the Progressive List for Peace (PLP), an Arab-Jewish list (50-percent representation for each nationality) that was also to do well, its primary challenge being to the long-established Democratic Front for Peace and Equality, Israel’s Communist party, and like it drawing its votes almost exclusively from Israel’s Arab citizens.

In the Labor party, victory was considered virtually a foregone conclusion, given the economic crisis—labor unrest, runaway inflation, and panicky economic behavior by a public fearful of drastic postelection measures—and the seemingly unresolvable situation in Lebanon, where Israeli casualties mounted, with nothing to show in return. For Labor, then, the unstated slogan was “don’t rock the boat.” Thus, on March 30 both Yitzhak Navon and Yitzhak Rabin, Shimon Peres’s former arch rival in the party, announced that they would not contest the party leadership.

The Likud’s precampaign road was less smooth. Although Deputy Prime Minister David Levy, who had mounted a fairly strong challenge to Shamir for the Herut party leadership the previous September, following Menachem Begin’s resignation, announced (April 4) that as a “personal sacrifice” in the interest of party unity he would not contest the top spot, Minister Without Portfolio Ariel Sharon proved less altruistic. (Sharon had been forced to resign as defense minister in February 1983 following the publication of the Kahan Commission of Inquiry report into the massacre at two Beirut refugee camps the previous September.) On April 12 Sharon obtained a surprising 42.2 percent of the vote in Herut’s Central Committee against Shamir. However, a month later, when the Central Committee met to finalize the party’s list, the second slot (after Shamir) went to David Levy, followed by Defense Minister Moshe Arens. Sharon was placed fourth.

Two events in May seriously harmed Herut’s image. One was a squabble with its Likud partner, the Liberal party, regarding the order of candidates on the final combined list. The second was former prime minister Begin’s decision not to stand in the honorary 120th slot on the Likud list. Begin was also evasive about whether he would campaign on behalf of the party. (In the event, he did not, although he did make a donation to the Likud’s campaign chest.)

No fewer than 26 lists were initially approved by the Central Elections Committee after the May 31 registration deadline had passed. Thirteen of them were entirely new, including Ezer Weizman’s Yahad party; Shas; the PLP; Morasha (headed by Rabbi Haim Druckman, who had earlier broken with the National Religious party); Yigael Hurvitz’s Ometz list; and the “Lova Eliav for the Knesset” list, headed by a former Labor-party secretary-general who had quit the party when he felt that Labor was swinging too far rightward. (Eliav could not be dissuaded from running by the argument that he would not obtain enough votes for a Knesset seat and would
only draw off votes from the dovish left—which is precisely what transpired, in an election where every vote made a difference.)

Some of the lists were very narrowly focused, such as the Tenants Protection League, the Organization for the Disabled, and a one-man list—the Movement for the Abolition of the Income Tax. Also running was former MK Shmuel Flatto-Sharon, who was sentenced by the Supreme Court, at the end of June, to 18 months' imprisonment (of which 15 months were suspended), following his appeal of a lower-court conviction on charges stemming from electoral offenses, including bribery, in the 1977 election campaign, when he was elected to the Knesset. Even though the start of his jail sentence was deferred by 45 days, Flatto-Sharon's hope of staying out of prison under parliamentary immunity regulations was dashed when he failed even to cross the election threshold, placing 23rd out of the 26 lists.

Uncertainty about the final lists resulted when, on June 1, the legal adviser to the Defense Ministry announced that Defense Minister Arens was considering outlawing the newly founded PLP under the Defense (Emergency) Regulations of 1945. The PLP viewed this threat as retaliation for efforts by the Labor Alignment and two other parties to have Rabbi Meir Kahane's Kach list disqualified on the grounds that its platform was racist. Although Arens finally decided not to outlaw the PLP, the Defense Ministry announced that after having made a "detailed examination" of the facts, it was "convinced" that the PLP harbored "subversive elements" and that "central people" on it identified with "enemies of the state." Encouraged by these charges, the Likud and its allies, notably the Tehiya party, requested the Central Elections Committee to disqualify the PLP. On June 17 the committee (composed of representatives of all the parties with seats in the outgoing Knessset) voted 18-10, with seven abstentions, to disqualify Kach; the committee's chairman, Supreme Court justice Gavriel Bach, voted for disqualification, as did some of the Likud representatives. The following day, in tit-for-tat fashion, the committee voted 17-12, with four abstentions (Bach among them), to disqualify the PLP as well. Both lists petitioned the Supreme Court to overturn the decision, and on June 28 five justices ruled unanimously that both parties could take part in the elections.

THE CAMPAIGN

With memories of the stormy and traumatic 1981 election campaign still vivid, the Likud and the Alignment, prodded by Justice Bach, on June 11 signed an agreement to run a fair, clean campaign. Barred were "physical violence, threats of violence or incitement to violence," references to people's national or ethnic origin or religious affiliation, "degrading" caricatures, and organized attempts to disrupt election rallies. The Alignment, being given as many as 55 seats by the polls at this stage, with another 11 going to parties of the left and center, proceeded on the assumption that a heated campaign would only play into the hands of the Likud. This proved to be sound reasoning, as the Alignment's unwillingness to be drawn into the kind of invective-laden rhetoric that had marked the two previous elections hampered the
Likud's ability to get its campaign off the ground. With the economy and the Lebanon war ruled out as issues for it to run on, and the Jewish settlement theme set back by the arrest of the Jewish terrorist organization that had operated in the territories, the Likud turned, as in the past, to *ad hominem* attacks on Shimon Peres. Peres's image as an opportunistic wheeler-dealer, a cliché of Israeli political folklore, was mercilessly played up, particularly in television commercials. In a subtle variation on this theme, the Likud claimed that "the neighborhoods"—meaning the low-income groups of oriental origin—had been imbued with a "new pride" during the Likud's years in power because the Likud had put an end to "Mapai protectionism."

Hoping to attract disaffected Likud supporters, Labor opted for a "soft-sell" approach. However, by trying to avoid giving offense to voters on the Right, the campaign team opened itself to charges of hiding the real issues of the election. Whether the tactic ultimately swayed any Likud voters is moot. What cannot be gainsaid is that it alienated potential Labor voters, as manifested in the swing to center and left-of-center parties in traditional Labor strongholds, notably the kibbutzim.

**ELECTION RESULTS AND ANALYSIS**

The biggest losers in the campaign were the pollsters. So unanimous were they in their predictions of a substantial Alignment victory that even though the gap between the two major parties narrowed perceptibly at the very end of the campaign—as "floating" voters cast anchor and errant Likud supporters decided to "come home"—the actual result of the vote took everyone by surprise. (See table below.) Voters reacted to the lackluster campaigns of the two major parties by turning to the smaller lists, where the issues were clearly enunciated. The upshot was that the Alignment and the Likud, which between them accounted for 95 seats in the outgoing 10th Knesset, were reduced to 85 seats in the newly elected parliament; concomitantly, there was a 50-percent increase in the number of lists represented in the Knesset, from 10 in 1981 to no fewer than 15 three years later.

**ELECTIONS TO THE 11TH KNESSET (July 23, 1984) AND 10TH KNESSET (June 30, 1981)**

<table>
<thead>
<tr>
<th></th>
<th>1984</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible voters</td>
<td>2,654,613</td>
<td>2,490,140</td>
</tr>
<tr>
<td>Valid votes cast</td>
<td>2,073,321</td>
<td>1,937,366</td>
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<tr>
<td>Valid votes cast for</td>
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<td></td>
</tr>
<tr>
<td>parties not qualifying</td>
<td>58,978</td>
<td>99,903</td>
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<td>Valid votes counting</td>
<td>2,014,343</td>
<td>1,837,463</td>
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<tr>
<td>in allocation of seats</td>
<td>16,786</td>
<td>15,312</td>
</tr>
<tr>
<td>Quota per Knesset seat</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Party</td>
<td>Popular Vote (%)</td>
<td>Knesset Seats</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>------------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>1984</td>
<td>1981</td>
</tr>
<tr>
<td>Alignment</td>
<td>724,074 (34.9)</td>
<td>708,536 (36.6)</td>
</tr>
<tr>
<td>Likud</td>
<td>661,302 (31.9)</td>
<td>718,941 (37.1)</td>
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<tr>
<td>Tehiya-Tzomet</td>
<td>83,037 (4.0)</td>
<td>44,700 (2.3)</td>
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<tr>
<td>National Religious</td>
<td>73,530 (3.5)</td>
<td>95,232 (4.9)</td>
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<td>Democratic Front for Peace and Equality</td>
<td>69,815 (3.36)</td>
<td>64,918 (3.46)</td>
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<td>Sephardi Torah</td>
<td>63,605 (3.06)</td>
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<tr>
<td>Shinui</td>
<td>54,747 (2.6)</td>
<td>29,837 (1.5)</td>
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<td>27,921 (1.4)</td>
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<td>Yahad</td>
<td>46,302 (2.2)</td>
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<td>Progressive List for Peace</td>
<td>38,012 (1.8)</td>
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<td>Agudat Israel</td>
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<td>Morasha</td>
<td>33,287 (1.6)</td>
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<td>Tami</td>
<td>31,103 (1.5)</td>
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<td>Kach</td>
<td>25,907 (1.2)</td>
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<td>Ometz</td>
<td>23,845 (1.15)</td>
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<tr>
<td>Renewal (Mordechai Ben-Porat)</td>
<td>5,876 (0.3)</td>
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<tr>
<td>Immigration and Youth</td>
<td>5,794 (0.27)</td>
<td>—</td>
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<td>Shiluv</td>
<td>5,499 (0.26)</td>
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<tr>
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<td>4,887 (0.2)</td>
<td>4,710 (0.2)</td>
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<tr>
<td>Flatto-Sharon</td>
<td>2,430 (0.1)</td>
<td>10,823 (0.6)</td>
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<td>Movement to Abolish Income Tax</td>
<td>1,472 (0.07)</td>
<td>503 (0.03)</td>
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<td>Homeland</td>
<td>1,415 (0.07)</td>
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<tr>
<td>Amcha</td>
<td>733 (0.035)</td>
<td>460 (0.02)</td>
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</table>

*a Only lists receiving at least 1 percent of the valid votes cast—i.e., 20,733 in 1984—are entitled to share in the allocation of seats.

*b The quotient for one Knesset seat is the number of valid votes cast for the lists qualifying—i.e., 2,014,343 in 1984—divided by 120 (the number of Knesset seats). Thus the quotient in 1984 was 16,786.
Because coalition arithmetic was so complex, with neither major party able to put together a narrow-based coalition, pundits termed the election results "inconclusive." Yet from a long-term perspective, the electorate had spoken very conclusively indeed. Primarily, the vote demonstrated that in the years since 1977 the Likud had carved out a solid electoral base on which it could rely even if its immediate record was uninspiring. At the same time, the results ruled out the possibility that Yitzhak Shamir could consolidate his position as undisputed leader of Herut and heir to Menachem Begin. Challenges to his position within Herut, such as that by Sharon prior to the election, were bound to intensify. In the other political camp, Labor's attempt to project itself as all things to all people proved untenable. Patently, the party would have to stake out its own ground more precisely if it wished to retain the support of its ideological constituency.

What also emerged conclusively from the election—the handwriting had been on the wall for a long time—was the radicalization of the Israeli polity. This was manifested most strikingly on the Right, where Tehiya increased its strength significantly, and where Rabbi Meir Kahane, having failed in several previous attempts, won a Knesset seat. Since Kahane had run on an unabashedly racist platform—several of his television ads were disqualified by Justice Bach because they were of an inflammatory nature—his election confirmed the worst fears of those who had been warning against growing trends of "Jewish fascism" in the country. Further confirmation came on the day after his election, when Kahane and about 200 of his followers staged a "victory march" through the streets of Jerusalem. As they moved through the Old City, they vandalized Arab-owned shops, keeping up a constant shout of "Death to the Arabs!" and "Arabs out!"

Although condemned by all shades of political opinion, Kahane (who summed up his credo when he told reporters after the elections that "the Torah is above and beyond the laws of the state," and that his first act in the Knesset would be to submit a bill aimed at expelling all of the country's Arabs) had obviously touched a responsive chord among certain sections of the populace. Although Kahane received only about 1.2 percent of the vote overall, 2.5 percent of the votes cast in the army went to him. Moreover, as public opinion analyst Hanoch Smith pointed out in the Jerusalem Post, not only did Kahane draw fully 3.3 percent of the votes cast in small development towns, he did almost as well in religious moshavim—where the population is overwhelmingly of Asian/African origin—and in disadvantaged neighborhoods in Jerusalem. Even in certain fairly large towns, such as Beersheba and Ashkelon, he polled 2 percent of the vote. By contrast, Kahane had almost no support in older cities and neighborhoods where the population is largely of Western (and Ashkenazi) origin. It seemed obvious to many observers that the residents of the development towns, being estranged from the reigning political culture and resentful of the persistent economic and social gap between themselves and Israelis of European origin, were ripe for the appeal of a demagogue offering a convenient scapegoat. Now that Kahane had been "legitimized" by being elected to the Knesset, the likelihood was that some who had previously hesitated to vote for him for
fear of wasting their ballots would give him the nod at the next opportunity. Postelection polls did in fact show Kahane capable of winning as many as five seats. (See also “Political and Religious Extremism.”)

A somewhat analogous phenomenon occurred among Israeli Arabs. Here the shift was to the potent ideology of nationalism. According to a voting analysis published in Ha’aretz, Arab turnout at the polls increased by about 8 percent as compared with 1981, from 68 to 76 percent. That this substantial rise could be attributed almost entirely to the appearance of the Progressive List for Peace was evident in the dramatic change in outcome. Three years earlier, in 1981, nearly two-thirds (63 percent) of the Arab vote had gone to parties clearly identified as Zionist, while the remaining 37 percent went to the Communist list. In 1984 a majority of the country’s Arab voters (52 percent) opted for non-Zionist lists—the Communists and the PLP.

A combination of factors seemed to have come into play in this area: an ongoing sense of disaffection vis-à-vis the country’s governing establishment, particularly among young Arabs; the cumulative effect of contact between Israeli Arabs and the Palestinian population across the pre-1967 “green line”; and an echoing response, again chiefly among the young, to the growing nationalism among Israel’s Jewish population. Nor can the Israeli Arabs’ blatant disappointment in the Labor party be overlooked; Labor placed only one Arab in a “safe” position on its list, with Mapam adding one more in the combined Alignment list. This evidence of Labor’s “take them for granted” attitude toward its traditional supporters helped account for the drastic falloff in votes for the Alignment in the Arab sector. In 1984 Labor obtained less than one-quarter of the Arab vote (23 percent), as compared with 41 percent (29 percent directly and 12 percent via affiliated Arab lists) three years earlier. In the Knesset, then, the two lists that were oriented toward, and drew their strength from, the Arab population (notwithstanding the presence of Jews on them) obtained six seats, two more than in 1981. Analysts suggested that such a trend could, if continued, give Arab lists control of up to 10 percent of the Knesset within the foreseeable future. Indeed, some maintained that it was precisely the fear of such a development within the Jewish political and security establishments that accounted for the abortive attempts, first by the Defense Ministry and then by the right-wing and religious parties, to force the PLP out of the election campaign.

Whatever the case, the election was held in an atmosphere of intensifying nationalism, at times spilling over into xenophobia among Jews and Arabs both, and fueled to a degree in both nations by religious revivalism.

FORMING A COALITION

The vote had produced a virtually unprecedented situation, with neither of the two large parties able to form a narrow-based coalition without engaging in severe political contortions. Theoretically, the Labor Alignment could have created a coalition with the support—even tacit—of the Communists and the PLP. However,
a majority in the Alignment itself, along with a good number of the potential participants in such a coalition—the religious lists in particular—viewed those two parties with unfeigned abhorrence, a posture which could only confirm the country's Arabs in their sense of alienation from the mainstream.

On August 1, the day after the Central Elections Committee published the official results of the vote, President Chaim Herzog began meeting with delegations of the lists elected to the Knesset in order to determine whom to charge with the task of forming a government. (Breaking with precedent, the president refused to invite Meir Kahane for consultations because, according to an official statement, the president would "not countenance insults to the feelings and honor of many minority citizens—civilians and soldiers, Moslems, Druze, and Christians." ) On August 5 Shimon Peres, as the head of the largest Knesset faction, was named to form the new government. The president urged the creation of a "government of national unity," citing—as Peres also did in accepting the nomination—the economic situation and the need to mend social and political rifts in the nation.

With almost two weeks of intensive, unofficial give-and-take already behind him, Peres now embarked on the formal government-making process, which was to take 40 more arduous, crisis-ridden days. (By law, the person entrusted with forming the government has 21 days in which to accomplish this task, although the president may grant him an additional 21 days if he deems it necessary.) Adding to Peres's problems, the Likud let it be known that while it would agree to enter into talks on a possible unity government, it would simultaneously proceed with efforts to form a government under its own leadership. The Likud took this step, which both flouted the constitutional process and showed contempt for the president's decision, in the not unreasonable belief that despite its second-place finish and 14-percent decrease in Knesset representation (from 48 seats to 41), its prospects of forming a government were equal to if not better than the Alignment's. It was axiomatic that, overall, the religious parties found the Likud a more congenial coalition partner than Labor, and it was assumed that Ezer Weizman would, whether out of opportunism or nostalgia, support a Likud-led coalition as well.

The Alignment, too, paralleled its unity-government efforts with (legitimate) attempts to form a government on its own, courting the National Religious party in particular. The NRP had been reduced to 4 seats, down from 6 in 1981 and 12 in 1977. The fact that the religious vote was so fragmented, with six parties (including Tami and Kach) splitting 13 Knesset seats, made the coalition talks all the more difficult, since each list had its own set of demands, and all of them sought to outdo one another in winning "achievements" for the religious camp.

At all events, on August 9 Likud and Alignment leaders met at the King David Hotel in Jerusalem to explore the possibility of forming a national unity government. However, this and subsequent meetings were generally viewed as merely a public relations ploy intended to satisfy the president and the growing popular sentiment for a unity government, at the same time concealing intensive behind-the-scenes efforts by each party to form a narrow-based coalition. In the meantime, the 11th
Knesset was formally inaugurated on August 13 with the traditional presidential speech. As some 2,000 persons demonstrated outside the Knesset building against Meir Kahane and called for the enactment of a law barring racism in Israel, the president told the new parliament that its test would lie in how firmly it shored up democracy and safeguarded the "principles of justice and the supremacy of the law" in the country.

It was only in the third week of Peres's first 21-day period that the Likud began to negotiate in earnest, spurred by the dropping of a bombshell by Ezer Weizman into the desultory unity talks. Bitterly disappointed at having won only three seats, but mollified somewhat by his emergence as coalition kingmaker, Weizman announced on August 20 that he and MK Yigael Hurvitz would refuse to participate in a narrow-based Likud-led coalition. A formal parliamentary cooperation agreement signed two days later by Weizman and Peres, which all but brought the Yahad list into the Alignment, still did not assure the Alignment of being able to form its own government, but the loss of the four seats controlled by Weizman and Hurvitz did rule out a Likud government.

On August 24 Peres and Shamir met privately—the first in a series of such conversations—to consider the avenues open to them. The unstated bond between them was forged by their desire to break the political impasse without resort to new elections, since both men were keenly aware that their future political careers were on the line. Peres, having already led his party to two previous defeats, would not be given a fourth chance. Nor would Shamir, at age 68, and with David Levy and Ariel Sharon breathing down his neck, get another opportunity to lead either his party or the country.

With these developments as a backdrop, on August 26 Shimon Peres requested and was granted a further three weeks to form a government.

The Likud having moved to block any possible remaining Alignment option of forming a narrow-based government by signing a parliamentary agreement-in-principle with the two-man ultra-Orthodox Agudat Israel party—as it was to do shortly thereafter with the party largely responsible for halving the Agudah's Knesset representation, Shas—Peres and Shamir met on August 29 for the third time in three days and managed to overcome the outstanding major obstacles to the formation of a national unity government. They decided on a rotating premiership that would change hands at the midpoint of the 50-month government, with Peres to hold the post first (the Likud having come to terms with the inevitable in this regard). They further agreed that the defense portfolio would be held by Labor's Yitzhak Rabin for the entire tenure of the national unity government, this being a sine qua non for Peres, who had to deliver the Defense Ministry to Rabin or see the feud between them, now quiescent, erupt again.

Yet it was only after another full week of talks and three more Peres-Shamir meetings (September 4, 5, 6) that the final details of the unprecedented agreement were hammered out. In the interim, David Levy and Ariel Sharon once more asserted themselves in Herut, forcing Shamir to inject an entirely new element into
the negotiations. This was a demand that the unity government establish no fewer
than 28 settlements in the territories, settlements which the outgoing government
had approved but which were still on paper only. Peres balked at this, and only a
threat by the NRP that it would seriously consider entering a narrow-based Labor
government was able to budge the Likud. So the fifth week of the coalition negotia-
tions ended, their protracted nature in stark counterpoint to the urgency demanded
by the deteriorating economic situation and the casualty-ridden stalemate in Leba-
non.

Resentment was expressed in both parties over the proposed allocation of minis-
tries. Labor members were dismayed by the assignment of the major economic
portfolios to the Likud, especially by the awarding of the industry and trade port-
folio to Ariel Sharon, architect of the Lebanon war, who would, ironically, secure
"public rehabilitation" under a Labor prime minister. In the Likud there was anger
that the coveted defense portfolio would remain in Alignment hands for the entire
50-month span of the government. The other major portfolio, foreign affairs, would
continue to be held by Shamir, who would also serve as "vice prime minister" for
the first 25 months, at which time he and Peres would switch posts.

Shamir survived another mutiny in his party's ranks, though not without a further
erosion of authority, when Levy and Sharon demanded a secret ballot by the Herut
Central Committee to choose Herut's ministers, rather than leave the selection in
Shamir's hands. Peres, on August 10, obtained a 70-percent majority in Labor's
Central Committee vote on forming a national unity government. However, the
price he paid was heavy. Mapam's Central Committee, declaring that the proposed
government would prove incapable either of solving the "burning" socioeconomic
issues facing the country or of advancing the peace process, on August 9 voted
almost unanimously to dissolve the Labor Alignment, which had been created prior
to the 1969 elections. On the same day, maverick MK Yossi Sarid bolted the Labor
party and joined the Citizens Rights and Peace Movement.

Just as the coalition agreement seemed to have been settled, Ariel Sharon precipi-
tated a new crisis. He insisted that the Likud honor its agreement with Shas by
ensuring that that party receive the religious affairs portfolio; this in the face of an
identical Alignment pledge to the NRP. Finally, after almost nonstop negotiations
in the sixth and final week left to Peres, he and Shamir decided in the early morning
hours of September 13 that both the religious affairs and interior portfolios—the
latter also demanded by the NRP—would be entrusted to the prime minister for a
month, during which period an acceptable solution would be sought.

The agreement, which was at last signed by six representatives each from the
Likud and the Alignment in the afternoon of September 13, spelled out the technical
arrangements for the national unity government. Its first principle stipulated not
only an equal number of cabinet ministers from each party but "creation of a balance
when other factions join, such that neither camp achieves a majority over the other,"
with the NRP representative in the cabinet considered to belong to neither "camp"
and thus effectively having the tie-breaking vote. The highly personal nature of the
## THE NATIONAL UNITY CABINET
*(installed on September 14, 1984)*

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<tr>
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<th>Shimon Peres (Alignment-Labor)</th>
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<td>Deputy Prime Minister &amp; Minister of Education and Culture</td>
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<td>Deputy Prime Minister &amp; Minister of Construction and Housing</td>
<td>David Levy (Likud-Herut)</td>
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<td>Agriculture</td>
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<td>Interior</td>
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<td>Gideon Patt (Likud-Liberals)</td>
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<td>Tourism</td>
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<td>Without Portfolio</td>
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<td>Yosef Burg (NRP)</td>
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<td>Yigael Hurvitz (Ometz)</td>
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<td>Yitzhak Peretz (Shas)*</td>
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<td>Yosef Shapiro (Morasha)*</td>
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<tr>
<td>Minister in the Prime Minister’s Office</td>
<td>Ezer Weizman (Alignment-Yahad)</td>
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*Prime Minister Peres held the interior and religious affairs portfolios until December 24, when Yitzhak Peretz and Yosef Burg took them over, respectively, following Knesset approval.*

*The Ministry of Police was formally separated from the Interior Ministry by Knesset vote on September 24.*

*Not a Knesset member.*

accord was pointed up by another key clause which stated that if either Peres or Shamir proved “unable to perform his task for any reason,” the party involved would choose someone to take his place “with the agreement of the other side” (emphasis added). The implication was that if “the other side” were to refuse its assent, the agreement would be rendered null and void. Because of the unwieldy size
of the cabinet—no fewer than 25 ministers would eventually be part of that body—and to smooth ruffled feathers, the coalition agreement provided for the creation of a so-called inner cabinet, consisting of five Likud and five Alignment ministers, which would be empowered to decide on “policy, defense, and settlement issues.” As for the innovative rotation of the premiership, the agreement stipulated that

Mr. Shimon Peres will resign from his post as prime minister [under Israeli law, the prime minister’s resignation is tantamount to the resignation of the entire government] toward the end of the first 25 months of the government’s tenure, and the Alignment and the Likud will together recommend to the president to charge Mr. Yitzhak Shamir with the task of forming a government. The new government will be established at the conclusion of the first 25 months.

All ministers other than Peres and Shamir would retain their portfolios for the full four-year term of the 11th Knesset. Since the coalition was not dependent on the religious parties for a Knesset majority, the normally vexatious religious issue was resolved in the laconic declaration that “the preservation of the status quo on religious matters will be ensured.”

With respect to policy, the new government’s “basic guidelines” included “continuing and extending the peace process in the region; consolidating the peace with Egypt; and withdrawing the IDF [Israel Defense Forces] from Lebanon while ensuring the security of the northern settlements”; a reaffirmation that “Jerusalem, Israel’s eternal capital, is one indivisible city under Israeli sovereignty”; a call to Jordan to enter peace negotiations and a pledge by the government to “consider proposals raised by Jordan in the negotiations”; and opposition to the establishment of “an additional Palestinian state” in the Gaza Strip or “in the area between Israel and Jordan,” as well as to any negotiations between Israel and the PLO. As for the highly contentious issue of the territories, there would be “no change in the sovereignty over Judea, Samaria, and the Gaza District except with the consent of the Alignment and the Likud.” Settlements already established would have their “existence and development” assured, while “five [or] six settlements will be established within a year.”

In the crucial economic sphere, the goals included curbing inflation and renewing economic growth, *inter alia* “by reducing the proportion of public and administrative services.” Also to be reduced were public expenditure and private consumption. A “socioeconomic agreement” was to be worked out with the Histadrut (General Federation of Labor). Section 26 added, almost as an afterthought, that the government’s economic policy would be “based on a comprehensive program,” something conspicuously lacking in earlier attempts to heal the economy.

THE NEW GOVERNMENT

In the evening hours of September 13, the new Speaker of the Knesset, the Alignment’s Shlomo Hillel (elected to the post the previous day by a vote of 60-46
over the Likud’s Meir Cohen-Avidov), called on Shimon Peres to present his new government and its basic guidelines for a vote of confidence. Although the outcome of that vote was a foregone conclusion, an atmosphere of tense expectancy prevailed as Peres took the podium. This was generated not only by curiosity about the new hybrid government but also by the fact that, when all was said and done, a Labor government was taking the reins of power again after seven years. There was admiration, too, which cut across party lines, for the tenacity shown by Shimon Peres, who had finally achieved the post he had coveted openly ever since Golda Meir’s resignation as prime minister following publication of the Agranat Commission of Inquiry report in 1974.

Taking as his theme the need for reconciliation at home and conciliation with Israel’s neighbors in the region, Peres pledged to introduce “a new and beneficent style” of government that would try to overcome the divisions in the country. The first of the “pressing and demanding” challenges confronting the government, he said, was the “crisis in the economy.” This would be dealt with, he promised, “not by imposing harsh measures but by maintaining a constant dialogue” between Histadrut, private employers, farmers, and government. Regarding Lebanon, the objective was “to guarantee the safety of the Galilee settlements and to bring our soldiers home.”

Peres called on King Hussein to enter negotiations with Israel, “in order to attain genuine peace,” and said his government would endeavor to resolve amicably its differences with Egypt. Reaffirming that “the friendship of the American people is very precious” to Israel, Peres expressed the hope for continued “mutual trust and close cooperation” between Israel and the United States. The prime minister-designate called on Moscow to renew its diplomatic relations with Israel and to “open its gates to our people.” Elsewhere in the international arena, he said, Israel would pursue its diplomatic efforts in Africa, improve ties with Europe and Latin America, and “we shall once again knock on great China’s door.”

Yet, Peres continued, it was domestically that “our principal effort must be made.” The urgent task was “to root out enmity, violence, incitement, discrimination, and intolerance in our good land.” The government would devote special efforts to education and would seek to inculcate the principle of mutual respect based on the equality of all citizens before the law. The country’s Arab and Druze minorities would be helped to further their development, Peres pledged. Finally, referring to the relations between Israel and the Diaspora, he declared: “We believe that the place of every Jew is ultimately in the homeland of our people; but we also believe that Israel has an interest in the fate of every Jew and every Jewish Diaspora wherever it may be.”

A lively debate, lasting until well after midnight, was followed by a vote of confidence of 89-18 and one abstention. Thus, on Friday, September 14, 1984, Shimon Peres, 61, became Israel’s eighth prime minister. The national unity government commanded the support of no fewer than 97 of the 120 Knesset members, the
Alignment (now reduced to 40 seats, including Yahad’s 3) and the Likud (41) having been joined in the coalition by the NRP (4), Shas (4), Shinui (3), Morasha (2), Agudat Israel (2), and Ometz (1).

The first meeting of the new cabinet, on September 16, was devoted largely to procedural matters and only partially to the economic situation, but a second meeting four days later, lasting eight hours, was entirely given over to that subject. (See “Economic Developments.”) The remainder of the year is best described as a breaking-in period for the new government. Foreign Minister Shamir, under growing pressure within his own party as Peres began to assert himself in the premiership, declared on October 25 that the Likud was remaining in the government “with teeth gritted.” About a week later a group of Likud ministers met in what was intended to be the inaugural gathering of a permanent forum to parallel Labor’s so-called sarenu (“our ministers”) group—reminiscent of Golda Meir’s “kitchen cabinet”—which met faithfully once a week to discuss the political situation in general and to coordinate positions for the Sunday cabinet meeting. At the Likud meeting, which turned out to be the first and last of its kind, the ministers averred that Peres was going “too fast” on certain foreign policy issues, notably the dispute with Egypt regarding Taba and his intentions vis-à-vis the West Bank.

More serious than these rumblings of discontent was a full-fledged crisis that began to simmer in late November and erupted in December, threatening to topple the government. At issue was the division of the interior and religious affairs portfolios between the NRP and Shas, which was to have been resolved within one month of the government’s installation but was allowed to drag on. Shas leader MK Rabbi Yitzhak Peretz actually submitted his resignation from the government in protest at the delay—with the Likud, which was committed to backing Shas, threatening to follow suit—but withdrew it when Peres announced on November 30 that Shas would receive the interior portfolio. However, a new crisis arose when the NRP demanded that certain of the functions (and budgets) of the Interior Ministry—its traditional preserve—be transferred to the Religious Affairs Ministry. Shas balked at this, the NRP was adamant, and Rabbi Peretz had in fact resigned by the time a compromise solution was worked out. Under the compromise, 60 percent of the budgets for the country’s religious councils would be channeled through the Interior Ministry and the remainder through the Religious Affairs Ministry. Thus, on December 24 Yitzhak Peretz was confirmed by the Knesset as minister of the interior and Yosef Burg as minister of religious affairs. The national unity government had survived its first crisis.

A poll conducted at year’s end, marking Prime Minister Peres’s first 100 days in office, gave him a 42-percent popularity rating, up from 18 percent on the eve of the elections and nearly four times the rating enjoyed by Yitzhak Shamir. In an interview in Ha’aretz on December 18, Peres said the Likud had shown “mismanagement” of both the economy and the peace process during its years in power. Peres told the interviewer, “I believe in a modern economy which will bring us economic independence, and I believe we have what to talk about with the Arabs.
I want a different governing style: one without hatred, a cultured style, with responsibility." He was, he confessed, "an optimist."

**Economic Developments**

With the Shamir government unable to implement its own budget-paring decisions and the country plunged into an election atmosphere and campaign for over half of 1984, followed by nearly two months of virtual political paralysis, it was only toward the end of September, after the formation of the national unity government, that a concerted effort was begun to check Israel's rapid descent into economic chaos.

During the first quarter of the year a veritable war of attrition was waged within the government itself over the budget, with the leadership vacillating and ministers wrangling over proposed budget cuts. A growing crisis of public confidence in the entire economic system was fueled by this and other factors: widespread labor unrest as wages, even though ostensibly index-linked, failed to keep pace with spiraling inflation, and a mid-January report of the National Insurance Institute confirming statistically that poverty in the country was increasing. On February 22 the government presented a budget of IS 4.36 trillion (approximately $32 billion at the time) that called for a 7-percent drop in the standard of living, upped the cost of government services, and provided for a personnel cut of 5,000 from the bloated public-service sector. By the time the Knesset passed the budget bill (March 28) it had already voted to dissolve itself, and it was clear that in an election year many budget clauses would not be implemented.

On May 17 a new two-year cost-of-living-increment accord was signed by employers and the Histadrut. Taking into account Israel's new inflationary reality, the agreement stipulated that the increment would henceforth be paid on a monthly, rather than on a quarterly, basis if the consumer price index climbed by at least 12 percent in any one month (as it did ten times in 1984). A special payment was provided for in the event of a one-month inflation rate of 25 percent or more. The agreement was finalized two days after the announcement of the second-highest monthly inflation rate in Israel's history (at that time)—20.6 percent for April. During the first quarter of the year the government raised the prices of subsidized basic goods by some 30 percent and introduced measures—among them a reduction of one-third (to $2,000) in the amount of foreign currency Israelis going abroad could purchase—to help stem the rapid depletion of the country's foreign currency reserves.

A momentary bright light in the economic gloom came in May when some 600 persons, including 400 from 20 foreign countries, gathered for the Jerusalem Economic Conference, organized by Minister of Economic Coordination Ya'acov Meridor. Some of the international community's leading industrialists, financiers, and businessmen were present, and, according to Meridor, over 100 contacts for joint ventures were established.
In June the battered dam holding back massive government spending burst in several places in a replay, albeit in a more muted fashion, of the 1981 "election economics" foisted on the country by then finance minister Yoram Aridor. With the Likud well behind in the polls, the cabinet approved wage increases for sections of the civil service, along with various other benefits, at a cost to the Treasury of nearly IS 30 billion. Nevertheless, as the election campaign entered its final stage, the country was wracked by a series of strikes and slowdowns involving tens of thousands of workers in the public services. Further complicating the situation were rumors that a major devaluation of the shekel was in the offing immediately after the elections and that restrictive measures would be introduced on the dollar-linked "Patam" accounts that Israelis were allowed to maintain. These fears triggered a massive buying of foreign currency by the public, legally and on the black market, with the result that Israel's foreign currency reserves plunged by at least $350 million in June alone. The gap between the shekel's official dollar rate and the black-market rate soared to nearly 40 percent, allowing for profiteering on a vast scale.

On July 2, three weeks before election day, the Knesset met in special session and passed into law a bill to protect the public's savings, aiming in this manner both to stem the foreign currency drain by putting an end to speculative behavior and to gain electoral points. Not one vote was cast against the measure. Also passed were a bill granting various education, employment, and housing benefits to discharged soldiers following their compulsory military service, and an amendment to the Income Tax Ordinance granting tax breaks to certain groups. A few days earlier a two-year wage agreement signed between the Histadrut and the government, granting a 15-percent pay rise, had effectively put a halt to labor disputes involving some 240,000 workers. Finally, with just one week to go before election day, the Histadrut and the private-sector associations also signed a new wage accord.

No sooner were the elections over than the government imposed additional levies on Israelis going abroad and barred foreign currency transfers to dependents residing abroad. Although the governor of the Bank of Israel, Moshe Mandelbaum, declared that "urgent" economic action was required, only patchwork attempts were made to deal with the economy during the lengthy coalition negotiations, including freezes on hiring in the public sector and on government contracts. Mandelbaum's own credibility was called into question when it was revealed that the Bank of Israel had engaged in a "bookkeeping maneuver" to conceal the fact that in the immediate pre-election period the country's foreign currency reserves were depleted by nearly $700 million, or double the officially announced figure. This, coupled with a record "injection" into the economy—the traditional euphemism in Israel for printing money—of IS 95 billion, or about $360 million, in the month of July, attested to the fact that the government had to all intents and purposes lost control of the economy.

In September it was announced that unemployment had risen to 6 percent (about 85,000 persons), that yet another money-printing record had been set (IS 135 billion) in August, and that the month had also seen a further $200-million drop in the
foreign currency reserves. With only about $2 billion remaining in the coffers, or $1 billion below the "red line" level, it was clear that the crisis moment had arrived: Israel's economic viability now depended on an emergency dollar injection from the United States. It was not an auspicious moment for a new government to take office.

At its very first meeting (September 16) the new cabinet authorized Finance Minister Yitzhak Modai to trim the budget by $1 billion immediately. Four days later the cabinet held a special eight-hour meeting at which the finance minister explained his plans for economic recovery. The initial measures decided on at the cabinet meeting of September 23 (following a 9-percent shekel devaluation on September 17) included a drastic price hike of 18 to 55 percent on subsidized basic commodities. While this was a major step toward the phasing out of subsidization, it was harshly criticized for being implemented just days before the Jewish New Year and the onset of the fall holidays. Other actions announced (though these required Knesset approval) included a tax on automobiles and luxury pleasure craft, an education fee, a tax on the monthly child allowance, and a levy on certain pensions. Price control was imposed on a range of goods, though only after—indeed, because—manufacturers had already raised their prices inordinately in anticipation of just such controls. In an interview with the Jerusalem Post, Prime Minister Peres said the nation had to be made aware of "our painful economic reality," which had come to pass because "we have been living well beyond our means." He expressed the hope that "within a year" the worst would be over and Israel would be embarked on "a future of growth and development."

On October 2 the cabinet met in another special session and placed a six-month import ban on about 50 "luxury items," among them ovens, large refrigerators, air conditioners, cars, soft and hard drinks, most furniture, and certain cosmetics. In addition, with Israel's foreign currency reserves having fallen by a further $323 million in September, and now sufficient for no more than 40 days of essential imports of raw materials and other goods, the amount of foreign currency Israelis could take abroad was halved, to $1,000. Adoption of these latest measures, coming just a few days before Prime Minister Peres left for the United States on October 7, enabled him to present a more convincing case to administration leaders, who were urging Israel to take more stringent steps. (See also "Foreign Relations."

One day after the prime minister's return from the United States, the announcement that the September consumer price index had risen by 21.4 percent—the highest increase in the country's history (at that time)—sent the Ministerial Economic Committee into a round of intensive deliberations. A special task force, set up by the finance minister to make recommendations for curbing inflation, submitted its proposals. Some commentators compared the economic situation in Israel to that of the Weimar Republic in the early 1920s. The skyrocketing inflation, now poised on the brink of hyperinflation, meant that wages were worth 20 percent less in real terms than they had been just three months earlier.

In what many observers viewed as a symptomatic case, the long-established Haifa-based Ata textiles plant, employing some 3,000 workers, announced that it
was virtually bankrupt and would have to shut its doors. As furious workers, many of whom had been with the company for 30 or even 40 years, demanded a government bailout, the Histadrut said it would give them its full backing as part of its efforts to combat incipient unemployment. Prime Minister Peres threw his weight behind efforts to find a buyer for the firm, which was losing $1 million each month, because, as he said, the company was “a byword in Israel.”

The major economic breakthrough of 1984 came at the beginning of November (following a further 24-percent price increase in subsidized staples), when the private-sector employers and the government signed an agreement on a so-called package deal (November 2), to which the Histadrut appended its signature the following day. After approving the final terms of the accord at its November 4 session, the cabinet announced that a three-month freeze on all goods and services was in effect as of that day. Emergency regulations were invoked under which prices had to be displayed in shekels and could not be raised above a fixed level. Penalties for violators included a prison term of up to three years and a stiff fine. All prices that had been quoted in dollars were frozen at the shekel rate of November 2 ($1 = IS 527) for the three-month period. A complicated set of calculations for the forthcoming cost-of-living increments (based on the assumption that the December inflation rate would be below 12 percent) meant that January 1985 wages, paid at the beginning of February, would be eroded by a further 20 percent in real terms as compared with October salaries. A follow-up committee was set up to ensure that what was officially known as the Agreement to Stabilize the Economy was fully implemented. The hope was that the three-month respite, aimed at dealing a death blow to inflation, which was running at an annualized rate approaching 1,000 percent, would enable the government to take the next essential step, one which had proved the bane of previous economic amelioration plans: effecting a deep cut in the state budget.

As the package deal staggered through its first week, marked by confusion, bureaucratic bungling, and criticism that Prime Minister Peres was moving too gradually in the face of the urgent crisis, preliminary budget-trimming negotiations got under way between the Treasury and the ministries. Peres rejected calls by economics professors for a $2-billion budget cut, pointing out that nearly half of the budget was already earmarked for debt servicing (Israel was now defraying both interest and principal on its loans), leaving no more than $11.6 billion to finance all government operations. As for the ministers, balk as they might at cuts in their domains, they could hardly remain sanguine in the face of the announcement (on November 15) that the consumer price index had risen by a staggering 24.4 percent in October, sending annualized inflation into the 1,300-percent range.

In the meantime, price stabilization efforts began to have an impact—of which the psychological aspect was not the least important—especially as they were backed up by quick trials for violators of the emergency regulations. At the same time, police cracked down on black-market dealers in foreign currency in Tel Aviv,
and new regulations were issued to prevent Israelis from conducting foreign currency transactions with the numerous "money changers" operating legally in East Jerusalem.

However, efforts to lop even $550 million from the budget (down from the originally proposed $1 billion) hit a snag, largely due to the resistance of Defense Minister Yitzhak Rabin, who told the cabinet that the Treasury's demand for a further $150-million cut in defense spending, above the $300 million already agreed on, would endanger the country's security. Calls to scrap the prodigiously expensive Lavi jet-fighter project were rejected on the grounds that virtually all the current funding came from the United States, and that dropping the project would throw thousands of engineers out of work and jeopardize the future of Israel's sophisticated technological industries. Strong opposition to any trimming of their budgets was also voiced by the ministers of health, education, labor, and housing. Finally, on November 30, the cabinet decided on a total budget cut of no more than $375 million, of which $100 million would come from the defense budget. Since this was less than the rock-bottom $395-million figure recommended by a ministerial committee composed of Modai, Ya'akobi, Weizman, and Arens, the disgruntled finance minister, Modai, signaled his protest by refusing to take part in the vote. Defense Minister Rabin, who abstained, told Israel Television that the IDF's ability to defend the country in war would be impaired, ongoing security needs would suffer, and army reserve stocks were liable to fall to the level of the eve of the Yom Kippur War. It was decided to reopen discussion of the defense budget in a cabinet meeting to be held at general-staff headquarters.

But even as the ministers haggled, the public was responding favorably to a state of affairs that had not been seen for nearly a decade: a situation of stable prices, quoted in shekels, and one which, as the deputy director-general of the Ministry of Industry and Trade told the Jerusalem Post, seemed to have done away with "the dreaded buy-today-because-tomorrow-it-will-cost-more syndrome that has been plaguing us for too long." The November inflation rate, though still extremely high, showed a downward trend—19.5 percent. Looking ahead, the prime minister urged a "year-long stabilization of wages and prices."

In December the country registered the first monthly single-digit rise in the consumer price index in well over a year—3.7 percent. Overall, however, 1984 saw an inflation rate of no less than 444.9 percent, more than double the previous high set just one year earlier. During the year the shekel was once again devalued against the dollar at a rate higher than that of the consumer-price-index increase, this time by nearly 50 percentage points (492.6 percent), the highest of any foreign currency. On the bright side, a decrease was registered in the balance-of-payments deficit, down by 5.5 percent as compared with 1983. However, the country's gross foreign debt remained over $20 billion, while foreign currency reserves tumbled dangerously by year's end to below the $2-billion mark. The GNP registered zero growth in fixed prices, and work productivity actually fell by 1 percent, following stability in the previous two years.
On the personal level, private consumption was down by 6 percent in 1984, following increases of 7 percent in each of the two preceding years. The level of per capita consumption in 1984 declined by 3 percent, only the second time since 1950 that such a phenomenon had occurred (the previous instance was in 1980). The most dramatic falloff occurred in the sphere of durable goods, where purchases were off by fully one-third; purchases of private automobiles fell by 42 percent. All told, the standard of living in Israel declined by some 7.5 percent in 1984, with unemployment approaching 7 percent at the end of the year.

Thus, as the economy seemed to be cooling down in the final quarter, there was place for guarded optimism. Indeed, not even the release on December 31 of the long-awaited state comptroller's report on the bank-shares collapse of 1983—a report highly critical of the country's banking and financial establishment—could undermine the feeling that, after a period of drift and deterioration, the Israeli economy was embarked on the road to recovery, however painful that road might turn out to be for the individual Israeli.

The War in Lebanon

It was only at the tail end of 1984, following the installation of the new government, that a serious new effort was launched to break the impasse in Lebanon and to find a way, in accordance with the national unity government's basic guidelines, of "withdrawing the IDF [Israel Defense Forces] from Lebanon while ensuring the security of the northern settlements." Although Israeli casualties tapered off during the year, thanks largely to the September 1983 pullback to the Awali River line, on average nearly one IDF soldier was killed every week in Lebanon in 1984. In addition, the year saw the emergence of intense Shi'ite resistance to the Israeli presence in southern Lebanon.

Indeed, the rise of this new element was acknowledged at the year's very outset, with a concentrated Israel Air Force (IAF) bombing (January 4) of a Syrian-backed Shi'ite terrorist base near Baalbek. At the same time, efforts were under way by the IDF's liaison unit to cultivate relations with the Shi'ites in the south, who comprised some 80 percent or more of the population in the area immediately north of Israel. As it turned out, however, this move was a case of too little and too late. Israel's almost exclusively Christian orientation in Lebanon had caused bitter hostility on the part of the Shi'ites, who were now being tagged as the emerging power in Lebanon's Byzantine military-political complex. In the meantime, U.S. special envoy Donald Rumsfeld met on January 6 with Prime Minister Shamir as part of his efforts to try to effect a disengagement-of-forces agreement in Lebanon. However, American resolve vis-à-vis Lebanon had become the victim of Washington's vacillating policy, and the efforts of Rumsfeld and, later, Assistant Secretary of State Richard Murphy proved singularly ineffectual.

On January 14 Major Sa'ad Haddad, commander of the Israeli-backed Christian militia in southern Lebanon, died of cancer, aged 46. Hospitalized for a period at
Rambam Hospital in Haifa, Haddad was sent home at the beginning of the year when the disease reached an irreversible point. Prime Minister Shamir, who attended Haddad’s funeral in his home village of Marjayoun along with other Israeli leaders and ranking security personnel, termed him “a great patriot and a true friend of Israel.” On April 14, following behind-the-scenes negotiations with Israel, Antoine Lahad, 55, who held the rank of major general when he retired from the Lebanese army in 1983, formally took command of Haddad’s 1,200-man force. Lahad, a Christian, launched a drive to double the strength of the militia and to recruit more Shi’ites into it. The new commander’s background held out hope that the militia could be incorporated into the Lebanese army as part of a scenario in which Beirut would take responsibility for the south. (Haddad, a defector from the Lebanese army, had been anathema in Beirut.)

Domestic opposition to the war was highlighted by the announcement on January 20 that a suspect had been arrested in the killing of Emil Grunzweig at a 1983 Peace Now demonstration in Jerusalem. (See AJYB, Vol. 85, 1985, pp. 281-282.) Police Minister Yosef Burg and ranking police officers told a press conference that the arrest of Yona Avrushmi, 28, on suspicion of having thrown the grenade that took the life of Grunzweig and wounded ten others, marked the end of a year-long investigation, “the most complicated and most intensive” ever conducted by the Israel Police. In a demonstration commemorating the first anniversary of the incident, some 50,000 people marched through Jerusalem to the spot where the murder had occurred. On February 10, exactly one year after the killing, Avrushmi was formally charged in a Jerusalem court with having murdered Grunzweig “in cold blood” and “with malice aforethought.” (Avrushmi denied all the charges against him when the trial opened on March 27. As the trial proceeded, it became clear that the suspect had acted alone; he had been enraged by what he considered to be “unpatriotic” actions of the Israeli Left in general, and Peace Now in particular. By year’s end the court had recessed and a verdict was being awaited.)

As political disagreement in Israel over the Lebanon war continued unabated, U.S. president Ronald Reagan announced a decision in February to evacuate the marine detachment stationed in Beirut. This move further weakened Israel’s position by enhancing Syrian prestige, which in turn enabled Damascus to exert greater leverage on Lebanese president Amin Gemayel. On February 9, two days after the Reagan announcement, three Katyusha rockets landed near Metullah in the Galilee panhandle. No one was hurt, but inhabitants of the area went to their bomb shelters for the first time since the Israeli incursion into Lebanon in June 1982. The following day the IAF struck again at terrorist bases in Lebanon.

Another in the series of Israel–United States policy disagreements over Lebanon developed when Washington signaled Jerusalem that for the sake of saving the Gemayel government—in the face of mounting Syrian political and other pressure on Beirut—Israel should make no objection if Lebanon decided to abrogate its May 17, 1983, accord with Israel, to which Washington itself was also a signatory. Prime Minister Shamir implicitly criticized this U.S. message as well as the U.S. decision
to leave Lebanon when he told Israel Radio (February 11): "There may be some in the United States who believe that Gemayel has no choice but to give in to Syrian aggression. But such a view is the result of weakness or error. I believe that the United States knows, as we do, that aggression is not enfeebled when one gives in to it." Shamir, who warned Lebanon that its abrogation of the agreement would also release Israel from its commitments, also shrugged off the significance of the Katyusha attack, explaining that "what we have prevented, and will continue to prevent, are the systematic barrages of Katyusha and rocket fire which used to occur." This was actually a modification of former prime minister Begin’s blanket assertion that no more Katyushas would ever again fall on Galilee.

Israel itself could do no more than issue a verbal condemnation when, on March 5, Lebanon finally succumbed to Syrian pressure and abrogated the May 1983 agreement. Syria, a statement issued by the Prime Minister’s Office read, had forced Lebanon “to surrender to a diktat which is tantamount to a death sentence on Lebanese independence.” As for Israel, the statement continued, it had no recourse but to come up with its own “suitable means for protecting its security,” Lebanon having reneged on its international commitments.

A few days later, expectations of an imminent IDF pullback were raised by Deputy Prime Minister David Levy, who told Israel Radio that such a move was needed in order to end the present state of affairs in which the IDF was “stuck in the midst of a hostile civilian population.” However, the anticipation generated by Levy’s remarks proved premature, and the situation he had described continued to take its toll: 11 soldiers were wounded on March 4 (one of whom later died) when three separate bomb blasts rocked the port of Sidon. In the days following, two civilian workers of the public works department were killed in ambushes while engaged in road work for the IDF in southern Lebanon. Two others had been killed earlier in the year. At home, the Knesset rejected by a vote of 42-33 a Mapam motion for the agenda calling for the establishment of a commission of inquiry into the entire course of the Lebanon war. The motion was submitted following the publication of two best-selling books by leading Israeli journalists: Israel’s Lebanon War by Ze’ev Schiff and Ehud Ya’ari, and Operation Peace for Galilee by Shimon Shiffer. Their message, backed up by a wealth of newly revealed details, was, as Mapam MK Ya’ir Tzaban put it, that the Lebanon war had been “conceived in deceit and born in duplicity.”

On April 7 the IAF struck at a base of the Democratic Front for the Liberation of Palestine at Bahamdoun in retaliation for a terrorist attack in Jerusalem earlier that week. According to army sources, the base had been used by terrorists who were connected with the attack, in which one person was killed and 47 wounded. (See also “Terrorism.”) In the meantime, after two more Katyushas hit Israeli territory, landing near the border kibbutz of Misgav Am, IDF artillery shelled PLO bases in the eastern Beka’a Valley for the first time in a year.

In what seemed to be turning into an annual spring ritual, the Syrian media in April began to sound warnings about an alleged imminent Israeli preemptive strike,
throwing in charges of U.S. collusion for good measure. One explanation adduced for the rash of Syrian pronouncements was an apparent power struggle under way in Damascus. In any event, Prime Minister Shamir told the Reuters news agency on April 24 that Israel was not contemplating any military operations against Syria, nor was any Syrian buildup of forces discernible. However, he added, in view of the fact that the two countries had fought five wars since 1948, the IDF would continue its vigilance.

One week later (May 1), Syrian troops in Lebanon seized three members of the Israeli liaison unit at Dbaiyeh, north of Beirut. The three, who had evidently driven their car into Syrian-held territory by mistake, were initially branded "saboteurs" and "spies" by the Syrians and taken to Damascus for interrogation. Jerusalem breathed a bit easier when Syria announced that the three would be treated "as prisoners of war according to the Geneva international conventions." (Coincidentally or not, it was not long after this incident that Lebanon asked Israel to close the Dbaiyeh office. After some initial resistance to the move by Israel the office was shut down on July 25—yet another Syrian triumph and the loss, for Israel, of a key site for monitoring developments in Lebanon.) The three errant Israelis were not returned until June 28, as part of an overall Israeli–Syrian prisoner exchange. Israel received at the same time three soldiers captured by the Syrians during the fighting in Lebanon in the summer of 1982, including an air force pilot. The Syrians also transferred five coffins to Israel, two of which were found to contain the remains of Israeli soldiers killed in the Lebanon fighting; the other three could not be identified as Israelis (although three Israelis were still listed as missing in action). In return, the Syrians received 291 prisoners of war, among them 23 officers, as well as 20 civilian security prisoners and the bodies of 70 Syrian soldiers. According to former justice minister Shmuel Tamir, the chief Israeli negotiator in the talks that led up to the prisoner exchange, three Israeli soldiers were still being held by Ahmed Jibril’s terrorist organization (it admitted to having only two), while Nayif Hawatmeh’s organization was holding one Israeli.

On June 9 some 30,000 persons marked the second anniversary of Israel’s incursion into Lebanon by staging a protest march, organized by Peace Now, in Tel Aviv. Speaking in the Knesset on June 12, Yitzhak Rabin, Labor’s candidate for defense minister, excoriated the Likud government for its Lebanon policy. With the war now in its third year, Rabin pointed out, Lebanon was under virtual Syrian control, the Beirut government was inimical to Israel, there were 20,000 terrorists in Lebanon, and “Shi’ite Khomeinist terrorism” had emerged as a factor against Israel. Rabin went on to call for a two-stage IDF withdrawal from Lebanon within six months, with UNIFIL (the United Nations Interim Force in Lebanon) and a beefed-up Southern Lebanon Army (SLA), the successor to the Haddad militia, to take the place of Israeli troops and to prevent terrorist infiltration.

Meanwhile, as the election campaign at home gained momentum, Israeli forces in Lebanon continued to sustain heavy casualties. On June 16 five soldiers were wounded near Sidon when a suicide driver blew up his car as he drove by an IDF
convoy. Earlier that week four soldiers were wounded when a roadside bomb went off near Tyre, and three more were hurt when their vehicle was hit by light-arms fire from an ambush south of the Zaharani River. On June 13 two Katyushas landed just north of the Israeli border.

On June 28 the Israel Navy sank a terrorist boat off Tripoli. The following day an Israeli gunboat intercepted a Cyprus–Beirut ferryboat on the high seas and towed it into Haifa port. Rejecting allegations of “piracy,” the Foreign Ministry in Jerusalem issued a statement saying that the seizure of the boat was an act of self-defense and part of Israel’s “unending war against PLO terrorism.” Moreover, it was “the duty of every civilized nation” to assist in that war, the statement added. The boat and most of its passengers were soon released, and by mid-July Israel continued to hold only two of the passengers. With attacks on Israeli forces intensifying, on August 1 the IDF used helicopter gunships, supported by offshore naval vessels, to attack PLO targets in a refugee camp north of Tripoli. In southern Lebanon, with Shi’ite resistance mounting, the IDF forbade the public display of pictures of the Ayatollah Khomeini and other extremist religious figures.

As the coalition talks in Israel were concluding in mid-September, it was “business as usual” in Lebanon. On September 10 the IAF bombed a terrorist site at Bahamdoun, its fourth raid over Lebanon within six weeks. On September 12, the day before the new government was presented in the Knesset, one Israeli soldier was killed while dismantling a roadside bomb and a second died of wounds he had sustained in an attack two days earlier. The Parents Against Silence group held a silent vigil outside the Knesset and dispatched cables to all the newly installed cabinet ministers, asserting that the country’s most urgent problem was not the economy but the need to withdraw the IDF from Lebanon.

This was certainly the top priority for Israel’s new defense minister, Yitzhak Rabin, a former prime minister and chief of staff. In his first public address after taking up his new duties, Rabin signaled a dramatic Israeli policy shift when he told a United Jewish Appeal leadership conference in Jerusalem that the IDF’s presence in Lebanon was not a sine qua non for an untroubled Galilee. He intimated that an IDF withdrawal was a matter of “months not years.” Two days of talks between Israeli leaders and U.N. undersecretary-general Brian Urquhart (September 19–20) seemed to reinforce Rabin’s prognosis, with Urquhart telling reporters that his current regional swing through Israel, Syria, and Lebanon had shown him that a “mood of realism” now prevailed.

Lebanese reality was driven home when, on September 20, Druze members of the SLA massacred 13 residents of a village where 4 Druze had been killed in an ambush. (The same day also saw the terrorist bombing of the U.S. embassy in Beirut, killing 23 persons, with responsibility claimed by an extremist Shi’ite group.) After meeting with SLA commander General Lahad, the IDF’s liaison officer in southern Lebanon, Brig. Gen. Shlomo Iliya, described the massacre as a private act of revenge and said the incident did not compromise the SLA’s ability to defend southern Lebanon.
In a by-now-standard Middle East pattern, incipient diplomatic activity evoked intensified anti-Israel action. On September 23 an Israel Navy gunboat spotted a rubber dinghy bound for Israeli waters from the north. Returning to the Lebanese shore, the occupants of the dinghy ran into an Israeli ambush. In the exchange of fire three terrorists were killed (one of them a French woman) and two others were captured. Later that day five Israeli soldiers were wounded when the convoy they were traveling in came under light-arms fire near Nabatiyeh. Three of the ambusher were killed by SLA troops following a chase. In a third incident on the same day, another three Israelis were wounded when a roadside bomb went off as their vehicle passed about two kilometers from the border crossing at Metullah. The following day an Israeli soldier and a member of the General Security Service were killed when their vehicle was ambushed in the eastern sector.

On October 4 Defense Minister Rabin told a memorial service for fallen paratroopers that negotiations for an Israeli withdrawal were already under way. Rabin indicated that the intention was to reach an understanding, perforce tacit, with the Syrians, by which they would prevent terrorist infiltration into southern Lebanon following an Israeli withdrawal. Visiting Washington in the second week of October, Prime Minister Peres set a timetable for withdrawal, albeit a sketchy one, when he told reporters that the cabinet would make decisions on the Lebanon issue within a month, and that Israel would “unilaterally” pull out of Lebanon within six to nine months after that. In a meeting with UN secretary-general Javier Pérez de Cuéllar in New York on October 12, Peres presented Israel’s ideas concerning the role that UNIFIL could play in helping stabilize southern Lebanon. (The UN Security Council subsequently extended UNIFIL’s mandate for a further six months, until April 19, 1985.)

On October 17 the first detailed official public announcement of the new government’s position was issued in the form of a statement released by the Prime Minister’s Office, following talks between Peres and visiting U.S. secretary of defense Caspar Weinberger. Although Israel was “firmly resolved” to bring the IDF home “soon,” there would be no compromise over security arrangements in the north, the statement said. According to the official communiqué, Peres had told Weinberger that the “framework for an arrangement in Lebanon” entailed “a political understanding with the Syrians and a military accord with the Lebanese.” Peres then went on to list four specific terms for an IDF withdrawal: “A Syrian commitment not to expand the deployment of its forces into the areas to be evacuated by the IDF; a Syrian undertaking to prevent terrorist infiltration from the territory under Syrian army control; the continued existence of the SLA under General Lahad’s command, and its deployment in the southern area contiguous with the Israel border; and the deployment of UNIFIL units in the zone north of the SLA strip, from the Mediterranean in the west to the Syrians’ lines of deployment in the east.” Israel, the statement concluded, would “welcome the good offices of the United States in mediating between the sides.” Three days later, on October 20, the 835th day of the war, a rocket-propelled grenade fired at an Israeli vehicle in southern Lebanon took
the life of Corp. Alon Tzur, a 30-year-old reservist from Kibbutz Shamir in Upper Galilee. He was the 600th Israeli soldier to die in Lebanon.

On November 8 talks on an IDF withdrawal opened between Israel and Lebanon when military delegations from the two countries (a concession by Israel, which had sought civilian talks) met at Nakoura, in southern Lebanon, under UN auspices. About a week earlier, Prime Minister Peres had explained to the Knesset's Defense and Foreign Affairs Committee that the government was going to give diplomacy two or three months to effect a withdrawal agreement.

Unlike the 1983 talks that had produced the May 17 agreement (which had already been abrogated), and despite Israel's declared wish for American mediation, the United States was pointedly absent from the Nakoura talks, another trenchant reminder of its abrupt disengagement from the Lebanese arena. Indeed, the invisible presence hovering above the Nakoura talks was that of the undisputed victor in Lebanon, the Syrians, who had been able to delay the start of the negotiations at will before giving their tacit consent to Beirut to proceed with them. Nor was the Gemayel government immune to pressure from within. Less than 48 hours after the talks began, Gemayel, bowing to pressure from Nabih Berri, head of the Shi'ite Amal militia, suspended the negotiations. The reason was Israel's arrest of the Amal commander in Sidon following the death of one Israeli soldier and the wounding of four others in that city on November 7, the day before the talks opened, when an IDF convoy was ambushed.

Little progress was discernible in the opening round of the talks. Israel outlined its plan for a two-part security zone, with the southern section to be controlled by the SLA and the area immediately to its north by UNIFIL. For its part, Lebanon insisted that its army must take control of any areas evacuated by the IDF, a patently unfeasible notion since the Lebanese army was barely in control of large parts of Beirut itself. The talks resumed on November 15, one week after their suspension, and the following day Israel released the Amal commander—his interrogation had been completed, the IDF said—and expelled him from southern Lebanon. To some, the Israeli move, which was clearly part of a deal, was yet one more demonstration of Israel's weakened resolve where Lebanon was concerned. With the positions of both sides now on the table, the talks continued in a desultory manner on a twice-weekly basis, against a backdrop of continuing attacks on Israeli forces. On December 13, in what seemed to mark the onset of a new policy vis-à-vis anti-IDF activity in southern Lebanon, Israeli forces conducted a sweep of nine villages there, in the course of which 2 local residents were killed, 7 were wounded, and 30 terrorist suspects were detained. The Israeli operation touched off a general strike by both Moslems and Christians.

The 608th Israeli soldier to die in Lebanon, the third since the start of the Nakoura talks, and the last in 1984, fell on December 16 in a clash between an IDF patrol and a local guerrilla force. Later in the week, on December 19 and 20, the final rounds of the Nakoura talks for 1984 took place. They were scheduled to reconvene in January 1985, but it was evident by then that they held little promise.
Looking ahead, Prime Minister Peres and, more guardedly, Defense Minister Rabin said they favored a full unilateral IDF withdrawal when and if the talks broke down. However, Vice Prime Minister and Likud leader Shamir told the *Jerusalem Post* late in December that “unless there are satisfactory arrangements on the border, the IDF will stay in Lebanon in one form or another.” The national unity government had just survived a coalition crisis set off by what, in comparison with Lebanon, was a minor affair involving the allocation of two ministries (see “Political Affairs”). Now it would have to decide how to proceed regarding a war which, as Defense Minister Rabin put it shortly after assuming his post in September, “has brought about a divisiveness that I cannot recall in any of [Israel’s previous] wars.”

*Foreign Relations*

**THE UNITED STATES**

Israeli–U.S. relations in 1984 showed a marked improvement over recent years. This was due largely to the collapse of American policy in Lebanon and the physical withdrawal of the marines from Beirut, accompanied by Israel’s professed desire to get out of Lebanon. Attention now shifted to two areas: the evolving strategic cooperation between the two countries, carried out within the framework of the joint political-military committee created during Prime Minister Shamir’s Washington talks at the end of 1983 (its first meeting was held in the U.S. capital in January 1984); and, with the advent of the national unity government in September, Israel’s economic situation.

In February Israel’s plans to build its own jet fighter for the 1990s, the Lavi, received a shot in the arm when the Reagan administration announced that Israel would be allowed to spend the $250 million allocated for related research and development projects in Israel itself. A growing controversy in Israel about the economic feasibility of the Lavi project was partially muted by the fact that the funds were coming from Washington. Later in the year, Defense Secretary Caspar Weinberger reported that the United States would release technology required by Israel for the Lavi’s development. While in Israel in mid-October for a 36-hour visit, Weinberger promised that red tape would be cut for direct sales of Israeli weapons systems to the U.S. military, as long as the Israeli products were “competitive both in price and technology” with their American-made counterparts.

The American commitment to Israel’s security was reaffirmed in April by Vice-President George Bush. Speaking at the annual policy conference of AIPAC (American Israel Public Affairs Committee) in Washington, Bush asserted that Israel was America’s “foremost strategic friend in the Middle East.” The ongoing talks and growing strategic bonds between the two countries were a manifestation, he continued, of “America’s long-standing commitment to ensure Israel’s qualitative edge in armaments over any potential combination of adversaries.” Regarding
a perennial source of discord between Jerusalem and Washington—U.S. plans to sell advanced weaponry to what were regarded as "moderate" Arab regimes, notably Saudi Arabia and Jordan—Bush said that such deals would not be allowed to threaten Israel's security. Explaining the U.S. position on another contentious issue, the proposal to move the U.S. embassy in Israel to Jerusalem, Bush told the AIPAC meeting: "While Jerusalem must remain undivided, its final status can only be resolved in negotiations, not through unilateral acts."

In May a senior Pentagon official took the lid off some of the ideas and concepts that were being discussed by the joint political-military committee. Speaking to an American Jewish Congress meeting in Washington, Dov Zakheim, assistant under secretary of defense for policy and resources, said that one of the first concrete steps in the strategic cooperation sphere would be a joint medical evacuation exercise aimed at putting into practice a December 1983 agreement "to share medical support in the event of some disaster or emergency." (The exercise was in fact held in June, with 44 "wounded" American servicemen being airlifted by helicopter from their Sixth Fleet home ship to two Israeli hospitals. About three months later four Americans were flown to a Tel Aviv hospital following the car-bombing of the U.S. embassy in Beirut. A year earlier, under similar circumstances, the United States had refused to hospitalize wounded personnel in Israel.) In general, Zakheim said, the joint committee was considering "combined planning, exercises, access, and possible requirements for prepositioning of U.S. equipment" in Israel.

Yet another manifestation of growing strategic cooperation was a series of port calls at Haifa by U.S. Sixth Fleet warships, including a battleship and an amphibious helicopter carrier. In May it was confirmed that the U.S. Navy had purchased highly advanced pilotless reconnaissance aircraft (drones) from Israel, which was able to outbid a U.S. firm for the contract. It was subsequently revealed that the navy had also acquired Israeli-made air-launched gliders for release as decoys in aerial combat.

Visits to the United States by Israel's two ranking defense officials helped cement the emerging strategic relationship. At the end of May Defense Minister Arens met at the Pentagon with Defense Secretary Weinberger for a tour d'horizon. Arens told reporters that U.S.–Israeli military relations were at their "best-ever" level. The latest possible hitch in those relations, Washington's plan to sell the Saudis 400 shoulder-fired Stinger antiaircraft missiles, to which Israeli officials had expressed low-key opposition, did not feature prominently in the Arens-Weinberger meeting. Three months later Israel's chief of staff, Lt. Gen. Moshe Levy, visited the United States for an extensive tour of military facilities and meetings with top military brass. In a meeting with Israeli correspondents, Levy effectively dissociated Israel from statements made by various American spokesmen, including President Reagan, who had said a week earlier that he did not regard the Soviet Union as Israel's enemy. The Jewish state, Levy said, had "specific enemies" against whom it had to buttress its security.
While Levy was in the United States, Secretary of the Navy John Lehman announced (August 31) that the U.S. Navy was leasing 12 Israeli-made Kfir jet fighters, which would be used to simulate MIG-21 aircraft in training navy pilots for aerial combat. Israel Aircraft Industries (IAI) received a $68-million contract, for a three-and-a-half-year period, to service the planes in the United States. In return for the loan of the planes, Israel was to receive unspecified services and equipment of equivalent value. The first three of the Kfirs were formally handed over to the United States on September 19 in a ceremony at IAI. In December the navies of the two countries held a week-long antisubmarine exercise in the Mediterranean.

In October Prime Minister Peres (accompanied by Vice Prime Minister Shamir) told Weinberger that in the immediate future the focus in the IDF would be on upgrading quality rather than augmenting quantity. Peres, who was in the United States for a week-long visit, requested an increase of some $300 million in military grants, to a level of $1.7 billion, to help Israel offset the cost of the arms and matériel it was seeking within the framework of a four-year procurement plan that was submitted to the Pentagon.

Both Peres's visit and the advent of the national unity government in Israel signaled a shift—at least in public perception—from concentration on military matters to concentration on economic strategy in Jerusalem-Washington relations. This shift was symbolized by the creation during the Peres visit (October 7–13) of a joint economic committee, in contrast to the political-military committee that had been set up a year earlier. Concretely, Peres reportedly asked for an emergency aid injection of $750 million in each of the two coming fiscal years. Washington agreed, in the interim, to transfer an already approved $1.2 billion in civilian aid immediately because of the critical status of Israel's foreign currency reserves. President Reagan also established what Peres later dubbed an economic “safety net” for Israel by assuring the American—and international—financial community that “the U.S. government will work closely with the Israeli government to avert” any balance-of-payments crunch that might arise. Speaking to reporters after his October 9 meeting with the president, Prime Minister Peres said: “I found in the White House a true friend of Israel who understands our problems and dilemmas.”

As the year drew to a close, Washington was increasingly prone to use its economic leverage on Jerusalem to compel the national unity government to take steps the United States deemed essential for Israeli economic stability. When an Israeli economic delegation to Washington in mid-December submitted a record Israeli aid request of about $4.1 billion for fiscal 1986, plus $800 million in emergency aid for the current (1985) fiscal year, it was told bluntly that Israel must adopt more stringent economic measures. On December 21 a State Department spokesman said that a final decision on whether to grant Israel supplementary economic assistance was being deferred, “pending Israel’s adoption of an effective stabilization program and a determination of the utility of such U.S. assistance in supporting such a program.” (Washington regarded the “Agreement to Stabilize the Economy” that Israel implemented in November as insufficiently comprehensive and too gradual.)
Following publication in *Ha'aretz* on December 24 of a letter from Secretary of State Shultz to Prime Minister Peres, once more urging Israel to implement more rigorous economic steps, Minister of Economy and Planning Gad Ya'akobi was quoted in the press as having said that Israel had no need of “moralizing” by the United States. Applying immediate damage control, Peres termed Shultz “one of Israel’s best friends in Washington,” adding that the letter was “the advice of a friend, without pressure and without insult.”

The bottom line in this area was well summed up in a *Jerusalem Post* editorial (December 26) calling on Israel to approve a U.S. request to construct a powerful Voice of America relay station in the country to enhance its broadcasts to the Soviet Union. Concluded the editorial: “But the clinching argument in favor of letting the station be built is simply that Israel cannot possibly say no to the Americans in a matter that does not touch on truly vital Israeli interests. Not when the United States is Israel’s most—and sometimes only—trusted friend in the world arena. And especially not when this country is critically dependent on the United States for its sheer economic survival.”

**EGYPT**

The rhetoric in the relations between Israel and Egypt took a positive turn following the installation of Shimon Peres as prime minister in mid-September. However, there was no accompanying breakthrough in the “cold peace” that had prevailed between the two countries ever since Egypt’s recall of its ambassador from Tel Aviv following the Sabra-Shatilla massacre in September 1982.

In talks at the beginning of February with the commander of the Sinai Multinational Force and Observers (MFO), Lt. Gen. Fredrik Bull-Hansen, and the force’s director-general, Leamon Hunt (who was gunned down in Rome just days later), Israel requested that the MFO carefully monitor Egyptian military infrastructure construction in Zone A in Sinai. However, in mid-March, summing up his tenure as MFO commander (he was replaced by another Norwegian, Lt. Gen. Egil Ingebrigsten), Bull-Hansen told reporters that in the five years since the signing of the Israel-Egypt peace treaty the MFO had detected only minor violations of its provisions.

Prime Minister Shamir sent what were described as “warm and friendly” greetings to Egyptian president Hosni Mubarak on the occasion of the fifth anniversary of the treaty, expressing the hope for continuing and expanding peaceful relations between the two countries. His message was sent less than three weeks after he excoriated the Egyptians in the Knesset (March 7), asserting that Egypt’s behavior “impairs the credibility of agreements and commitments it has undertaken.” Shamir was particularly outraged over the blatantly anti-Semitic propaganda being disseminated in the “institutionalized” Egyptian press, as he termed it. Shamir’s harsh words notwithstanding, two days later Industry and Trade Minister Gideon Patt attended the opening of the annual Cairo International Fair in which Israel
participated. This proved to be the only visit to Egypt by an Israeli cabinet minister in 1984—a visit that was not reciprocated.

In April MK Abba Eban (Alignment-Labor) was given a red-carpet welcome in Cairo, even as Defense Minister Arens was reiterating, to Israel Radio, the complaint that had already been lodged with the MFO earlier in the year, namely, that Egypt was effectively violating the peace treaty by its extensive military construction in Sinai. Eban, who was received by President Mubarak in his private residence on April 5 for a 75-minute talk, was told that the Israeli presence in Lebanon was the main obstacle to a thaw in the relations between the two countries. Following his two-day stay in Cairo, during which he also met with other Egyptian leaders, Eban told reporters that Mubarak had expressed his country’s commitment to the peace treaty. Yet, in an interview with the Jerusalem Post, Eban’s official host in Egypt, Secretary of State for Foreign Affairs Butros Ghali, declared that as far as his country was concerned, Israel had “betrayed the whole peace process” by its behavior in the West Bank and its actions in Lebanon.

Matters were not helped by Egypt’s decision, in April, to break diplomatic relations with El Salvador and Costa Rica for returning their embassies in Israel to Jerusalem. Egypt’s chargé d’affaires in Israel, Mohamed Bassiouney, was called in to the Foreign Ministry in Jerusalem and told of Israel’s “profound astonishment” at Cairo’s move, the more so as this “intervention” in Israel’s foreign relations constituted a violation of the peace treaty. Another Foreign Ministry statement around this time objected to a remark by Butros Ghali that Israel’s treatment of the Palestinians under its control was “armed terror without parallel in human history.” Terming such comments “hostile propaganda,” an Israeli spokesman said they “encourage terrorism, and are contrary to the peace treaty.”

A case of mixed messages occurred again on June 4 when the chairman of the Knesset’s Defense and Foreign Relations Committee, Eliahu Ben-Elissar (Likud-Herut), who also served as Israel’s first ambassador to Egypt, paid a surprise visit to Cairo to convey a message from Prime Minister Shamir to President Mubarak. On the very same day, the Israeli press headlined charges by the IDF’s chief of military intelligence, Maj. Gen. Ehud Barak, to the effect that Egypt was engaged in a military buildup in Sinai and was liable to rejoin the “active circle of hostility against Israel.” Although the Ben-Elissar visit was widely regarded as an election ploy aimed at arranging a Shamir-Mubarak meeting like the Begin-Sadat summit that took place on the eve of the 1981 elections, it was made in response to what was said to have been a positive message from Mubarak to Shamir at the end of April. The comments of General Barak, an embarrassment in light of the diplomatic moves being made, were disclaimed by the prime minister. Speaking on Israel Radio, Shamir said the press had overblown Barak’s remarks, and that while Egypt was apparently engaged in a military buildup, Israel faced no danger from that quarter. Ben-Elissar reported to Shamir on his talks on June 5, perhaps just at the time when Israeli diplomat Zvi Kedar was being shot and wounded outside his Cairo residence. A Palestinian organization claimed responsibility for the attack.
The advent of Shimon Peres as prime minister brought a spurt of diplomatic activity. In the final week of September he received the Egyptian chargé d'affaires three times in as many days. The Egyptian official handed Peres a message from Mubarak and briefed him on Egypt's resumption of diplomatic relations with Jordan, a move Israel welcomed. In a Jerusalem Post interview, Peres cited Lebanon and Taba—the disputed tiny stretch of coastline south of Eilat—as the chief obstacles to a thaw in the cool relations between the two countries. As for the former, he said, Cairo was aware that Israel was serious in its intention to terminate its presence in Lebanon; and as for Taba, that was under study, with a view to resolving the dispute without resorting to international arbitration.

The year ended on a relatively up-beat note when Israel's ambassador to Egypt, Moshe Sasson, was received by Prime Minister Kamal Hassan Ali, who told him that Egypt remained committed to peace with Israel. This was followed by Prime Minister Peres's confirmation on November 11 of reports that he had proposed a summit meeting with Mubarak. While this was not rejected outright, the Egyptian leader said that the ground for such an encounter had to be prepared. What this meant in concrete terms was explained a few days later by Mubarak's foreign policy adviser, Osama al-Baz. He told the New York Times that "we have to be certain that a summit would produce meaningful and concrete progress not only on bilateral relations, but also with respect to the Palestinian question and the situation in Lebanon."

OTHER MIDDLE EAST COUNTRIES

The question of Israeli arms sales to Iran received considerable attention in 1984. In March an Israeli spokesman, responding to reports in Bonn, said there had been no Israeli arms deliveries to Iran for the past three years. In May assertions by Minister Without Portfolio Ariel Sharon, who was in the United States, that Israel was in fact providing the Khomeini regime with arms were denied by the prime minister's spokesman. In June, this time in the wake of a remark by former U.S. ambassador to Saudi Arabia James Akins, Defense Minister Arens himself rejected charges that Israel was supplying arms to Iran. The Israeli embassy in Washington disavowed a report in a local newsletter which intimated that Israel was providing Iran with spare parts for its Phantom jet fighters.

As for the Iran-Iraq war itself, Prime Minister Shamir told Ma'ariv in April that "wars between our enemies work in our favor; they give us, at least, more time, which is the essential thing we need now." Iraq, he pointed out, could not move against Israel as long as it was bogged down in its conflict with Iran, and even though Baghdad was receiving large stocks of combat matériel, that equipment was "being used up in battle." Shamir put it still more bluntly in an Israel Radio interview in June: "Let those two crazy countries destroy each other," he said, explaining that Israel's attitude was one of neutrality in the conflict.
Israel’s attitude toward nuclear installations in the Middle East—a subject of major interest since the air force’s destruction of the Iraqi nuclear station in 1981—was formally expressed by Prime Minister Shamir in May. He stated that Israel advocated international arrangements that would guarantee immunity for peaceful nuclear power plants in the region. Reinforcing this posture, the director-general of the Israel Atomic Energy Commission, Uzi Eilam, notified the International Atomic Energy Agency in June of Israel’s position that all peaceful nuclear installations should be “inviolable from military attack.” Israel itself, Eilam added, would not interfere with any nuclear facility operating for peaceful purposes.

An event that seemed to hold out hopeful prospects for the future took place in May when a group of some 35 Israelis, including 11 Knesset members, local officials, and journalists, visited Morocco within the framework of a two-day conference there of world Jewish communities. During this first-ever official visit by an Israeli delegation to the North African state, the head of the Israeli group, Moroccan-born MK Rafi Edri (Alignment-Labor), invited the host country to send a reciprocal delegation to visit Israel. Addressing the delegation, Moroccan minister of state Moulay Ahmed Alaoui told the Israelis that King Hassan II was willing and able to act as a mediator between Israel and the Palestinians. In Israel, Prime Minister Shamir described the reception given the visitors to Morocco as “one more expression of the growing acceptance by the Arab world of the independent existence of the State of Israel.”

Shamir’s optimism was tempered, however, in a speech he delivered in the Knesset a week later (May 21). “Ideological and practical inertia,” he said, prevented the Arabs from “responding to Israel’s willingness to sit at the negotiating table with any Arab state.” In one of his final policy statements as prime minister, Shamir declared as unacceptable a Middle East peace plan published by the Soviet news agency Tass on July 29, one which centered on the convening of an international conference. Shamir told the cabinet in August that the plan would be unwieldy and unworkable.

The main thrust of Prime Minister Peres’s thinking was, as expected, in the direction of a possible breakthrough with Jordan. Welcoming the resumption of Egyptian-Jordanian diplomatic relations (announced September 25), Peres said he hoped this move augured a similar renewal of regional peace efforts.

That peace, however, was not around the corner was demonstrated on October 1 when King Hussein, evidently on the defensive in the Arab world following his resumption of relations with Egypt, launched a scathing attack on the new Israeli government and presented a hard-line posture with respect to the peace process. Responding within hours of the king’s remarks, Prime Minister Peres rejected Hussein’s preconditions for talks, adding that Israel’s declared desire for negotiations was not a “tactical ruse” but was based on the “real and serious need” for peace in the region.

In late November attention focused on the meetings in Amman of the 17th Palestine National Council (PNC), regarded by Palestinians as their “parliament
in exile." While the meetings were noteworthy for bringing about reconciliation between King Hussein and Yasir Arafat, they did not produce an agreement by the PLO leader to join Hussein in seeking a negotiated peace with Israel. In his speech opening the PNC, King Hussein called for an international peace conference in which the PLO would be a participant, and for a political settlement based on the principle of "peace for territories." Prime Minister Peres's spokesman, in a statement issued the day after the speech, expressed skepticism about a possible PLO shift to the diplomatic path, but reiterated Jerusalem's call to the Jordanian monarch to commence direct negotiations with Israel, without prior conditions on either side. Peres's views served to highlight the divisions within the government of national unity—which some dubbed the "government of national paralysis"—since Foreign Minister Shamir was known to be opposed to talks with Jordan. Declaring that he was "not enthusiastic about this slogan of 'peace for territories,'" Shamir explained that "Hussein understands it as meaning a total [Israeli] withdrawal to the 1967 borders, while Arafat's interpretation is that it would be the first stage in the liquidation of Israel." About a week later, Peres himself termed the PNC meeting "more of a psychological than a political event," one which would not produce concrete results because of its ambivalent message.

In the meantime, on November 28 a Katyusha rocket fired from Jordan hit the Jordan Valley, the second such attack in a month. Defense Minister Yitzhak Rabin told Israel Television on November 30 that Israel had warned Jordan not to allow the kind of PLO buildup that had taken place in the 1960s. Israel's information, Rabin said, was that growing numbers of PLO personnel were converging on Amman in the wake of the organization's expulsion from Beirut.

In an episode related to the PNC meetings, MK Abdel Wahab Darousha (Alignment-Labor) on November 27 left secretly for Cyprus where he hoped to obtain a visa to enter Jordan, there to address the council in a dramatic peace gesture. When an Israeli news magazine revealed the story while Darousha was still in Cyprus, the Labor party tried frantically to contact him and convince him to call off the trip. Foreign Minister Shamir reflected Likud thinking when he termed the move "grave, hostile, and dangerous." As things turned out, Darousha returned to Israel on November 29, which was also the final day of the PNC meeting, having failed to receive a visa to enter Jordan. He told reporters that he had no regrets, averring that he had taken "the first step in the right direction—toward an Israeli-Palestinian peace."

A peace move of a different sort—less dramatic but perhaps ultimately more effective—was shown to reporters during a tour of the Jordan Rift Valley that took place near the end of the year. Pointing to the lush green valley visible across the Jordan River, Agriculture Minister Aryeh Nachamkin noted that it had been totally barren before 1967. The Jordanian region had been developed, he said, with the help of Israeli-trained advisers and with state-of-the-art equipment purchased from Israel. Nachamkin explained that Israeli agricultural goods, such as drip-irrigation
devices, were being exported (without Israeli markings) to various Arab lands via the Jordan River bridges. The government had decided to allow this indirect form of aid to proceed, he said, because “it has made the border quiet.”

WESTERN EUROPE

Following a trend already visible in 1983, Israel’s relations with the nations of Western Europe continued to improve, to the pre-Lebanon-war level or better. A major event was the visit to Israel by West German chancellor Helmut Kohl, the first such visit by a German chancellor while in office. (Originally scheduled for September 1983, the visit was at that time postponed in the wake of Prime Minister Begin’s resignation.) Kohl’s six-day visit, which began January 24, included a ceremony at the Yad Vashem Holocaust Memorial in Jerusalem and meetings with leading Israelis in politics, industry, and higher education. Israel requested Bonn’s assistance in offsetting agricultural competition caused by the entry of Spain and Portugal into the European Economic Community (EEC). However, the key issue in the talks was a mooted West German arms sale to Saudi Arabia, a move which Israel strenuously opposed, as much on moral as on practical grounds. As Prime Minister Shamir told a West German paper: “We don’t want Jewish blood to be spilled again by German arms.” Shamir told Kohl that implementation of the arms sale would have serious repercussions for the “special relationship” between Germany and Israel. For his part, the German chancellor said at a press conference at the conclusion of his visit that, while he was well aware of Germany’s “historic responsibility” vis-à-vis the Jewish people, the final decision on the arms sale would be made in Bonn, “based on our conviction and our responsibility.”

Other important European visitors to Israel in 1984 included the president of the European Parliament, Pieter Dankert, from the Netherlands, who, in an address to the Knesset in February, termed Israeli settlement policy in the West Bank “counter-productive to an overall peaceful solution in the region”; France’s minister for research and industry, Laurent Fabius, whose March visit produced a decision to create a joint Franco-Israeli body for coordination of industrial research; the political director of the Greek Foreign Ministry, in a rare visit (mid-April) by a ranking Greek official, who indicated his country’s readiness to improve relations in various fields, if not yet to exchange ambassadors; French foreign minister Claude Cheysson, who was in Israel for a lightning 24-hour stay on July 11–12, within the framework of a Middle East junket by President Mitterrand, and reported to Shamir and Peres on the French president’s talks in Egypt and Jordan; British foreign secretary Sir Geoffrey Howe in an intensive 24-hour visit at the end of October, during which he obtained, according to a British official, “a better understanding of Israel’s preoccupation with its security needs”; and a year-end four-day visit by Italian defense minister Giovanni Spadolini for discussions of Italy’s role in UNIFIL and Italian-Israeli cooperation in combating terrorism. Earlier in December, Prime Minister Peres had announced that he was postponing a scheduled January
1985 visit to Rome because of a meeting between Italian premier Benito Craxi and PLO chief Yasir Arafat.

The major visit to Europe by an Israeli was that paid by Prime Minister Peres to France (December 5–8), the first such visit since David Ben-Gurion was received by Charles de Gaulle over two decades earlier. Peres told a press conference in the French capital that the “extraordinary reception” he had been accorded by the president and the government “was a manifestation of profound friendship.” Among the practical matters discussed were French help in negotiating an Israeli withdrawal from Lebanon and the possible acquisition by Israel of French-built nuclear power stations. Peres said France had pledged not to supply Arab states with nuclear plants possessing military potential (as France had done in supplying Iraq with the reactor destroyed by Israel in 1981).

Earlier in the year, Prime Minister and Foreign Minister Shamir visited Brussels and The Hague (in February), his chief purpose being to alert officials of the EEC to Israel’s deep concern about the possible ramifications of Spain and Portugal’s entry into the Common Market. Industry and Trade Minister Gideon Patt told Israel Radio that the EEC, recognizing the country’s economic problems, had agreed to allow Israel to continue customs levies on imported European products until 1989, instead of the originally scheduled 1987.

Defense Minister Moshe Arens met with his British counterpart, Michael Heseltine, in London, on June 4, reportedly proposing joint arms development projects in which Israel would provide the technology and Britain the financing.

That a new atmosphere prevailed in Israeli-European relations was perhaps best indicated by the fact that the Foreign Ministry was able to welcome—albeit with reservations—a statement issued by the leaders of the EEC in December regarding the Middle East. The Foreign Ministry reacted positively to the EEC’s call for “direct negotiations among the parties themselves—the Arab states, Israel, and the Palestinian people—which must recognize mutually each other’s existence and rights.” However, the ministry also expressed “regret” at the EEC leaders’ assertion that “the PLO must be associated with the peace negotiations.”

OTHER FOREIGN RELATIONS

President Herzog, who also paid two state visits to Europe during the year (to Britain and the Netherlands), helped cement Israel’s growing formal ties with African nations when he paid a week-long visit to Zaire and Liberia in January. The president told reporters upon his return to Israel that the reception accorded him and Mrs. Herzog was “beyond all our expectations.” In February Liberian finance minister Maj. J. Irving Hones visited Israel and concluded agreements on Israeli training of civil pilots and bank officials. In mid-August two Nigerian dignitaries, one a tribal king and the other an emir, were in Israel as the guests of an Israeli businessman. The two, who were the first ranking Nigerians to visit the country
since Lagos broke diplomatic relations in 1973 (although economic bonds between the two countries continued uninterrupted), paid courtesy calls on the president and the prime minister. In September and again in December senior officials from Swaziland were in Israel for talks on various aid and cooperation projects.

Israel's ties with South Africa were in the news in 1984. In April the Israeli ambassador to that country, Eliahu Lankin, denied what he termed a "tendentious" and "distorted" report in the London *Sunday Times* on Israeli–South African military cooperation. Specifically, Lankin denied that Israeli personnel were training South African troops and that South Africa was a partner in the Lavi jet-fighter project. In November Israel sought to downplay a visit by South African foreign minister Roelof Botha. Although the visit was termed "not official," Botha was met at the airport by Foreign Minister Shamir, who also acted as his host and held a working session with him at the Foreign Ministry. Botha also met with Defense Minister Rabin; however, virtually all Labor cabinet ministers and MKs boycotted a reception for the South African official at the Knesset.

Relations with Asian countries saw improvement during the year. Talks between Australian foreign minister Bill Hayden and Prime Minister Shamir during the former's five-day visit in January centered on the future of Australia's contingent in the Sinai peacekeeping force. In February Israel was accepted into the Asian region of the International Labor Organization (ILO) by a vote of 32–16 in a secret ballot at the ILO's Geneva headquarters. On May 27 Prime Minister Shamir told the cabinet that Israel and Sri Lanka were resuming diplomatic ties after 14 years, this amid press reports that Sri Lanka was receiving Israeli assistance in counterinsurgency techniques. Prime Minister Peres cabled Israel's condolences to Rajiv Gandhi following his mother's assassination in October, even though Israel and India had no diplomatic relations.

In the East European bloc, ties with Rumania were expanded when Industry and Trade Minister Gideon Patt and Histadrut secretary-general Yeruham Meshel visited Bucharest in February and met with President Ceaucescu. A protocol was signed doubling Israeli-Rumanian annual trade to $90 million, and Meshel said the Histadrut would open an office in the Rumanian capital to help promote commercial ties. There was no breakthrough, however, in Israeli-Soviet relations, severed since 1967. In February, following the assumption of power in the Kremlin by Konstantin Chernenko, Prime Minister Shamir called on the Soviet leader to reexamine his country's policy toward the Middle East and toward Soviet Jewry. (See also "Israel and World Jewry.") In October, acting in his capacity as foreign minister, Shamir met with his Soviet counterpart, Andrei Gromyko, in New York, during the UN General Assembly session. The "serious and businesslike" meeting, as it was termed by an official of Israel's UN mission, which lasted 90 minutes, was the first of its kind in three years. Shamir also met in New York with Polish foreign minister Stefan Olszowski, their discussion reportedly centering on ways to expand economic and cultural ties between the two countries. In another high-level meeting, Israel's
ambassador to the United States, Meir Rosenne, met with his Soviet counterpart, Anatoly Dobrynin, at a “neutral” embassy in Washington, though again no diplomatic breakthrough resulted.

Relations with Latin America were expanded during the year, with the Foreign Ministry announcing on September 6 that diplomatic ties were to be established between Israel and Belize. In April El Salvador became the second country (following Costa Rica) to return its embassy to Jerusalem, following its transfer to Tel Aviv in 1981. In December Foreign Minister Shamir visited Panama and Venezuela, but his visit was cut short because of an urgent call to return home in the wake of a coalition crisis. The same fate befell a parliamentary fact-finding mission to Argentina in March. (See also “Israel and World Jewry.”)

In June UN secretary-general Javier Pérez de Cuéllar visited Israel as part of a Middle East tour, his talks centering on Lebanon, possible prisoner-of-war exchanges, and the Middle East situation in general. Foreign Ministry director-general David Kimche told the visitor of Israel’s “discontent and disillusion” with the United Nations, a feeling that was reinforced during the year when Iran once again led a drive to unseat the Israeli delegation. Prime Minister Peres reciprocated Pérez de Cuéllar’s visit by calling on him at UN headquarters in New York during a visit to the United States in October.

**Terrorism**

The year 1984 saw a sharp rise in Arab terrorism inside Israel, together with increased manifestations of Jewish counterterrorism. A crackdown by the authorities on Jewish vigilantes led to the roundup of several underground groups, including one major organization based in Jewish settlements in the administered territories.

During the year there were 350 attacks by Arabs—an average of 1 a day—in which 5 Jews were killed and 108 wounded.

As in the past, Jerusalem was the scene of some of the worst of the terrorist outrages, including the planting of 15 bombs in various parts of the city, most of which were discovered by passersby before they went off. One major disaster was averted when 12 kilograms of explosives hidden inside a car parked in downtown Jerusalem were neutralized by police bomb-disposal experts on August 15. However, 21 persons were hurt when two of four grenades hidden in a plastic bag exploded in the city’s downtown area on February 28; responsibility was claimed by Nayif Hawatmeh’s Democratic Front for the Liberation of Palestine. What police termed an attack “of an entirely new nature” occurred on April 2, close to Jerusalem’s main downtown intersection, when three gunmen opened fire at passersby on the street. Forty-eight persons were wounded, one of whom later died, in what became a veritable “wild West” shoot-out, as civilians carrying pistols opened fire on the fleeing terrorists. Two of them were captured and one killed. (The Israel Air Force carried out a retaliation strike for the attack later in the week.) On
November 22 the two captured terrorists raised their fists in defiance as they were led off after being sentenced to life imprisonment.

Buses were involved in several terrorist acts during the year. On March 7 three persons were killed and eight wounded when a booby-trapped hand grenade exploded on a bus in Ashdod; responsibility was claimed by the Abu Nidal organization. On September 17 a bus plying the Jerusalem–Kiryat Arba route was fired on near the Dehaishe refugee camp. Five Jewish passengers on the bus were wounded, as were two Arabs traveling in a car behind the bus. On December 19 three persons, including a three-year-old boy, were lightly wounded when a grenade was thrown at a bus adjacent to the wholesale fruit and vegetable market in Tel Aviv; a Gaza teenager employed at the market was arrested in connection with the attack two days later.

However, it was during the 11 hours beginning at 6:20 P.M. on April 12 that the year's most dramatic terrorist attack took place. Four Arabs boarded the No. 300 Tel Aviv–Ashkelon bus at the central bus station in Tel Aviv. As the bus passed the Ashdod junction the suspicious behavior of the four alerted one of the passengers, who told the driver he was feeling ill and wanted to get off. Just after the man left, the four Arabs took command of the bus, brandishing what were apparently homemade bombs and holding a knife to the driver's throat. The hijackers let a second person disembark when she began screaming hysterically. She and the first man hitchhiked to a nearby gas station and called the police. Following a wild chase along the highway, with police and army personnel trying to shoot out the bus's tires, the bus crashed through a barrier, roared through Gaza, and finally came to a halt, its tires blown out, near the town of Deir al-Balah, about 35 kilometers from the Egyptian border.

Although some passengers managed to escape in the confusion, about 25 still remained on board, as security forces surrounded the bus and sealed off the area. When the defense minister and the chief of staff arrived on the scene, the terrorists indicated that they were attached to George Habash's Popular Front for the Liberation of Palestine and demanded the release of 500 security prisoners in exchange for the hostages. Just before dawn, IDF soldiers stormed the bus. One Israeli, a 19-year-old woman soldier, was killed, and seven civilians were wounded, by the soldiers' gunfire. (It was later discovered that the hijackers had no firearms.) The IDF spokesman said that two of the terrorists were killed when the bus was seized by the army, while the other two died shortly afterwards of their wounds, one of them while en route to the hospital.

The incident soon took a new and unexpected turn. The New York Times reported that two of the hijackers had actually been led away under their own steam by security forces after the bus was stormed, and that photographs existed to prove it. On April 30 an Israeli tabloid, Hadashot, was shut down for three days by the military censor for reporting, in violation of censorship, that the defense minister had set up an internal commission of inquiry to determine how the four terrorists had died. A month later (May 28) the report of the commission of inquiry, headed
by Maj. Gen. (Res.) Meir Zorea, was released. In dry, clinically detached language, it concluded that two of the terrorists died when the bus was stormed, "as a result of the attacking force's gunfire," while the two others died of skull fractures caused by blows to their heads by blunt instruments, presumably rifle butts. Since these findings raised "suspicions that some security forces personnel broke the law," a full investigation was to be carried out by the Israel Police and the Military Police in conjunction with the State Attorney's Office. On May 29 Hadashot devoted its entire front page to the photograph that had touched off the story, and which it now allowed to print, though with the faces of the Israeli security personnel involved blacked out, giving rise to new speculation about a cover-up. The entire incident, besides completely overshadowing the original terrorist attack, further undermined the credibility of the IDF Spokesman's Office (already at a low point following the Lebanon war) and raised disturbing questions about the use to which military censorship had been put.

Several brutal killings of individuals that occurred during the year aroused public demand for harsher treatment of apprehended terrorists. On August 10 the body of Moshe Tamam, a 19-year-old soldier, was found in an orchard near Nablus; he had been shot through the chest. Hawatmeh's DFLP claimed responsibility. On October 22 two Hebrew University students were murdered while walking in the woods near the Cremisan Monastery between Jerusalem and Bethlehem. They had been tied to a tree and shot through the head. Arrested within days on suspicion of having killed the two was a 22-year-old resident of the Dehaishe refugee camp just south of Bethlehem. It was unclear whether the alleged murderer had acted on his own or on orders from a terrorist organization.

On December 11 the body of a 20-year-old woman soldier, Hadass Kedmi, was found on Mount Carmel. Hundreds of volunteers had been searching for the young woman, who had been missing since November 29, when she was seen hitchhiking to her home in a Haifa-area kibbutz. The autopsy revealed that she had been repeatedly raped during her captivity before being strangled. As calls for the death penalty for terrorists mounted, the Citizens Rights and Peace Movement submitted a bill in the Knesset which would deprive persons convicted of "murder in the first degree" of all prison privileges. The "first degree" charge would be applicable in cases of kidnap-and-murder and if there was maltreatment of the victim for nation alist, racial, or religious reasons.

A number of Arab terrorists faced court trials during the year. At the beginning of March eight West Bank and Jerusalem Arabs went on trial in Nablus military court, accused of having organized an underground terrorist cell, based on Islamic fundamentalist tenets, in order "to overthrow the Jewish state and establish a Moslem theocracy in its place." They were charged with the fatal stabbing of a yeshivah student, Aharon Gross, in Hebron in July 1983. On May 21 four of the men were sentenced to life imprisonment; the others received jail terms of from 10 to 25 years. (In March the trial also opened, in Jerusalem, of six Jewish settlers accused of torching the Hebron marketplace in retaliation for the murder of Aharon Gross.)
Two Kalkilya residents were sentenced in June to 25- and 15-year prison terms for having attempted twice to plant a bomb in a Kfar Sava schoolyard. In July seven persons received prison terms of 7 to 15 years from a Gaza military court for throwing grenades at Israelis and at local residents earlier in the year. Also in July, a 22-year-old Bedouin from a Judean township was given life imprisonment for the murder, two years earlier, of an Israeli who was shopping in Bethlehem. In the same month the Lod military court handed down a 25-year sentence to each of two men from the Nablus area who planted five bombs in and around Petah Tikva and Kfar Sava in 1982. On September 4 a panel of five judges in a military appeals court commuted to life imprisonment the sentences of two Israeli Arabs who had been sentenced to death the previous December for the murder of an Israeli soldier in 1980. In December five members of yet another Islamic fundamentalist terrorist cell, this time in Gaza, were sentenced to prison terms ranging from 9 to 13 years.

Two foreign nationals operating for Arab terrorist organizations were also convicted and sentenced. A 22-year-old West German man who was recruited by the PLO in Europe received a five-year prison term in February for attempting to set fire to fuel pumps at a Tel Aviv police facility in 1983. In March a French citizen was given a four-year term for gathering information in a PLO plot to blow up Israel's tallest building six years earlier. (The man, whose part in the scheme came to light in PLO documents seized by the IDF in Beirut, was pardoned on December 6 by President Herzog and deported to France on the eve of Prime Minister Peres's visit to that country.)

Acts of terrorism committed by Jews against Arabs revealed the growing boldness of Jewish underground groups. At the same time, vigorous action by police and legal authorities indicated that the government would not tolerate unlawful behavior on the part of any citizen, Arab or Jew.

On March 5 four American nationals said to be followers of Rabbi Meir Kahane's Kach movement were arrested and charged with opening automatic-weapons fire, just hours earlier, on an Arab bus traveling near Ramallah, wounding seven passengers. On November 11 Yehuda Richter, the number-two man on Kahane's Knesset list, was given five years' imprisonment and a three-year suspended sentence for his part in the bus attack, following plea bargaining. Two other members of the squad were earlier sentenced to lighter prison terms. The Kach movement paid the legal expenses of the defendants.

Also on March 5 three persons were arrested in Jerusalem in connection with an abortive attempt in January to blow up the Moslem holy places on the Temple Mount in Jerusalem and with various other attacks on non-Jewish holy sites in the city. Purportedly members of a messianic sect, the three lived in the ruins of the Arab village of Lifta at the western entrance to Jerusalem. There police found an extensive cache of arms and high explosives. The alleged leader of the sect, Shimon Barda, who had avoided arrest in March, was detained by police on June 25.

On April 9 police announced that they had in custody four members of another mystically oriented Jewish terrorist band whose operations, together with those of the Lifta group, evidently accounted between them for all the attacks in 1983 and
the beginning of 1984 perpetrated by the “TNT” (Hebrew acronym for “terror against terror”) gang. The four, two of whom were brothers and a third their cousin, resided in Jerusalem’s Ein Karem quarter. On November 20, following plea bargaining, three of them, including the two brothers, Amram and David Der’i, aged 26 and 23 respectively, were sentenced to six years’ imprisonment and a three-year suspended sentence. The series of attacks they carried out, mainly against Moslem and Christian holy sites in Jerusalem, wounded a number of persons and caused property damage.

On October 28 a LAW antitank rocket was fired into an Arab bus near the Old City of Jerusalem, killing one person and wounding ten. The suspected perpetrator, an 18-year-old soldier, was arrested five days after the attack. Found next to the rocket launcher was a note claiming that the attack was in retaliation for the murder a few days earlier of two Hebrew University students at Cremisan.

On January 26 a member of the Elon Moreh settlement was charged in Tel Aviv district court with the murder of an 11-year-old Nablus girl near the end of 1983; a second member of the settlement was charged with being an accomplice after the fact. Before their trial got under way, at the beginning of June, yet a third Elon Moreh member, the settlement’s security chief, was sentenced to 3 months’ imprisonment and a 33-month suspended sentence for having destroyed evidence relating to the case.

The year’s most sensational episode of Jewish terrorism began to unfold on April 27 when police and General Security Service (GSS) personnel arrested a number of Jewish activists, nearly all of them from settlements in the West Bank and Golan Heights, following the discovery that bombs had been placed beneath six Arab-owned buses in the Jerusalem area. Had the devices detonated as planned, hundreds of tourists and passersby, as well as passengers, would probably have been killed. The arrests, which were followed by additional detentions of Jewish settlers, proved to be the culmination of an investigation of suspected Jewish terrorists that had been under way for over two years. While the immediate motive for the plan to blow up the buses was evidently retaliation for the bus hijacking at Ashdod earlier in the month, it soon became apparent that all or some of those detained had been responsible for a number of “vigilante” terrorist acts in the territories. Among these were the 1980 attack that left two leading West Bank mayors crippled and the 1983 operation against the Islamic College in Hebron in which three students were gunned down. Prime Minister Shamir, the official to whom the GSS was responsible and who had given the order for the round-up of suspects, said their arrest had “prevented a catastrophe.”

Condemnation was not universal, however. Science and Development Minister Yuval Ne’eman, leader of the far-right Tehiya party, touched off a public furor when he drew a distinction between the different acts allegedly committed by those in detention. The attack on the mayors, he said, had, without killing anyone, brought about the dissolution of the National Guidance Committee, “which was effectively the PLO’s official representation in Judea and Samaria and flourished with the
encouragement of then-defense minister Ezer Weizman." By contrast, he said, the raid on the Islamic College and the abortive Jerusalem bus attack were "acts of blind terrorism." The Tehiya leader's remarks reflected an emerging debate in the Jewish settlements and among their advocates, particularly within the Gush Emunim ("Bloc of the Faithful") movement, as to the validity, moral and otherwise, of the detainees' acts. One Gush Emunim spokesman who was far from apologetic was Rabbi Moshe Levinger, leader of the Jewish settlement in Hebron, who asserted that responsibility lay with "shortcomings of the government." Levinger himself was soon taken into custody for about ten days for questioning in connection with one or more of the acts attributed to the suspects. His release was followed by the detention of Rabbi Eliezer Waldman, director of the Kiryat Arba yeshivah and the number-four candidate on the Tehiya Knesset list for the July elections. He too was released after several days of questioning.

On May 23 an indictment was handed down in Jerusalem district court against 27 persons on six counts, each relating to one or more of the defendants. The defendants' names were still, at this stage, barred from publication and remained so for over three weeks more, a delay that gave rise to fierce criticism and even a front-page threat by *Ha'aretz* to take the matter to the Supreme Court.

The charge sheet stated that between 1978 and 1981, 11 of the defendants "joined together in a terrorist organization whose aim was to perpetrate violent acts that could cause death or injury." Among those acts were: a conspiracy to blow up the Dome of the Rock on the Temple Mount; an attack on members of the National Guidance Committee in June 1980, as a result of which Nablus mayor Bassam al-Shaka lost both legs and Ramallah mayor Karim Khalaf lost one leg, while a border policeman was blinded in both eyes when one of the charges blew up in his face (the man, a bomb-disposal expert, was bitter when he testified at the end of June, it having emerged that two of the defendants, both army officers, had watched him approach what they knew to be a booby-trapped garage of a West Bank mayor without warning him); the premeditated murder of 3 students and the wounding of 33 more at the Islamic College in Hebron in July 1983, in revenge for the murder of yeshivah student Aharon Gross in Hebron a month before; the booby-trapping of six Arab-owned buses in and around Jerusalem in April 1984 "with the intention of causing the death and injury of passengers on the buses"; and the planting of grenades at two Hebron mosques and a Hebron schoolyard, all of which had gone off, causing injury. If convicted, the defendants faced severe penalties, ranging from a mandatory life sentence for murder, to 20 years for "activity in a terrorist organization" or attempted murder, and 10 years for "illegal possession and bearing of arms."

The prosecution obtained its first conviction even before the trial formally opened when Noam Yinon, 27, from a Golan Heights moshav, pleaded guilty on May 29 to illegal possession of arms, following plea bargaining. The sentence he received, an 18-month prison term and an 18-month suspended sentence, was appealed by both Yinon and the prosecution. A more important guilty plea, again after plea
bargaining, was that of Gilad Peli, defendant number 9, who on June 13 admitted to being a member of a terrorist organization and to conspiring to blow up the Dome of the Rock—thereby establishing that such an organization and such a conspiracy had indeed existed. The 30-year-old Peli, also from a Golan Heights moshav, was a graduate of the Mercaz Harav Yeshivah in Jerusalem, Gush Emunim's spiritual center, and the son of one of Yitzhak Shamir's colleagues in the prestate LEHI underground. Peli received a ten-year sentence, which stunned his family and the settlement movement in the territories, and led Gush Emunim to issue a statement (in English) expressing the movement's position vis-à-vis the trial and the Jewish terrorist organization. After condemning the "extraordinary . . . harshness" of the sentence and maintaining that it was "influenced by public opinion created by the media"—as witnessed by the fact that PLO members received "five years or less" for "similar or more severe crimes"—the statement moved to its ideological heart:

It was not the Jewish people who opened the violent feud that has continued on this land. The Jewish nation in Israel has been subjected to terrorist atrocities since its inception, and reaction to these atrocities, albeit not handled in the correct fashion, was the result of an insufficient and desperate security situation. To equate these individuals with terrorists such as the PLO, who are committed to Israel's destruction, is morally abominable.

Peli later appealed the sentence. On June 14, defendant number 17, Yosef Tzuria, 25, was convicted after plea bargaining of, inter alia, complicity in the Temple Mount episode. He was given a three-year prison term with two years suspended, which both he and the prosecution appealed.

When the names and biographies of the other defendants were finally released on June 18, they turned out to include some of the leading figures of the Jewish settlement movement in the territories. Defendant number 1, the alleged leader of the Jewish terrorist organization, was Menachem Livni, 36, secretary of the Association for the Rehabilitation of the Jewish Quarter in Hebron, where he resided. An engineering corps battalion commander in the reserves, Livni was an explosives expert. Yehuda Etzion, 33, defendant number 2, was among the founders of Gush Emunim and of the key settlement of Ofrah, in Samaria, where he made his home. He was a member of the Gush Emunim secretariat and author of a number of its publications. Defendant number 4, Yeshua Ben-Shoshan, 34, a rabbi, was a recipient of the Medal of Valor for heroism in the Yom Kippur War. Also among those in detention were the sons-in-law of Rabbis Moshe Levinger and Eliezer Waldman; a father, his son, and the father's brother; and another pair of brothers.

On June 27 the trial of 20 of the defendants formally opened (three had already been sentenced and two more plea-bargaining cases were pending; the trial of the two army officers had been separated from the rest); all pleaded not guilty. Proceedings were deferred until after the summer recess of the courts (and, coincidentally, until after the Knesset elections), but in the meantime the two other plea-bargainers were sentenced: defendant number 20, Yehuda Cohen, 25, on July 15, to 18 months' imprisonment and two years' suspended sentence (his appeal was rejected by the
Supreme Court in November); and defendant number 16, Avinoam Katrieli, 23, on August 26, to 15 months in prison and 33 months' suspended sentence, which he appealed. A week before the trial resumed, defendant number 22, Moshe Zar, 47, a major land dealer in the West Bank, was released on bail due to ill health. When the trial finally did reopen, on September 16, it began with a “mini-trial” to determine whether statements given to police and GSS investigators by the suspects immediately following their arrests were admissible. The defendants contended that the statements had been extracted illegally, by a combination of trickery and pressure.

Speaking on the occasion of Jerusalem Day (May 30) to a group from the Bnei Akiva religious youth movement, President Chaim Herzog expressed what many—though by no means all—in the country felt about the affair. Actions such as the defendants were charged with, he said, “lower us to the subhuman depths of the terrorist organizations that operate against us.” Noting that such crimes violated not only the commandment against murder but also the precepts proscribing “false messianism” and “rebellion against the kingdom,” Herzog quoted a leading Gush Emunim rabbi who had expressed concern at the mounting extremism and tendency toward isolationism among certain circles of religious Zionist youth. The president assailed these trends, “especially at a time when the entire nation needs, as we need the air we breathe, a bridge across the yawning divide, mutual understanding, reconciliation, and tolerance.”

The Administered Areas

For the Jewish settlement movement in the territories, 1984 was largely a year of marking time. For various reasons—the economic slide, the security problems that were relentlessly dinned into the public’s consciousness by the settlers themselves, the uncovering of the Jewish terrorist organization in the territories, and the ramifications of the so-called Karp report (see below), which was made public near the beginning of the year—the momentum of the settlement drive slowed considerably. A poll published in the Jerusalem Post in February showed that nearly 18 percent of the public would be willing to cede all of Judea and Samaria (though not East Jerusalem) in return for peace with Jordan, while a further 44 percent said they would give up parts of those areas for peace.

Even the advent of a general election proved unable to generate the kind of momentum that had been witnessed just three years earlier. Although some 10 to 15 settlements were approved in the weeks and days prior to the July 23 vote, and several inaugural ceremonies were actually held for new settlements at various sites, a Jerusalem Post editorial of July 18 was probably not far off the mark when it termed “the eleventh-hour settlement drive in the territories” an “electoral fraud.” The number of persons involved was “negligible,” the paper said, and the settlements “are being rushed into place without any budgets and without any adequate planning for the future.” The actuality of the slowdown was starkly confirmed
during postelection coalition negotiations when Herut insisted that the new government pledge to establish no fewer than the 28 settlements that had been approved by the outgoing government but that existed only on paper. The fact that the final coalition agreement called for the creation of only “five [or] six” new settlements within a year spoke for itself.

Also finally allowed to speak for itself, as it were, was the text of the Karp report, the broad outlines of which had already been published by the press in 1983 (see AJYB, Vol. 85, 1985, pp. 292–293) and which was officially published in full on February 7. The report, produced by a committee chaired by Deputy Attorney General Yehudit Karp, confirmed the worst suspicions of those who opposed Jewish settlement in the territories and was rejected as “biased and irrelevant” by the settlement movement. Entitled “Investigation of Suspicions Against Israelis in Judea and Samaria—Report of the Inquiry Team,” and bearing the date May 25, 1982 (when it had been submitted to the attorney general), the document was essentially an examination of how the Israeli authorities in the territories had dealt with some 70 complaints by Arabs against Jews during the one-year period preceding the report’s submission. The committee found that 53 of the cases had been given such protracted treatment that they were effectively closed, 33 of them on the ground of “offender unknown.” A random check turned up 15 cases in which “investigation was either poor or substantially flawed.”

One of the most shocking cases detailed in the report was the killing of a boy in the village of Bani Na‘im, near Kiryat Arba, by an Israeli civilian in March 1982. In this and in two other instances “of unnatural deaths” the committee found that “the appropriate energy and efficiency required in investigations of this kind were not in evidence.” In the Bani Na‘im affair, Jewish settlers told the police that they would not cooperate in the investigation “unless they received instructions [to do so] from the political echelon.”

What emerged from the report was that what some termed “two systems of justice” had developed in the territories under Israeli control since 1967, one for Jews, the other for Arabs. Because Arabs were in many cases loath to complain about harassment of various kinds by Jews, the committee discovered, “a vicious circle” had been created “in which events are not investigated for lack of complaint, while complaints are not lodged because of an absence of proper investigation.” One of the main problems in this regard was the poor cooperation between the civil and military police, a state of affairs that was detrimental to the functioning of both bodies. Moreover, the committee found that there was often “external intervention [in investigations] by military government personnel.” Singling out behavior of Kiryat Arba and Hebron area settlers, the committee said that their insistence on having investigations carried out exclusively by military-government authorities was “tantamount to civil revolt” and the “calumniation of the civilian echelons of the Israel Police, the State Attorney’s Office and the courts of the State of Israel.”

When the minister of justice conveyed the report to the Knesset’s Constitution, Law, and Justice Committee, nearly two years after its submission to him, he
appended to it a "List of Unsolved Attacks Against Jews" in the territories and Israel, from June 1982–December 1983, naming 23 Israeli Jews who had been killed and 227 wounded. This tit-for-tat approach, which would emerge shortly as the underlying rationale for the activities of the Jewish terrorist organization in the territories, was regarded by many as a less-than-adequate response to the Karp committee's call for inculcating the "basic concept of the rule of law in its broadest and most profound sense."

Two days before the report's publication, and with a view to its release, the cabinet, under pressure from the settlers' lobby, issued a new set of guidelines intended to curb Arab violence in the West Bank. More personnel and other resources would be assigned to track down offenders, the cabinet communiqué said, and the prosecution would demand stiffer penalties in military trials of rock-throwers and others. Some four months later, Military Order No. 1108 was issued by the Israeli authorities in Judea-Samaria. Under its provisions, persons throwing "an object, including a rock," at a "moving vehicle" could face a prison term of up to 20 years. Even the throwing of a stone liable to hit passing traffic could carry with it a ten-year term for a convicted offender.

One of the focal points in the settlers' fight against the increasing number of stone-throwing incidents was the Dehaishe refugee camp on the Jerusalem-Hebron road. In the very first week of 1984 Defense Minister Moshe Arens told the Likud Knesset caucus that the IDF would demolish houses situated near highways, in refugee camps—particularly Dehaishe—from which passing Jewish traffic was regularly stoned. Such warnings had little effect, however. Finally, in October, following a rash of stone throwing that was evidently triggered by the announcement of renewed diplomatic relations between Jordan and Egypt, Dehaishe was placed under curfew for three days. A visit to the camp by MK Meir Kahane shortly after the imposition of the curfew led to renewed stone throwing, this time at IDF soldiers who responded by firing in the air. Inside the camp, Kahane uttered the afternoon prayers next to a mosque and told journalists that the purpose of his visit was "to clean away the filth." While the curfew was in progress, the IDF sealed off several paths that had been used as escape routes by stone-throwing youths. About a month later, following the arrest of a Dehaishe man for the murder of two students near Jerusalem, and yet another spate of stone throwing in which three persons were hurt, Rabbi Moshe Levinger, leader of the Jewish settlement in Hebron, began a one-man vigil opposite the camp, with the aim of bringing about its dismantlement. In the final week of the year, hundreds of Gush Emunim members joined Levinger in demanding that the refugee camp be closed.

Educational institutions were another focus of unrest, and three leading West Bank universities were closed down for varying periods during the year. On February 2 the old campus of Bir Zeit University was ordered shut for three months following a demonstration by students in which the Palestinian flag was raised. On July 30 An-Najah National University in Nablus was closed for four months after security forces confiscated a large quantity of "nationalistic and provocative"
material from a campus exhibition. At the beginning of November Bethlehem University, which operates under Vatican auspices, was closed down for four days after students engaged in stone throwing. That such punitive actions were for the most part ineffective was demonstrated yet again when Israeli troops opened fire at Bir Zeit students on November 21 and the following day in Ramallah—in each case killing one demonstrator and wounding a total of five—in the wake of unrest generated by the Palestine National Council meeting in Amman. (Jordan Television broadcast the sessions live, virtually emptying the streets in the West Bank and Gaza during the evenings for the entire week of the PNC deliberations, as local residents were glued to their television screens.)

Violence was not limited to refugee camps and college campuses. On January 1 troops shot and killed a Jenin resident who tried to evade an IDF patrol. On January 28 a Border Police patrol opened fire on a crowd in Nablus that was stoning them; a 17-year-old youth was killed. Five persons were wounded in violent clashes with Israeli forces during unrest throughout the West Bank on March 30 and 31, as demonstrations and riots occurred in solidarity with the Land Day rallies held by Israel's Arabs (though the latter were peaceful).

With a Labor party prime minister in power as of mid-September, Palestinians hoped for significant political moves, or at least new attitudes toward the territories. These expectations were fulfilled to a degree during the first three months of the Peres government. Five days after assuming his new post, Defense Minister Yitzhak Rabin told Kiryat Arba settlers who had asked to meet with him following an attack on a Jerusalem–Kiryat Arba bus (see “Terrorism”) that he did not favor expulsions of Arabs from the territories. He also rejected a contention by settlers in Hebron that an enhanced Jewish presence there would upgrade security, adding that he was opposed to the entire notion of Jewish settlement in the city. However, Rabin refused to accede to a request by Peace Now to bar Simhat Torah festivities in Hebron, and some 7,000 persons turned out for the celebrations on October 18.

Minister of Police Haim Bar-Lev agreed to grant some of the demands of hunger-striking prisoners at the Jnaid prison facility near Nablus, after visiting there on October 1; in return, the prisoners agreed to end their 12-day strike. Also at the beginning of October, Prime Minister Peres, acting in his temporary capacity as minister of the interior, intervened to prevent the possible closure on security grounds of the Jerusalem-based Palestine Press Service, run by Ramallah journalist Raymonda Tawil. On October 31 Defense Minister Rabin gave expression to the government's policy of "improving the quality of life" in the territories (a long-standing desire of the United States) when he told the Knesset that approval in principle had been given for the establishment of an Arab bank there. However, he stressed, even though local residents would operate the bank, it would be under the close supervision of the Bank of Israel.

The year ended on an optimistic note, in verbal and symbolic terms at least, when Prime Minister Peres visited Bethlehem on Christmas Eve. Peres, the first prime minister of Israel ever to visit the city while in office, was accompanied by Minister
of Police Bar-Lev and Jerusalem mayor Teddy Kollek. Exchanging greetings with Bethlehem mayor Elias Freij, he expressed the hope that “mutual respect, coexistence, and understanding will prevail among all of us.”

According to official figures—generally considered to be a good deal lower than the reality—some 90,000 persons from the West Bank and the Gaza Strip—37 percent of the entire work force there—were employed in Israel in 1984. About half worked in construction, while the rest worked mainly in low-level service occupations. Some observers applauded the economic opportunities available to Arabs. Others, however, deplored Israel’s growing dependence on Arab labor as well as a developing pattern of relationships in which menial tasks were carried out exclusively by Arabs.

**Political and Religious Extremism**

In 1984 there was perceptible growth in the phenomenon known as “Kahanism”—the anti-Arab activism propounded by American-born Rabbi Meir Kahane—notably after his election to the Knesset in July. His growing appeal was generally attributed to the public’s deepening frustration and despair over seemingly insoluble problems: the ongoing economic crisis, Israel’s continued rule of 1.3 million Palestinians in the territories, and the Arab-Israeli conflict itself, as brought home most forcefully in recent years by the Lebanon war and an upsurge in Arab terrorism.

Soon after the election, MK Kahane began putting his campaign promises into action. On August 29, accompanied by a few of his followers, he traveled to Israel’s largest Arab “village,” Umm al-Faham (population 24,000), for the express purpose of urging the inhabitants to emigrate from the country. Alerted to his coming, a crowd of some 5,000 persons, including Knesset members, leading figures on the political left, and other Jewish supporters, awaited Kahane just outside the village. Although police had barred him from entering the village, some 26 persons, among them 13 policemen, were injured when angry village youths began throwing stones, leading the police to use force to disperse the crowd.

Seeking to block Kahane’s influence at another level, the Knesset’s House Committee authorized the Speaker to strike from the protocol any racist remarks made from the podium, to expel an MK from the chamber for uttering such remarks, and to block private members’ bills which were racist in nature. Speaker Shlomo Hillel made use of his new prerogative within ten days: he disqualified a Kahane bill that would have made it mandatory for a Jew serving a prison term for a security offense to be released whenever a non-Jewish security prisoner was freed before serving out his full prison term.

In an effort to help counteract the effects of Kahane’s rhetoric on the Arab population, and to demonstrate solidarity with the country’s Arab citizens, Prime Minister Peres announced in mid-December a plan to close the development gap between Arab and Jewish locales. Peres told Arab and Druze Labor-party activists that the government would earmark IS 1 billion for Arab local councils and that
in future local funding for Arabs and Jews would be equal. He also promised that all Arab villages in the country would be hooked up to the electricity grid and would have their internal roads paved.

At about the same time, Attorney General Yitzhak Zamir joined the battle against extremism in an article in the *Jerusalem Post* (based on remarks he had made to the Knesset's House Committee) entitled “The Danger of Kahanism.” Pulling no punches, Zamir called Kahanism “a shameful, loathsome, and dangerous phenomenon” that “contravenes international law,” distorts Judaism, “is in conflict with the Zionist idea,” undermines the foundations of the Knesset and of Israeli democracy, and “lacks any human feeling.” In the attorney general’s view, because Kahanism posed “a clear and present danger to Israel’s social order . . . we must uncompromisingly join battle” against it. To that end, Zamir said, the Justice Ministry was preparing two amendments to existing law in order to help in “an effective battle against racism.”

On December 18 the House Committee voted to recommend to the Knesset plenum that Kahane’s freedom of movement, as granted under his parliamentary immunity, be restricted. Voting in favor were the representatives of Labor, Mapam, Shinui, the CRPM, and the Communists; against were the Likud, Tehiya, and the NRP. On December 25 the Knesset, by a vote of 58–36 in a secret ballot, effectively rendered Kahane an ordinary citizen in terms of his ability to ignore police restrictions and to engage in racist agitation. The new policy was put into practice the very next day, when police barred Kahane and some of his yellow-shirted supporters from entering the village of Taibeh, where they planned to protest Arab-Jewish intermarriage. Despite this apparent defeat for Kahane, widespread media coverage of the incident, both local and international, gave Kahane the attention he sought. It was becoming increasingly evident that attempts to write off Kahane as a fringe figure were unduly optimistic. The growing sense in the country that “Kahane is only saying out loud what most people think” appeared to pose, as the attorney general believed, an urgent threat to the delicate fabric of Israeli society.

Another major social problem in the country—the intensifying schism between Orthodox Jews and the nonobservant—exploded into an open conflict in Petah Tikvah. In February, following the Petah Tikvah municipal council’s vote to permit places of entertainment and restaurants to open on the Sabbath and holidays, a local movie theater began showing films on Friday night. Week after week thereafter, hundreds of Orthodox men gathered outside the theater on Friday evening to protest the film showings and to try and prevent moviegoers from entering. On Friday evening, March 9, scores of religious demonstrators stormed a packed café, smashing furniture, breaking windows, and dumping food and coffee on clients. The following morning, as hundreds of demonstrators tried to disrupt a panel discussion at the town hall, Petah Tikvah’s chief rabbi was arrested on suspicion of having led the Friday-night rampage. He was released that evening after questioning, and no charges were filed against him. On Friday, June 22, in one of the year’s largest Orthodox demonstrations, some 15,000 men held a prayer rally outside the city’s main synagogue to protest a rock concert scheduled for that evening in the movie
theater. Not only were their attempts to prevent the audience from entering the theater foiled by police and Border Police troops, but the music, amplified by 12 big speakers, was clearly audible outside. In the meantime, the Petah Tikvah municipality petitioned the High Court of Justice to order the minister of the interior to show cause why he should not approve the municipal bylaw responsible for the uproar, which he had thus far refrained from doing for over half a year.

Orthodox extremism was manifested in March when the body of a woman who had been identified as not Jewish by certain Orthodox circles was removed from her grave in a Jewish cemetery in Rishon LeZion and crudely reburied in an Arab cemetery in Ramleh. (The woman had been interned in a concentration camp during World War II, where she met her husband, and had lived as a Jew since settling in the country after the war.) The body was subsequently reinterred in the original grave by order of the High Court of Justice. In November two Orthodox men, both employees of the Rishon LeZion burial society, were sentenced to three-month prison terms, plus a three-month suspended sentence, for having done the deed. The sentence, whose leniency touched off rejoicing among Orthodox spectators in the court, was handed down by a majority opinion of the magistrate's court. The court's president had actually urged a much stiffer penalty as a deterrent, the maximum possible sentence for the offense being 13 years.

That religious intolerance was not aimed exclusively at the nonreligious was demonstrated on the first Sabbath in June, when Orthodox MK Rabbi Menachem Porush was severely beaten in the synagogue of a Jerusalem hotel of which he was the owner. According to witnesses, several dozen Orthodox men, who were said to be from a rival Hasidic group, burst into the synagogue, attacked Porush, and vandalized the synagogue itself. The Agudat Israel MK, however, refused to file a complaint or to press charges, with the result that no investigation was undertaken and no one was charged.

An incident occurred in September that outraged members of Masorti (Conservative) and Reform congregations in Jerusalem, many of them recent immigrants from North America. A pamphlet circulated in the neighborhood where the Masorti movement had its center declared non-Orthodox forms of Judaism an "alien growth" and urged Jews not to attend the forthcoming high holy day services in Conservative or Reform synagogues. The pamphlet, which had been authorized by the chief rabbis of Israel and Jerusalem, also infuriated Jerusalem mayor Teddy Kollek, who assailed Jerusalem's Ashkenazi chief rabbi at a meeting between the two, accusing him of fostering intolerance and extremism. In the meantime, the country's first autonomous non-Orthodox rabbinical seminary opened in Jerusalem under the auspices of the Masorti movement.

**Israel and World Jewry**

In March a week of "national identification" with Soviet Jewry was proclaimed. Prime Minister Shamir issued a statement demanding that the Soviet leadership "stop the anti-Semitic war against the Jewish people" and allow Jewish emigration.
In August the prime minister called on the international community to help secure the release of prisoner of Zion Yosif Begun from his Soviet prison, noting that his health had deteriorated badly. In September Jewish Agency chairman Arye Dulzin, returning to Israel from attending a session in London of the presidium of the World Conference on Soviet Jewry, said that Israel and world Jewry as a whole must step up their activity on behalf of Russia's Jewish community. Many Soviet Jews, he said, had the feeling that their fellow Jews in Israel and elsewhere had forgotten them. In what had become almost an annual ritual, Immigrant Absorption Minister Ya'akov Tzur replied in the Knesset on October 24 to four motions for the agenda regarding the plight of Soviet Jewry. Tzur branded as "shameful" the apathetic attitude of Israeli society to the fate of Soviet Jewry. On November 11 the subject finally received the attention that many thought was long overdue when the cabinet, for the first time in years, held a discussion on the situation of Soviet Jewry. In its resolution the cabinet called on Moscow to cease its harassment and detention of aliya activists, to permit them to teach Hebrew, and to allow all who wished to leave the country to do so. A highlight of the year's activities on behalf of Soviet Jewry was a Russian Jewry Solidarity Week held throughout the country in December, to coincide with Hanukkah. (Despite these efforts, the situation remained gloomy, as fewer than a thousand Jews were allowed to emigrate from the Soviet Union in 1984, and of these only 390 chose to settle in Israel.)

In February a Jewish Agency spokesman, responding to allegations by two anthropologists that the growing numbers of Ethiopian immigrants in the country were being pressured into artificial integration into Israeli society, said that immigration authorities had "developed a project especially geared to the Ethiopians," and that the agency was "consciously avoiding" the mistakes that had been made in the 1950s in the absorption of immigrants from Islamic lands. Later in the month, Education Minister Zevulun Hammer pledged greater cultural and educational help to offset the culture shock the Ethiopians faced in Israel. Nevertheless, a potentially serious situation began to emerge when the Chief Rabbinate ruled that all Ethiopians would have to undergo ritual immersion in order to dispel doubts about their Jewishness. Calling the ruling "humiliating," leaders of the Ethiopian community expressed shock that their Jewishness should be called into question, after they had experienced 2,000 years of exilic suffering.

In June about a thousand Ethiopian immigrants staged a demonstration outside a meeting of the Zionist General Council in Jerusalem to protest what they said was the Israeli government's failure to spur immigration from their native land. Like their Soviet Jewish counterparts in the country, they insisted that greater publicity would only benefit their cause. In mid-August the Israel Association of Ethiopian Jews organized a prayer-and-fast day for their brethren in Ethiopia who, they said, were suffering from disease and persecution. However, a statement issued in November by the Israeli embassy in London seemed to hold out little hope for improvement in the situation. According to the embassy release, "Ethiopians, including Jews of that country, are not free to leave." Noting that "thousands of Jews from Ethiopia"
had nevertheless, “after much hardship,” managed to reach Israel in recent years, the statement went on to express the hope that the Ethiopian regime would allow all Jews there to leave. Israel itself, the statement said, was “urgently and solemnly committed” to helping the Jews of Ethiopia find a haven in the Jewish state.

The fate of several other Jewish communities was also of concern during the year. In January the cabinet expressed “shock and outrage” at the “brutal murder” of a pregnant Jewish woman and her two children in Aleppo, Syria. The cabinet urged “enlightened opinion” everywhere to exert pressure on Damascus to alleviate the plight of Syria’s 4,500 Jews and to allow those who wished to leave to do so.

Speaking in the Knesset in March, Prime Minister Shamir, in reply to a parliamentary question, said that the government believed it had a duty to intervene on behalf of Argentinian Jews who had disappeared or been tortured in recent years. He said there was “no doubt that they were made to suffer more because of their Jewishness,” even if they had not necessarily been detained solely because they were Jewish. A three-member Knesset delegation visited Argentina to look into the fate of the missing Jews, but was forced to return home before completing its mission in order to take part in the Knesset vote on early elections on March 22. MK Uzi Baram (Alignment-Labor) termed the recall a “disgrace,” adding that the hasty departure of the three MKs had dumbfounded their hosts.

In April the Knesset Immigration and Absorption Committee was told that the remaining thousand Jews in Yemen were being harassed, and that information was hard to come by because mail contacts between the Jews in Yemen and their Israeli relatives had been broken off.

Several leading Diaspora organizations held conferences in Israel in 1984. In January about 200 Jewish activists from North America, Latin America, and elsewhere took part in an international Israel Bonds leadership conference. Conspicuously, their itinerary did not include a visit to the site of the projected Mediterranean-Dead Sea canal for which the Bonds campaign had already raised about $100 million in “seed money,” but whose future in post-Begin Israel was far from certain. The Conference of Presidents of Major American Jewish Organizations met in Israel for only the second time in its 29-year history and for the first time in a decade. During the February visit, participants were briefed by senior Israeli officials on the regional situation and sat in on a meeting of the Knesset’s Defense and Foreign Affairs Committee.

Speaking to the World Leadership Conference for Jewish Education, held in Jerusalem in June, Prime Minister Shamir put his finger on a major dilemma facing contemporary Jewry when he spoke of the “strange paradox” that even though Jewish existence was physically “more secure than at any other time within living memory,” the Jewish nation’s “spiritual quality” was “in jeopardy and declining at an alarming rate.” Shamir called on Diaspora educators to combat assimilation by emphasizing Israel’s centrality in Jewish life and by fostering the study of Hebrew. In October the board of governors of the European Council of Jewish Communities assembled in Israel, also for the first time in ten years. At the conclusion of their
meeting they signed a pact with the mayors of 30 development towns in Israel to establish ties through Jewish educational and student exchanges.

At the end of October Prime Minister Peres convened a conference in Jerusalem of Israel Bond organization workers and other community and fund-raising leaders from abroad. On November 1 the 40 participants signed what was termed “a dramatic agreement to jointly mobilize the human and financial resources of the Jewish world, in support of Israel’s economic growth.” To that end, the declaration said, “world Jewish leadership will meet at once” to determine how best to proceed, the prime minister would “at the earliest possible date” convene a meeting of Diaspora leaders in Israel, and a “task force will be established, to plan and implement programs aimed at business development.”

**Other Domestic Matters**

Israel’s population at the end of 1984 stood at approximately 4,235,000, of whom 3,500,000 (about 83 percent) were Jews. As in 1983, the Jewish population grew by 1.9 percent and the non-Jewish population by 2.8 percent. Data gleaned from the mid-1983 general population census showed that the declared policy of population dispersal remained no more than a declaration, since 90 percent of the country’s inhabitants were urban dwellers, 25 percent of them residing in the three largest cities—Jerusalem, Tel Aviv, and Haifa. In October the Central Bureau of Statistics, basing itself on the census, reported that Jews were now a minority in Galilee, this situation the result of a higher non-Jewish birthrate combined with persistent Jewish migration away from the area.

At the end of May a crowd estimated at nearly half a million jammed Tel Aviv’s Hayarkon Park for the annual Philharmonic-in-the-Park concert. The Spanish soprano Montserrat Caballé appeared with the Israel Philharmonic Orchestra under the baton of maestro Zubin Mehta. Yet it was Jerusalem that provided the highlight of the cultural year when it hosted the Israel Festival during the month of June; at the same time the local Cinematheque presented an international film festival, and art lovers enjoyed a citywide exhibition entitled “80 Years of Sculpture in Israel.” The festival itself was pronounced a major success, with most events sold out and 20 extra performances added to meet the demand.

In September an Israeli film dealing with Arab-Jewish relations, *Beyond the Walls*, was awarded the International Film Critics’ Prize at the Venice Film Festival. Subtitled in Arabic (along with English) for local showing, the film was seen by thousands of Arabs from Israel and the territories during its highly successful Israeli run.

**Personalia**

On April 18 Judges Eliezer Goldberg and Avraham Halima were installed as Supreme Court justices. Israel Kessar, 53, was elected new Histadrut (General
Federation of Labor) secretary-general on May 15, replacing Yeruham Meshel, who retired after a decade at the head of the labor federation. On September 16 the cabinet approved the appointment of Binyamin Netanyahu as Israel's ambassador to the United Nations.

Personalities who died during the year included Rabbi Yisrael Abuhatzeira, spiritual head of North African Jewry, on January 8, aged 94; Paul Ben-Haim, celebrated composer, on January 14, aged 86; Schwester Selma Mayer, after a lifetime of service and devotion at Jerusalem's Shaare Zedek Hospital, on February 5, two days after celebrating her 100th birthday; David Hacohen, a founder and longtime leader of Israel's labor movement, on February 19, aged 85; Ya'acov Levinson, banker and financier, who propelled Bank Hapoalim to international standing, a suicide, on February 23, aged 52; Recha Freier, founder of Youth Aliyah, on April 2, aged 92; Ze'ev Sharef, a former cabinet minister and Israel's first cabinet secretary, on April 18, aged 78; Marcel Janco, a founder of the Dada art movement, on April 21, aged 89; Zelda Schneerson Mishkowsky, a noted Hebrew poet who signed her work with her first name only, on April 29, aged 72; Miriam Yalan-Stekelis, Israel Prize laureate for children's literature, on May 9, aged 83; Alfred Witkon, former Supreme Court justice and noted legal scholar, on May 20, aged 74; Yigael Yadin, eminent archaeologist, Israel's second chief of staff (1949-1952) and former deputy prime minister (1977-1981), on June 28, aged 67; Moshe Pinhas Feldenkrais, physical education pioneer, on July 1, aged 80; Avraham Even-Shoshan, lexicographer, who compiled the authoritative contemporary dictionary of the Hebrew language, on August 8, aged 78; Amir Gilboa, distinguished Hebrew poet and Israel Prize laureate, on September 2, aged 70; Daniel Recanati, longtime chairman and managing director of Israel Discount Bank, on September 9, aged 63; Pinhas Ben-Matzliah Halevi, high priest of the Samaritan community, on October 20, aged 86; and Baharan Baruch, known as Uri Ben-Baruch, spiritual leader of the Ethiopian immigrant community in Israel, on December 22, aged 84.

Ralph Mandel