

THE FOCUS OF ISRAELI affairs in 1986 was predominantly internal: the conduct of the national unity government, which managed to hold together and function despite alternating states of warfare and paralysis in the cabinet; the Shin Bet affair—the aftermath of a 1984 terrorist episode that had potentially serious political implications; the controversy over the conversion of an American Reform Jew, Shoshana Miller; and continuing debates over the “who is a Jew” question, economic policy, and the Lavi jet-fighter project. Two new matters involving national security burst onto the scene during the year: the alleged publication of Israeli nuclear secrets by a former technician, Mordechai Vanunu, and Israel’s involvement, on behalf of the United States, in the sale of arms to Iran. No progress of any consequence was seen in the peace process, though Prime Minister Peres held a surprise meeting with Morocco’s King Hassan. While there was no official change in the status of the occupied territories, there were signs of growing unrest among the inhabitants of those areas.

Political Affairs

With Prime Minister Shimon Peres and Vice Premier and Foreign Minister Yitzhak Shamir scheduled to swap jobs in mid-October—under the terms of the power-sharing agreement their two parties, Labor and Likud, respectively, had entered into following the deadlocked 1984 general election—virtually every topic under the public-sector sun seemed to be handled as much with an eye toward rotation day as on its own merits. Peres came under growing pressure throughout the year from within his own party to abort the rotation scheme and either remain in power or call an early election, if the Likud did not play ball according to Labor’s rules. Although Peres himself did not threaten to renege on the rotation plan, the fact that others in Labor were not so reticent caused most ranking Likud figures to tread carefully.

In Herut, the major component of the Likud, the uncertainty about rotation was an underlying, if publicly unacknowledged, factor in a challenge mounted against party leader Yitzhak Shamir at the party’s convention in March. Although previous efforts had been made by factions within Herut to wrest control of the leadership from the Shamir group, the intensity manifested in the 1986 convention was unusual even by Herut standards. Despite the endorsement of Shamir’s candidacy as party

leader by titular party head Menachem Begin, who issued a rare public message, Deputy Prime Minister and Housing Minister David Levy declared that he and not Shamir was Begin's true political heir. In an on-again off-again alliance with Levy was Ariel Sharon, who had transformed his ranking portfolio in the national unity government—minister of industry and trade—into a lever for political rehabilitation, following his resignation as defense minister in the wake of the Kahan Commission report on the 1982 massacre at two Beirut refugee camps.

The Levy challenge to Shamir, combined with a sense of destabilization caused by the shifting alliances within the party, brought about the total breakdown of the convention into fistfights, chair-throwing, and verbal and physical brawling. Although fitful efforts were made throughout the remaining prerotation period to restore harmony in Herut and renew the convention, these proved unavailing; certainly Shamir had nothing to gain from such a move before he became premier.

In striking contrast to the Herut fiasco, the Labor party convention held in early April was a paradigm of unity. Party leader Shimon Peres, firmly in the driver's seat and riding high in public esteem—a Smith Research Center poll published in the *Jerusalem Post* around this time gave him a 74-percent approval rating as prime minister—parlayed the occasion into an opportunity to oust Finance Minister Yitzhak Modai, a highly popular minister and former ally in pushing through the 1985 economic stabilization plan. Modai had publicly accused Peres of masking his intent to bail out ailing Histadrut (Federation of Labor) enterprises under the guise of a proposed new “economic growth” program. When Peres announced at the opening of the Labor party convention on April 8 that he intended to sack Modai, Likud spokesmen threatened to resign from the coalition; however, Modai spared his party the almost certain embarrassment of having to make good on its threat by announcing (April 9) that he would resign “if Prime Minister Peres so desires.”

The result, decided upon at the weekly cabinet meeting of April 13 (and formally approved by the Knesset two days later), was a switch in portfolios between Finance Minister Modai and Justice Minister Moshe Nissim (both from the Likud's Liberal party component). But Peres wanted more. He insisted that Modai be barred from holding the finance portfolio not only until rotation but for the entire duration of the national unity government. For his part, the volatile Modai appeared embarked on a course of political self-destruction when a second major clash with Peres just three months later eventuated in his resignation as justice minister (July 24). This time the Liberal party decided to entrust Tourism Minister Avraham Sharir with the vacant portfolio, leaving Modai out in the cold, though he continued to serve as a Knesset member.

A second major challenge to Peres emanated from Ariel Sharon. In the wake of the massacre of 22 worshipers in an Istanbul synagogue on September 6, Sharon released a statement that same evening asserting that the “baseless peace plans” of Prime Minister Peres were debilitating Israel and thereby all but inviting terrorist attacks in the country and on Jewish targets abroad. The following day Peres suspended the weekly cabinet meeting, at which the principal topic on the agenda

was to have been the Istanbul outrage, until Sharon apologized for his remarks publicly and in writing. With just over a month to go before rotation, some observers thought Sharon was seeking to torpedo the Peres-Shamir switch, hoping to replace Shamir as Likud leader in the event an early election was called. If so, he soon found he had miscalculated, as he came under intense pressure from his own party to dispatch the desired letter of apology.

All of these disputes, however, were only the prelude to the squabbling and bickering that marred the implementation of the rotation itself. In the public perception, the Labor party, and Shimon Peres in particular, lost points by unabashedly taking advantage of the rotation to alter the original agreement and to extract concessions from the Likud, which was now effectively at Labor's mercy.

The area of major dispute was cabinet and other appointments. The Alignment refused to countenance Yitzhak Modai's return to the government. Shamir rejected Yossi Beilin, the cabinet secretary and Peres's closest aide, as the candidate for Israel's next ambassador to the United States, a post that would fall vacant in mid-1987. Peres dropped his demand that Ezer Weizman continue to serve in the Prime Minister's Office as minister in charge of Arab affairs, while the Likud agreed to a Labor appointee as chairman of Israel Aircraft Industries, in return for which the Likud could name the chairman of the advisory committee to the Bank of Israel.

On October 10, following a two-day visit to Paris, his final official state visit as prime minister, Peres tendered his resignation to President Chaim Herzog under the terms of the coalition agreement and in accordance with the Basic Law on the Government. At the same time, the Alignment announced its refusal to take part in a joint delegation with the Likud to the president—in order to recommend that he name Yitzhak Shamir to form the new government—until Peres's demands were met.

By October 14, the date originally scheduled for the rotation, everything seemed to hinge on Shamir's consent to the appointment of Yossi Beilin as ambassador to Washington, but neither side would budge. When Peres insisted that the Knesset session scheduled for October 14 be canceled, he was reprimanded by members of his own party for behaving "more like a politician than a national leader."

By October 16, at least 61 MKs, sufficient for a parliamentary majority, had recommended to President Herzog that he name Yitzhak Shamir to form a new government—this, even without the Alignment. On October 18 Peres and Shamir signed a ten-point agreement enabling the formation of the new government. Among the agreement's key elements (according to the text published in *Ma'ariv* on October 19): areas of ministerial responsibility would be transferred only with joint Peres-Shamir consent; topics of special importance would be placed on the cabinet agenda within 21 days of a request by Peres; Yitzhak Modai would serve as a minister without portfolio, and any change in his status would require prior agreement between Peres and Shamir; a ministerial committee would see to "appropriate representation by both sides" (meaning Likud and Labor) on the boards of directors of government corporations; Peres would chair the ministerial committees on

Jerusalem and the Negev; the Alignment would have ongoing input where economic issues were concerned; Peres would submit the names of candidates for the post of ambassador to the United States, and the prime minister would give his consent to one of them within three months. An annex to the agreement stated that four Labor appointees in departments attached to the Prime Minister's Office—including the adviser on counterterrorism, Amiram Nir, whose name was soon to figure prominently in the Iran-*contra* affair—would not be replaced “at this time.”

Thus, on October 20, one week after the appointed time, Yitzhak Shamir was able to present his government in the Knesset, Shamir resuming the premiership two years after his previous tenure in that post. The only personnel changes in the 25-person cabinet were the return of Yitzhak Modai and the cooption of Labor's Shoshana Arbelli-Almoslino as minister of health, replacing Mordechai Gur, who had previously announced that in the wake of the Shin Bet affair (see below), he would resign from the government rather than serve under Yitzhak Shamir.

In his policy statement to the Knesset, Shamir elevated the utilitarian need for a national unity government into an ideological platform: “National unity,” he declared, “is not just a matter of parliamentary convenience” but could forge “true cooperation” at all levels in the country. On foreign policy, Shamir said his government would “continue to initiate and seek ways to peace,” though “not . . . out of weakness” and not through the agency of an “international forum,” which could never serve as a substitute for “direct, face-to-face discussions.” Shamir assured the “Arab residents of Judea, Samaria and the Gaza District” a “life of dignity” and of “peaceful coexistence with their Jewish neighbors,” provided only that they dissociated themselves entirely from the terrorist organizations. This was also the *sine qua non* for “these Arab residents [being] able to run their own affairs.”

Once the new government was installed, the interparty front grew calm, but strife erupted within the two major parties, where ranking figures had been frustrated in their aspirations because of the Peres-Shamir compromise agreement. Thus, Shamir was unable to delegate responsibility for Soviet Jewry affairs to Moshe Arens without Peres's—unforthcoming—assent, while in Labor, Peres, blocked in his desire to name Yossi Beilin ambassador to Washington, now found himself stymied as well in his wish to name him deputy minister of foreign affairs (because Beilin was not a Knesset member). When Peres decided to appoint Beilin director-general of the Foreign Ministry, he came up against his own previous pledge to Avraham Tamir, the outgoing director-general of the Prime Minister's Office and a close associate of Ezer Weizman, to appoint him to that post. In a move that riled the Weizman group and drew considerable public scorn, Peres kept his promise to Tamir by naming him director-general, but then went ahead and appointed Beilin “political director-general” and ruled that he outranked Tamir. Aggravating the issue in the eyes of the public was the fact that the person who was being ousted from the position of director-general, David Kimche, was universally respected as a model civil servant of the highest professionalism.

National Security

THE SHIN BET AFFAIR

Repercussions of the April 12, 1984, terrorist hijacking of Bus No. 300 bound from Tel Aviv to Ashkelon continued to make themselves powerfully felt in 1986. Questions had been raised after the incident about the two terrorists who were captured alive and killed before they could be brought to trial; accusations were subsequently made of an official cover-up. In 1985 the key army and police figures involved in storming the bus and capturing the terrorists were exonerated by military and police tribunals, but that by no means ended the matter. (For more detailed background, see AJYB, vol. 86, 1986, pp. 333–34, and AJYB, vol. 87, 1987, p. 305.) What was soon dubbed the “Shin Bet affair,” referring to the part played by the General Security Service, or Shin Bet, in the episode, threatened to evolve into a full-blown political crisis, as allegations were made that the country’s top leaders were implicated, or at least knew of, the events in question. This did not happen, largely because the principals involved cast aside their political differences and banded together in a virtuoso display of damage control.

As the affair unfolded, deeper questions came to the fore than just the disputed facts, such as ministerial responsibility for the actions of subordinates and possible violations of Israeli law by the country’s highest officials. Perhaps most important, the affair led to a national debate on the subject of “state security,” a concept that had been universally accepted as justifying virtually any action—for understandable reasons—since the establishment of the state. Israelis were now forced to contemplate the full implications of the concept for the life of the polity and the possible need to set limits on it. Like much else in Israeli life of the 1980s, some of the roots of the problem were traceable to the Six Day War in 1967, after which, as a result of Israel’s capture of Arab territories, the Shin Bet found itself in the vanguard of a no-holds-barred fight against terrorism. Now, for the first time, the vaunted and ultrasecret security service, whose chief reported directly to the prime minister, found itself under unaccustomed, and unwelcome, public scrutiny.

On May 24 Israel Television reported that Attorney General Yitzhak Zamir wished to initiate a police investigation against a “senior official,” but that heavy pressure was being brought to bear on him by, among others, Prime Minister Peres, to desist from this course. It was then revealed (by ABC-TV, in flagrant disregard of Israeli military censorship) not only that the official in question was the chief of the Shin Bet but that his name was Avraham Shalom—the first time in Israeli history that the name of a serving head of that agency had been made public—and that the allegations against him related to his part in the Bus No. 300 incident.

Essentially, the story that soon emerged was that Shalom, who was at the scene when Israeli troops stormed the hijacked bus at dawn on April 13, 1984, had ordered the killing, on the spot, of the two terrorists who were taken off the bus alive. When

official inquiries were launched into the manner of their deaths—following heavy pressure by the Israeli press—Shalom organized a cover-up. This was effected principally by way of a senior Shin Bet official (later named as Yossi Ginossar), whom Shalom arranged to have serve on the state attorney's investigative commission. After Ginossar briefed Shalom daily on the progress of the inquiry, the two, with the aid of two legal advisers, fabricated and falsified evidence in order systematically to mislead the commission. One immediate result of this was that an Israeli army brigadier general was very nearly wrongly accused of murder.

Peres's involvement went back at least to October 29, 1985, when the then deputy Shin Bet chief, Reuven Hazak, met with the prime minister (with Shalom's knowledge) and told him the entire story. According to what Peres was to tell the Knesset (on June 30, 1986), he met with Hazak again about a week later and informed him that his "conclusion," after giving the matter thought, was "I believe in the GSS chief." Peres also suggested that Hazak take study-leave. (Ultimately, Hazak, along with two other senior officials who supported him in his struggle, was forced out of the service.) At all events, by mid-February 1986, Attorney General Zamir, who had by then learned about the alleged cover-up but had been prevented by Peres from meeting with the Shin Bet personnel who were demanding an inquiry, approached Peres with a request that he act on the matter. By the time the story became public knowledge, Zamir had in fact already directed Israel Police Inspector-General David Kraus to launch an investigation. Kraus, however, received the attorney general's directive just before going on vacation abroad, and filed it in his safe, intending to deal with it when he returned.

Since Israel's political hierarchy was preoccupied with the historic visit of British prime minister Margaret Thatcher when the story broke in May, some days passed before it began to respond and to coordinate a strategy for defusing the potentially explosive issue. Thus, Foreign Minister Shamir—prime minister at the time of the bus hijacking in 1984 and as such responsible for the Shin Bet—said on May 29 that the entire matter should be dropped from the public agenda because of its adverse effects on the security service. This was an approach which Shamir, a former longtime senior official in Israel's Mossad intelligence agency, was to voice consistently throughout the affair. As for what he had known at the time of the incident, Shamir, pleading "considerations of state security," would say only: "I knew what a prime minister should know, and I acted accordingly." Speaking the same day, Prime Minister Peres also enunciated some of the themes that were to characterize his posture in the coming period: No proof existed that Shin Bet actions during the bus hijacking incident had been sanctioned by the political echelon; he, Peres, had not been informed that anything was amiss when he took over as prime minister, and in any case it was inappropriate for a prime minister to investigate the actions of his predecessors in office; moreover, if Shin Bet personnel were placed on trial they would be unable to defend themselves properly because of the bar on them against revealing secret matters; and finally, Peres said, to pursue the matter further would harm state security.

That the matter was, nevertheless, being pursued further behind the scenes by those with vested interests soon became public knowledge. On June 1, the cabinet, at its weekly meeting, appointed a new attorney general to replace Zamir—a largely unknown 63-year-old Tel Aviv district court judge named Yosef Harish. The appointment would take effect June 4. According to the cabinet communiqué, the move was based on a previous announcement by Zamir (in February) “that he had decided to conclude his term of office and would resign upon the appointment of a new attorney general.” Coming, however, as the Shin Bet affair gathered momentum under Zamir’s watchful prodding, the appointment of Harish was widely viewed as a dismissal of Zamir because of his refusal to yield to Peres and Shamir on the investigation. Zamir himself was informed of the decision only minutes before the cabinet meeting, and most of the ministers had no inkling of what was afoot, although Harish had been “vetted” by Peres, Shamir, and Justice Minister Yitzhak Modai. One of Harish’s first acts on assuming office was to order the police to defer the Shin Bet investigation until he could master the material.

On June 25 the outcome of more behind-the-scenes machinations was revealed when Cabinet Secretary Yossi Beilin issued the following statement:

The prime minister was today informed that the president of Israel has accorded the head of the General Security Service amnesty in the events of Bus No. 300. The president acted on his full authority, following the recommendation of the minister of justice, based on prior consultations with the [inner] cabinet and with the attorney general.

The head of the General Security Service informed the prime minister that he wishes to be discharged from his post, as publication of his identity will not enable him to continue to function as head of the GSS.

The statement went on to say that at the attorney general’s recommendation, the prime minister would set up a committee “to set future procedures and modes of action for the GSS, based on the lessons of the past.”

This communiqué was more than a little disingenuous. For one thing, Prime Minister Peres had in fact been present at the gathering—at his own residence—the previous night, where the deal was conceived by which Shalom would resign in return for being granted a presidential pardon and hence immunity from prosecution. According to the daily *Ha’aretz*, the chief concocters of the arrangement were two leading Israeli lawyers, Ram Caspi and Ya’acov Ne’eman (the latter a partner of Chaim Herzog in his former law office), together with Justice Minister Modai. Herzog, who was apprised of the plan by the two lawyers in the course of the late-night meeting at the prime minister’s residence, gave his agreement in principle. He requested, however, that the matter be coordinated with the attorney general and that the inner cabinet vote its approval.

This was duly done and the president was so informed by Justice Minister Modai and Cabinet Secretary Beilin the following morning, June 25. (Interviewed on Israel Radio that day, Attorney General Harish said that he himself had favored a

continuation of the police investigation, "which was set in motion by my predecessor." Harish also confirmed reports that he had learned about the original approach to the president only "after the fact"—although he supported the deal once it was consummated. Legal commentators noted that the very fact that private lawyers had been called in was a slap in the face to Harish personally and, more important, to the institution of the attorney general in Israel.)

The second unlikely point made in the cabinet secretary's statement was that Shalom had asked to be relieved of his duties as Shin Bet head due to "the exposure of his identity." Although this may well have been a consideration, Shalom's position had become untenable primarily because he was a *prima facie* accomplice to the murder of helpless prisoners and had lent a hand to the obstruction of justice. The communiqué also failed to mention that one of those involved in the "prior consultations" was Shalom himself; and that three other senior Shin Bet personnel had been granted amnesty together with Shalom. They turned out to be Yossi Ginossar and the two legal advisers.

However, the president's desire to put an end to the "devil's dance" around the affair, as he told the nation via Israel TV, went unrealized. A group of lawyers, acting in concert with MK Yossi Sarid (Citizens' Rights and Peace Movement, CRM), outraged at what they considered the flaunting of the rule of law in the country and suspecting that the true motivation for the pardon was to block a formal inquiry that could reveal the culpability of ranking politicians, petitioned the High Court of Justice to overturn Herzog's pardon. At the same time, Prime Minister Peres came under heavy fire from within the Labor party for his part in arranging the presidential pardons; particularly vocal in their criticisms were Minister Without Portfolio Ezer Weizman (the only member of the inner cabinet to vote against the arrangement) and Energy Minister Moshe Shahal.

On June 30 Peres replied in the Knesset to five no-confidence motions concerning the presidential pardons. While defending his own actions since having learned about the cover-up nine months earlier, he indicated that he would not be averse to the formation of a "legally constituted commission"; as a representative of the "political echelon," he said, he had "nothing to hide."

Although the no-confidence motions were handily defeated by the coalition, the Likud charged that Peres, by expressing his willingness to have a commission of inquiry appointed, was trying to dissociate himself from Shamir—who was adamantly opposed to such a course—and was, by inference, trying to pin the blame on him. This impression was strengthened on July 1, when the text of the letter from Shin Bet chief Shalom to President Herzog requesting a pardon was made public. According to Shalom, "All my actions with respect to the '300 incident' were carried out with authority and permission, in order to maintain state security and to prevent the exposure of [the state's] deepest secrets." Since Shalom's direct superior at the time of the event was Prime Minister Shamir, he was the only feasible source for any "authority and permission" which may have been given. (In an interview in the monthly *Monitin*, Shamir denied having issued a general directive to the Shin Bet

in 1983, under which any terrorist apprehended on a hostage-taking mission was to be killed.)

As public and institutional pressure mounted for the attorney general to act—on July 1 the High Court of Justice ordered Harish to show cause why a formal investigation of the Shin Bet affair should not be conducted—Harish on July 13 recommended the formation of a judicial commission of inquiry. However, when the full 25-person cabinet met the next day, it voted 14–11 against the establishment of such a commission—a victory for the Likud, backed by all the religious ministers. At the same time, Peres named a three-man committee, headed by former director of military intelligence Maj. Gen. (res.) Aharon Yariv, to set operational guidelines for the Shin Bet. (The committee submitted its recommendations, which were, naturally, classified, on July 31.) On July 17 Harish met with police chief Kraus to discuss details of the police probe, the way for which had now been cleared by the cabinet decision.

On August 6 the High Court of Justice, in a split decision (2–1), upheld President Herzog's pardon for the Shin Bet chief and three senior officials of the service. In a 161-page decision, the Supreme Court president, Justice Meir Shamgar, was joined by Justice Miriam Ben-Porat for the majority, while Justice Aharon Barak dissented. Although the legal point at issue was whether the president of Israel had the authority to grant a pardon before the person concerned had been duly convicted in a trial, the High Court's judgment all but guaranteed that the affair was as good as dead, even if the final death throes were to be protracted. Less than three weeks after the court's ruling, President Herzog pardoned another seven Shin Bet agents who had been involved in the bus hijacking episode and its aftermath. Herzog explained that he had been moved to take this course in order to prevent "discrimination against officials of a certain rank in the GSS as compared with officials of a different rank." Thus, this was not "a new decision, but [the] direct and logical continuation of the previous" amnesty decision.

Although all the potential felons had been pardoned, the police went through the motions of a secret investigation, questioning Peres, Shamir, the Shin Bet men involved, and others. On September 18 the police team submitted its findings to the attorney general, and on December 29 Harish issued a statement, together with a legal opinion on the findings of the police, in which he concluded, *inter alia*: "The investigation material contains nothing on which to base evidence of [the political echelon's] involvement. . . ."

If there was nothing on which to ground evidence of culpability, neither was there anything to praise in the conduct of the political echelon, according to the legal opinion written by staff members of the state attorney's office. The authors of the document rebuked Prime Minister Shamir and Vice Premier and Foreign Minister Peres (as they were in the postrotation era), if not for their commissions, then undoubtedly for their omissions:

If the attorney general thinks there is *prima facie* material which warrants an investigation into extremely serious offenses committed by a person in the

executive branch, the rule of law obligates an investigation and an examination. . . . Security considerations call for no other [course of action]. There is no security without law. The rule of law is a component of national security.

Both Shamir and Peres expressed their satisfaction that the “devil’s dance” had ended; both declared that they regarded the affair as closed. According to press reports, the pardoned chief of the Shin Bet, Avraham Shalom, resigned from the service, as did Yossi Ginossar; the two legal advisers were reported to have been transferred to other posts in the agency. On December 31 the Knesset debated four motions for the agenda on the Harish report; not a single cabinet minister was present during the debate.

THE VANUNU CASE

On October 5, 1986, the London *Sunday Times* published a sensational two-page spread entitled “Inside Dimona, Israel’s Nuclear Bomb Factory.” The report, complete with photographs and diagrams purporting to depict the Dimona Nuclear Research Center, claimed that Israel, with a “projected arsenal of 100–200 [nuclear] weapons,” was “the sixth most powerful nation on earth.” The source for this at-once startling and long-suspected information was named by the paper as Mordechai Vanunu, a 31-year-old former technician at the Dimona installation. According to the *Times*, the Moroccan-born Vanunu was said to have been dismissed from his position at Dimona in November 1985 after working there for over nine years, because of the “left-wing tendencies” that came to the fore when he began taking part-time courses at Ben-Gurion University in Beersheba. Vanunu then made his way to Australia, where he met a “mercurial” Spanish journalist to whom he told his story, and through whom the *Times* learned about it. After satisfying themselves of the story’s authenticity, the paper’s editors went ahead and printed it.

On October 6, the day after the piece appeared, a communiqué from the Israeli cabinet stated that “the government is used to sensational reports about the Nuclear Research Center at Dimona, and does not make a practice of commenting on them.” It went on to reiterate Israel’s official nuclear position: “Israel’s policy has not changed, and it will not be the first to introduce nuclear weapons into the region.”

In the meantime, the story had taken a bizarre twist: Vanunu himself had disappeared from his London hotel on September 30 and had not been seen since. An Australian clergyman, John McKnight, then turned up in Israel, saying Vanunu had converted to Christianity and had been a member of his church in Sydney. McKnight said he was in Israel to try and locate Vanunu, but was being given the runaround. McKnight left Israel at the end of October, amid rumors that Israel’s Mossad intelligence agency had kidnapped Vanunu illegally on British soil and brought him to Israel secretly, where he was now imprisoned. Official comment, however, was limited to “We do not know anything about this matter” (a spokesman in the Prime Minister’s Office) and “[Vanunu] is not being held in a jail of the Prisons Service” (a Prisons Service spokesman).

There followed a week of intense diplomatic pressure, notably from England,

combined with the threat of a petition to the High Court of Justice, as well as press speculation and sleuthing by Israeli journalists to discover Vanunu's whereabouts. (As the *Jerusalem Post* put it in a scathing editorial entitled "When Government Lies": "Every knowledgeable Israeli already knew for a fact that Mr. Vanunu was being held in a prison cell somewhere in Israel.") Finally, on November 9, the cabinet secretary issued the following statement:

Mordechai Vanunu is under lawful detention in Israel, in the wake of a court order which was issued following a hearing at which the lawyer he chose was present. Due to *sub judice* regulations, no further details will be published. All the rumors to the effect that Vanunu was "kidnapped" on British soil are totally without foundation, and it follows that there is likewise no basis for the report that Mr. Peres contacted Mrs. Thatcher to inform her about something that never took place.

The reference to British prime minister Margaret Thatcher was intended to refute press reports purporting to spell out the manner in which Vanunu had been brought to Israel—reports that were becoming a diplomatic embarrassment for both Jerusalem and London.

On November 28 Vanunu was brought to the Jerusalem district court, where unprecedented security measures were in force, and in a closed-door hearing was formally charged under the "State Security, Foreign Relations and Official Secrets" section of the Penal Code. Although the details of the indictment itself were barred for publication, one of the articles under which Vanunu was charged—treason ("assistance to an enemy in war")—carried with it a maximum death penalty. Vanunu was also accused of having committed "aggravated espionage," which bore a maximum sentence of life imprisonment. Earlier in the month, Foreign Minister Peres had spelled out the Israeli position during a visit to Chicago. According to a Reuters report, Peres said that even though Vanunu was lying when he claimed Israel had manufactured nuclear warheads, he had to face prosecution in Israel because he did "not have the right" to talk about this topic. Vanunu had broken the law, Peres said, by revealing matters "which are considered state secrets, or pretending to."

Vanunu himself found a novel way to inform the world about his strange odyssey. On December 21, as he was being taken into the Jerusalem district court for a remand hearing, he suddenly pressed the palm of his hand—which was covered with writing—against the window of the police van bringing him to the court. Before the security guards could react, the press photographers and TV cameramen at the scene went into action, recording the event for posterity. When the guards did manage to overcome Vanunu, he began shouting to the reporters present, until he was gagged. What Vanunu had written on his palm (in English) was: "Vanunu M. was hijacked in Rome Itl. 30.9.86, 2100, came to Israel by BA FLY 504." (Mordechai Vanunu was kidnapped in Rome, Italy, on September 30, 1986, at 9:00 P.M., and was brought to Israel via British Airways flight No. 504.) The possible adverse effect of the episode on Israeli-Italian relations occasioned concern. In Rome, Prime

Minister Bettino Craxi stated that no "satisfactory response" had been forthcoming from Israel, and "we will insist that this be provided." Even Craxi admitted, however, that the most Italy could do would be to lodge an official protest.

If Vanunu's purpose, as was suggested in some quarters, had been to trigger a public debate in Israel about the country's nuclear policy, this objective went almost entirely unrealized. Aside from a few scattered articles in the press, one or two of them calling for a revision of the deliberately vague Israeli nuclear posture, the traditional silence on this subject was scrupulously maintained.

Mordechai Vanunu's trial opened on December 28, 1986, in the Jerusalem district court before a panel of three judges. He pleaded not guilty to all the charges and was ordered remanded in custody until the conclusion of the proceedings against him.

Peace Initiatives

Throughout 1986 Prime Minister Peres pursued the peace initiatives he had helped set in motion the previous year, his efforts focused principally on furthering the idea of an international conference as an "opening" or "accompaniment" to direct talks with Jordan and a Palestinian delegation. From the very outset of the year, when he undertook a "peace mission" to Western Europe (January 12–31), which included meetings with Assistant Secretary of State Richard Murphy of the United States in London and The Hague, to the very end of his tenure as prime minister, when he and President Hosni Mubarak of Egypt declared 1987 the "year of peace" at the conclusion of a historic summit meeting in Alexandria (see "Foreign Relations: Egypt"), Peres hammered home his theme: "It is peace that we seek—based on dignity and mutual respect; achieved by negotiations and compromise."

Early in the year the possibility of a breakthrough seemed to present itself when Jordan's King Hussein announced (February 19) that he was breaking off his year-long dialogue with Arafat about possible Middle East peace moves. For the Labor party especially, which had consistently espoused a "Jordanian option" and (in common with the Likud) rejected the PLO as a negotiating partner, the derailing of the Hussein-Arafat talks seemed to hold out genuine prospects. Defense Minister Yitzhak Rabin urged the Arab residents in the territories "to stand up on their own, on their own authority, . . . [and] join [King] Hussein in a move of peace negotiations with Israel, without the PLO." However, events such as the assassination of the moderate mayor of Nablus, Zafr al-Masri (March 2), and the outpouring of sympathy for the PLO at his funeral (see "The Administered Areas"), did not augur well either for the practicability of the Jordanian option or for the participation of Palestinians from the territories in peace moves. That no dramatic breakthrough was imminent was further confirmed during another round of talks with Richard Murphy, who was in Israel from March 11–13 as part of a regional swing.

Not even Prime Minister Peres's declaration on April 8 to the opening of the Labor party's convention that Israel recognized the Palestinians "as a nation"

caused much of a stir. And even though Peres said in a television interview at the end of that month that "quiet diplomacy" was under way with Jordan, the United States continued to play a cautious game in the region—following the fiascoes of the recent past—even canceling Secretary of State George Shultz's previously announced visit to the Middle East.

The single most dramatic peace-related event of 1986 was undoubtedly Prime Minister Peres's surprise visit to Morocco for talks with King Hassan II. On July 21, Peres, together with Alignment Knesset faction chairman Rafi Edri (himself of Moroccan extraction) and several close aides, flew secretly to Morocco. During their 48-hour stay, Peres and Hassan met three times, including one private session, at the king's summer palace at Ifrane, in the Atlas Mountains. According to a joint communiqué issued simultaneously in Rabat and Jerusalem on July 24, following Peres's return home, the talks were "marked by frankness" and were "devoted essentially to the study of the Fez Plan." (Adopted at the Arab summit conference held at Fez, Morocco, in September 1982, this "plan" was actually a set of eight principles of which the seventh—referring to "guarantees of peace for all the states of the region"—was generally held to constitute implicit recognition of Israel.) Yet the communiqué also stressed that "the meeting was of a purely exploratory nature, aiming at no moment at engaging in negotiations." Hassan pledged to inform Arab leaders "of the points of view developed during the talks" while Peres would do likewise *vis-à-vis* the Israeli government.

Although Hassan, in a speech to the Moroccan nation delivered while Peres was on his way back to Israel, seemed to deflate the significance of the meeting, Peres professed to view the talks as "an important turning point in the history of the peace efforts in the entire region." Speaking in the Knesset on July 25, Peres stressed that by hosting him publicly, Hassan had shown that "the traditional 'barrier of shame' " which prevented Arab leaders from meeting openly with Israeli figures could be circumvented with no adverse effects. In an interview on Israel Radio (July 25), Foreign Minister Yitzhak Shamir pooh-poohed the significance of the event, averring that "we've already passed that barrier about Israel being a pariah in the region." In fact, whatever long-term processes the Peres-Hassan talks may have set in motion, in the immediate perspective the visit appeared to have occurred in its own time warp, as it were, outside the framework of ongoing events in the region.

A more substantive boost to the peace process seemed to ensue from the Peres-Mubarak summit meeting at Alexandria (September 11–13), which produced a joint statement asserting that Israel and Egypt "should now concentrate their efforts on reviving the comprehensive peace process." Concerned about a continuing "stalemate," the two leaders gave their assent to the convening of an international conference as a framework for talks, differing, however, with respect to the role the superpowers, and especially the Soviet Union, should play in such a conference. Both Peres and Mubarak were at odds with Yitzhak Shamir and the Likud, who bitterly rejected the entire concept of an international conference.

Nevertheless, according to the communiqué released after the weekly meeting of

the Israeli cabinet on September 14, Prime Minister Peres informed the ministers that "the international conference is not intended to replace direct negotiations but to advance them. It is self-evident that it [will have] no authority to impose solutions or to annul agreements. After the opening of the conference, negotiations will be conducted in bilateral geographical committees without international intervention." Shamir, however, indicated that he was unimpressed by Peres's insistence that such a conference would constitute no more than a "framework" for direct talks. Returning from a visit to the United States at the beginning of October, Shamir said that the two governments were agreed that the only way to advance the peace process was via direct talks without any form of "international accompaniment." Shamir also pledged that his term of office as prime minister would see "many initiatives" with respect to the peace process.

A peace initiative of a different sort took place in November, when a delegation of 22 Israelis, led by Latif Dori, a Mapam activist, met in Constanza, Rumania, with 15 members of the PLO, headed by Abed al-Razak Ahye, a member of the organization's executive. Beyond the occurrence of the dialogue itself, which lasted for several hours, and the participation in the talks of Israelis of Middle East extraction, what riveted public attention was the Israeli contingent's blatant defiance of the recently passed amendment to the Prevention of Terrorism Ordinance banning contacts between Israelis and members of terrorist organizations—a category which, under formal Israeli definition, included the PLO. The fact that at the working session the Israeli and PLO delegations were separated by both their Rumanian hosts and a partition of plants—this at the suggestion of the Israeli delegation's legal adviser—did not prevent the police from serving summonses on four of the group's members upon their return to Israel on November 7. A week later the four were formally questioned, and in mid-December the police, following consultation with the attorney general, recommended that they be brought to trial.

Israel—U.S. Relations

Relations with the United States continued on an even keel for most of the year. The Reagan administration continued to express itself effusively about Israel's economic recovery program, and a midyear visit by Vice-President George Bush afforded the opportunity for some traditional rhetoric about the bonds between the two countries, notably on the level of strategic cooperation. Ironically, however, those events which tended to inject a jarring note into the prevailing harmony cropped up precisely in the strategic realm: these included Washington's growing doubts about the feasibility of the Lavi jet-fighter project, new accusations hurled at Israel concerning alleged espionage activities in the States, and the revelations of Israel's apparent involvement in the so-called *Iran-contra* affair. The State Department continued to be closely involved in furthering Israeli-Egyptian relations, particularly in the protracted negotiations over Taba, but remained chary of plunging into the cold waters of comprehensive Middle East peacemaking.

In a visit to the States at the beginning of April, Prime Minister Peres was commended by Secretary of State Shultz for his "bold and farsighted leadership," which had enabled Israel to cope with its economic problems "in a forthright and constructive way." Shultz was referring specifically to the impressive results of Israel's economic stabilization plan, introduced in July 1985. At the same time, Washington continued to caution Israel about the long-term economic situation. As Under Secretary of State Allen Wallis, in Israel in June for talks within the framework of the Israel-U.S. Joint Economic Development Group, pointed out, certain external factors that had contributed to the revival of the Israeli economy, such as the shortfall in world oil prices and a weak U.S. dollar, were likely to prove temporary phenomena; moreover, emergency U.S. aid amounting to \$1.5 billion during the year following adoption of the economic recovery plan would no longer be available.

The first anniversary of the establishment of the Free Trade Area agreement (FTA) between the two countries was marked at a September meeting of the Israel-American Chamber of Commerce in Tel Aviv. U.S. ambassador to Israel Thomas Pickering described the agreement as a "unique milestone" for both countries. Industry and Trade Minister Ariel Sharon, however, noted that the 10-percent increase in Israeli exports to the States from 1985 to 1986 was only one-third the increase that had been registered in 1985 over 1984. Nevertheless, Sharon said, the FTA pact had offset some of the deleterious effects of the weakened dollar for Israeli exporters. Putting matters into broader perspective, U.S. trade representative Clayton Yeutter said in November, following discussions held in Israel by the joint follow-up committee on the FTA, that a single year, or even a five-year-period, was insufficient to judge the worth of a trade accord.

The ongoing strategic cooperation between the two countries was deepened by a meeting of the Joint Political/Military Group in Tel Aviv in March. Two months later (May 6), Defense Minister Rabin and Secretary of Defense Caspar Weinberger initialed an agreement committing Israel to take part in the development of the U.S. Strategic Defense Initiative, or "Star Wars." (Israel followed Britain and West Germany in this regard.) The initial Israeli windfall from this move was an agreement, worth \$6 million, signed in Israel on November 5, under which the Defense Ministry was to conduct a study on defensive systems against tactical ballistic missiles—a subject of special interest to Israel in light of various Soviet-made missiles deployed in Syria.

Strategic cooperation was also a major subject of discussion in the visit to Israel by Vice-President George Bush (July 27–30). Two agreements were signed during the visit, a memorandum aimed at increasing tourism between the two countries and a draft accord for the construction of a Voice of America relay station in the Arava desert. When he left Israel for the remaining stops on his Middle East junket—Jordan and Egypt—Bush was carrying messages from Prime Minister Peres to King Hussein and President Mubarak. However, any desire Bush may have had to leave the region with a concrete accomplishment in the realm of peacemaking remained

unfulfilled—notwithstanding Peres's assertion that he was “convinced that as a result of the vice-president's visit, the peace process will gain momentum.”

In a press conference he held to sum up his visit, Bush was asked about the impact the Pollard affair was having on Israeli-U.S. relations. (Jonathan Pollard, a U.S. Navy civilian intelligence analyst, was arrested on November 21, 1985, and charged with spying for Israel; Jerusalem subsequently dismantled the unit involved and issued a formal apology. Both Pollard and his wife were awaiting trial in Washington.) According to the vice-president, “There was a feeling in some quarters [in Jerusalem] that there was a vendetta against Israel, but after this visit I think it's understood that there is none.”

In fact, less than two months before the Bush visit, the American media had carried new allegations to the effect that Pollard was only part of a far larger Israeli espionage ring in the United States. At about the same time, FBI director William Webster told the *New York Times* that only “selective cooperation” had been forthcoming from Israel in the Pollard investigation—prompting Defense Minister Rabin to charge (June 7) that some circles in Washington were “out to get Israel.” The cabinet added its voice to the fray the following day, when the communiqué issued following its weekly meeting said that Israel viewed “with concern” a “wave of unfounded reports [in the United States] regarding supposed espionage episodes and Israeli arms deals.” The “arms deals” reference concerned a separate case in which a retired Israeli brigadier general, Avraham Baram, had been arrested, together with two other Israelis and two Americans in connection with an alleged scheme to sell U.S. arms to Iran. Where the Pollard case was concerned, the communiqué stated, Israel had evinced “sincere cooperation” in its investigation, “in the spirit of the close relations between the two countries.”

Nevertheless, exactly one month later the Defense Ministry was constrained to issue another denial, once more describing as “unfounded” reports in the American press—this time to the effect that Israel had unlawfully exported weapons technology from the United States. What was especially “grave,” the Defense Ministry added, was that “this matter has been published before the facts have been clarified.” Although the State Department expressed regret at the “unauthorized disclosures,” it did not escape notice that, following past patterns (which predated the Pollard episode), the entire affair had blown up while a ranking Israeli defense figure—in this case the chief of staff, Lt. Gen. Moshe Levy—was visiting the United States.

LAVI PROJECT

A subject of ongoing concern was the Lavi jet-fighter project, of which the development stage was being financed almost entirely by the U.S. government. In February a report by the U.S. deputy under secretary of defense for planning and resources, Dov Zakheim, which estimated that the Lavi's final production costs would far exceed the Israeli figures, was conveyed to the Defense Ministry. Although Israeli officials contested the conclusions of the Pentagon report, in May

Ambassador Thomas Pickering told Israel TV that the costing disparities between Israel and the United States should be "ironed out" before Israel moved from the development to the production stage of the project. In June, following a visit to Israel by a Pentagon team under Zakheim, Defense Minister Rabin declared that the project would continue. July 21 saw the Lavi's first public "rollout" in a ceremony at Israel Aircraft Industries, attended by some 2,000 persons, including a congressional delegation and representatives of American firms subcontracted to manufacture key systems for the aircraft. Despite its reservations, the Pentagon in August sent Israel a positive signal by releasing some \$69 million earmarked by Congress for the Lavi which it had been holding up. In an interview with the *Jerusalem Post* in September, on the eve of a visit to Washington, Defense Minister Rabin enunciated Israel's stand on the Lavi: "We see the Lavi as an economic-technological-military project essential to Israel's overall military infrastructure at all levels, and not just as a weapons system." On the very last day of 1986, the Lavi prototype made its maiden flight, a 26-minute performance. This came almost seven years after its inception and an investment, to date, of \$1.2 billion.

IRAN-CONTRA AFFAIR

In the waning days of the year Israel found itself involved in what came to be known as the Iran-*contra* affair, yet another episode with profound political-security implications—for itself and for the United States. In this tangled web of arms-for-hostages deals with Iran and the diversion of the profits to the antigovernment forces in Nicaragua known as the *contras*, Israel acted, certainly in the initial stages, at the request of senior American officials possessing ostensible presidential sanction. However, repeating its initial response to the Pollard affair, Jerusalem once more opted for an information policy that proved counterproductive. For a full three weeks, from November 4, when a Lebanese paper reported that the United States had shipped arms to Iran, and speculation ran rife about Israel's part in the operation, until November 25, when U.S. attorney general Edwin Meese revealed that profits from the arms deals with Iran had been rerouted to the *contra* rebels in Nicaragua, with Israel supposedly acting as some sort of conduit, the Israeli leadership engaged in stonewalling. The inevitable impression, as Jerusalem moved from a posture of blanket silence to denial to less unequivocal denial, as evidence of Israeli complicity mounted, was that the Israeli leadership—in particular the so-called prime minister's forum of Yitzhak Shamir, Shimon Peres, and Yitzhak Rabin—had something to hide.

Indeed, in an interview with Israel TV, recorded hours before Meese exploded his bombshell but broadcast, embarrassingly, two hours afterward, Prime Minister Shamir was asked about the Israeli connection in the U.S. arms deals with Khomeini's Iran and replied categorically: "There is no secret Israeli connection with Khomeini's Iran. Period." Yet even as the interview was being screened, Shamir, Peres, and Rabin were closeted in a frantic effort to formulate a reaction

that would take into account the Meese revelations. Manifestly aimed less at the Israeli public than at the evening network news programs in the United States, the statement that was finally released—at approximately 1:00 A.M. local time—acknowledged a partial Israeli role but dissociated Israel from any connection with the explosive *contra* aspect of the affair:

The Government of Israel confirms that it helped transfer defensive arms and spare parts from the U.S. to Iran at the request of the U.S. The payment for this equipment was made directly by an Iranian representative to a Swiss bank in accordance with instructions from the American representatives. These funds did not pass through Israel. The Government of Israel was surprised to learn that supposedly a portion of these funds was transferred to the *contras*. If such a transaction took place, it had nothing to do with Israel, and the Government of Israel had no knowledge of it. Israel did not serve and would not have served as a channel for such a transaction.

With the cat out of the bag, the Shamir-Peres-Rabin “triumvirate,” as they were dubbed by the Israeli press, launched a campaign of damage control. Besides possible injurious effects on Israel’s traditionally good relations with Congress, the government faced mounting domestic criticism over the possibility that arms funneled to Iran by Israel might have found their way to the Iranian-controlled Hezbollah group in Lebanon and been employed against Israeli soldiers. Addressing this criticism, Prime Minister Shamir said on November 28, “We found this risk tolerable.” Former Foreign Ministry director-general David Kimche told Israel TV (December 12) that Israel’s objective in acceding to the U.S. request for assistance in the operation was to bolster pro-Western elements in Iran and forge contacts in that highly strategic country with a view to the post-Khomeini period—a tactic that was assailed by various Israeli experts.

Other Foreign Relations

EGYPT

Like other seemingly unrelated matters, Israeli-Egyptian relations in 1986 were affected by the schism at the heart of the national unity government. Although those relations were given a shot in the arm in the form of a Peres-Mubarak summit meeting in September, the fact that the summit was delayed until the eve of the rotation meant that Peres had no opportunity to use it as a lever for further Middle East peace moves prior to his replacement as prime minister by Yitzhak Shamir.

What caused the delay was the unresolved issue of ownership of Taba, a tiny coastal strip south of Eilat containing an Israeli five-star hotel and holiday village, which was also claimed by Egypt and had been a major bone of contention between the two countries ever since the signing of the peace treaty between them in 1979. Following Israel’s withdrawal from Lebanon in 1985, resolution of the Taba issue

was the only remaining unmet condition set by Egyptian president Mubarak for a summit meeting with the Israeli prime minister and the return of an Egyptian ambassador to Tel Aviv (where a chargé d'affaires had been in residence ever since the Beirut refugee-camp massacre in 1982). Progress was slow, however, because the Likud insisted that the dispute be resolved through "conciliation" (nonbinding arbitration), the first stage stipulated in the peace treaty, while the Labor Alignment maintained that conciliation had already been tried and found wanting, and that international arbitration, the next step set forth in the peace treaty, was now called for.

Under Peres's prodding, a marathon 12-hour inner cabinet meeting on January 12 hammered out a 14-point resolution, of which the first and most important clause was that "the Taba issue and the other disputed points along the international border between Israel and Egypt will be resolved by means of an arbitration process." At Shamir's insistence, several clauses were added to the original draft resolution, referring to Israeli demands concerning the aftermath of the Ras Burka massacre of October 1985; the need for a reaffirmation of the peace treaty and the Camp David accords; and commitments by the two countries to prevent terrorist activity and "hostile propaganda" against each other. According to another key clause, "The return of the Egyptian ambassador, the signing of the arbitration *compromis* [as the arbitration agreement was formally termed] and the process of normalization will commence simultaneously."

President Mubarak, however, was opposed to settling all outstanding matters simultaneously, with the result that the Taba talks once more bogged down. Matters were not helped by the fatal terrorist shooting, on March 19, of a member of the Israeli delegation to the Cairo Trade Fair, Eti Tal-Or, aged 23; three other Israelis were wounded by gunfire.

It was not until early August, following intervention by the United States—both Assistant Secretary of State Richard Murphy and State Department legal adviser Abraham Sofaer were dispatched at various stages to help bridge the remaining gaps—that Israeli and Egyptian delegations, meeting in Cairo, finally came up with a draft agreement on a Taba arbitration document. On August 13, following a seven-hour meeting, the inner cabinet decided by a vote of 8–2 (Sharon and Arens), to approve the draft *compromis*. With a Peres-Mubarak summit meeting now tentatively scheduled for September 11, Israeli and Egyptian negotiators, urged on by the State Department's Richard Murphy, worked almost around the clock from the beginning of September to tie up the loose ends and thereby allow the summit to proceed. In fact, it was not until 2:30 A.M. on September 11, less than 12 hours before Peres's scheduled arrival in Egypt, that the *compromis* agreement was at last signed.

The chief accomplishment of the Alexandria summit meeting itself—the first in five years between an Israeli premier and an Egyptian president and the first ever at this level in which Israel was represented by the leader of the Labor party—was the fact that it took place at all. Both sides hoped that the encounter, in the words

of the joint communiqué issued at the conclusion of the talks, would herald “a new era in the bilateral relations between Egypt and Israel as well as in the search for a just and comprehensive peace in the Middle East.” Egyptian foreign minister Esmat Abdel-Meguid announced that Mohammed Bassiouny, who had served as chargé d’affaires in the Egyptian embassy in Tel Aviv for six years and as ambassador in all but name since 1982, was being appointed ambassador to Israel. (Bassiouny formally presented his credentials to President Herzog on September 23.)

On November 30 the full cabinet ratified the *Taba compromis* document, and on December 10 the international arbitration process—expected to last for at least a year—got under way at Geneva.

EUROPE

A moving and historic event in 1986 was the establishment of diplomatic ties between Israel and Spain—nearly 500 years after the expulsion of the Jews from Spain in 1492. In February Israel’s first ambassador to Spain, Shmuel Hadas, presented his credentials to King Juan Carlos; a month later Spain’s first envoy to Israel, Pedro Lopez Aguirregengoz, presented his credentials to President Herzog. In September a three-day visit to Israel by Spanish foreign minister Francisco Fernandez Ordonez produced a decision to set up a joint committee to examine possible cooperation between the two countries in a number of areas, including tourism, technology, and culture.

The most important European visit of the year was that of Prime Minister Margaret Thatcher of Great Britain (May 24–27), the first such visit by an incumbent British premier and another event redolent with history. The drama of the visit was symbolized by Mrs. Thatcher’s entry into the King David Hotel in Jerusalem, where she and her entourage were lodged. Just 40 years earlier, the Irgun, the prestate Jewish underground organization headed by former prime minister Menachem Begin, had blown up the wing of the hotel that housed British headquarters at the time, with the loss of 91 lives. Israelis were deeply moved when Mrs. Thatcher knelt on the floor at the Yad Vashem Holocaust Memorial—her very first official act in the country—and when she laid a wreath at the tomb of Israel’s first prime minister, David Ben-Gurion, at Kibbutz Sde Boker in the Negev. More substantively, the British leader had some strong words to say in support of the struggle of Soviet Jewry to emigrate and against appeasement of terrorists.

On the Middle East situation, which dominated Thatcher’s talks with the Israeli political leadership, she declared that “Britain is committed to a stable, peaceful and secure future for the people of Israel.” At the same time, she was forthright in stating her belief that Israel “will only find the security [it] seeks[s] by recognizing the legitimate rights of the Palestinian people and their just requirements.” Thatcher, who also met with a delegation of leading Palestinians from the territories, called on Israel to take “practical steps” to ameliorate the lot of the Palestinians there. More controversially, she also urged that they be allowed to elect their own

representatives—a notion to which most Israeli leaders were not amenable—in order to enable the creation of an “alternative” Palestinian leadership that could replace the PLO as a dialogue partner in talks with Israel and Jordan, with the ultimate goal of establishing a Jordanian-Palestinian “federation.”

Another first-time visit was that of a serving West German defense minister. During his four-day stay in Israel in April—made solely for “information-gathering” purposes, according to the German embassy in Tel Aviv—Manfred Woerner held talks with his host, Defense Minister Rabin, and other ranking defense establishment officials on Israel’s security posture and the Middle East picture as a whole, as well as visiting a number of military sites and defense plants. Prime Minister Peres had visited West Germany during his January swing through Western Europe.

The year saw expanded bilateral Franco-Israeli activity, a state of affairs that undoubtedly pleased Prime Minister Peres, an inveterate Francophile ever since his days in the Defense Ministry under Ben-Gurion, when Paris was Israel’s chief arms supplier. Peres himself was in France twice: in April, to address the parliamentary assembly of the Council of Europe, where his theme was the need for talks between Israel and a Jordanian-Palestinian delegation, followed by a lightning visit to Paris for a meeting with President François Mitterrand; and again in October—his final official visit abroad as prime minister—for a 48-hour stay during which he met again with Mitterrand, held talks with Premier Jacques Chirac on methods of combating international terrorism, and tendered a reception at Versailles as part of the celebrations marking the centenary of David Ben-Gurion’s birth.

Relations with Italy received a boost in the form of a visit by Foreign Minister Giulio Andreotti in May, with the talks focusing on the need for greater international cooperation in the war against terrorism. This common desire by the two countries was given formal expression on December 4, when visiting Interior Minister Oscar Luigi Scalfaro and Minister of Police Haim Bar-Lev signed an agreement by which a “bilateral committee” was to be formed, to be headed by the two ministers and to meet at least once a year. The two countries agreed to enhance their cooperation in fighting terrorist organizations, illicit drug dealing, and organized crime.

Israel’s traditionally solid ties with the Netherlands were further cemented in a visit to that country by Prime Minister Peres in January on his Western European mission. High on the agenda of Peres’s talks with Premier Ruud Lubbers was Holland’s continued representation of Israeli interests in the Soviet Union. In mid-October Princess Juliana and Prince Bernhard of the Netherlands paid a six-day visit to Israel as guests of the Jewish National Fund, during which the former queen dedicated a forest in Galilee named in honor of her daughter Queen Beatrix (in whose favor she abdicated the throne in 1980).

An area of Europe that seemed to play a marginal role in Israeli foreign relations received some top-level attention in 1986 when Defense Minister Rabin paid a week-long visit to Scandinavia in November, including a rare visit to Finland, where he met with President Mauno Koivisto and other leading figures. Much closer to

home, Israel's relations with Greece—since the establishment of Israel-Spain ties, the only EEC member-state that did not recognize Israel—underwent perceptible improvement during the year. In May Tourism Minister Sharir met for one hour with Foreign Minister Karolos Papoulias in Athens; in July, MK Shulamit Aloni (CRM) became the first Israeli member of parliament to pay an official visit to Greece, also as the guest of Foreign Minister Papoulias; and on November 27 Israel and Greece signed a tourism cooperation agreement during a two-day visit by Deputy Minister of Economics and Tourism Panaglotis Roumeliotis, the highest-ranking Greek official ever to visit Israel.

Against the backdrop of the highly positive picture of Israeli-Western European ties, the case of Austria stood out starkly. Israel's relations with Vienna deteriorated sharply in 1986, as evidence mounted of the alleged Nazi background of Kurt Waldheim, the former UN secretary-general who was elected Austria's president. Initially the Israeli government sought to distance itself from the campaign against Waldheim spearheaded by the World Jewish Congress, out of reluctance to be seen interfering in the internal affairs of another country and apprehension about possible adverse consequences for Austrian Jewry. In May, however, Foreign Minister Shamir told the *New York Times* that a Waldheim election victory would have a negative effect on Israeli-Austrian relations—drawing an immediate charge by Austrian foreign minister Leopold Gratz of unconscionable Israeli meddling in Austrian affairs. Following Waldheim's victory, Israel recalled its ambassador to Austria, Michael Elitzur, and in November (now) Foreign Minister Peres told the Knesset that Israel would not be dispatching an ambassador to Vienna “at this stage.” Austria responded by recalling Ambassador Otto Pleinert from Tel Aviv “for consultations.”

Some movement was registered in Israel's relations with Eastern European countries, notably in the form of the first official meeting between Israeli and Soviet representatives since the USSR severed its diplomatic ties with Israel in 1967. Prior to the meeting, which was held in Helsinki on August 18, Israeli spokesmen had been at pains to play down its significance. Thus, on August 16 Prime Minister Peres told Israel Radio that in agreeing to the meeting Moscow had taken a “small step” whose importance should not be overestimated, although it did hold out “possibilities” vis-à-vis the future. In the event, this cautious approach proved justified, as the low-level talks (the Israeli team was led by Yehuda Horam, head of the Foreign Ministry's Eastern Europe desk), which were to have lasted two days, were broken off after just 90 minutes. The Soviets contended that by raising the issue of Soviet Jewry, Israel had gone beyond the agreed parameters of the meeting, which they maintained had been convened solely to make arrangements for the visit to Israel of a Soviet consular delegation, ostensibly to examine Russian property holdings there. In response, Prime Minister Peres said Israel would countenance no compromises where Soviet Jewry was concerned; Foreign Ministry director-general David Kimche attributed the Russians' sudden cold feet to their desire to placate the Arab world.

Moscow did agree, however, to talks on September 13 between the Israeli and Soviet ambassadors to Washington, and to a meeting, the second in two years, between Prime Minister Peres and Foreign Minister Eduard Shevardnadze of the USSR at the UN on September 22. Their topics of discussion included the convening of an international peace conference on the Middle East and the question of Soviet Jewry.

Later that week Foreign Minister Shamir met at the UN (separately) with the foreign ministers of Bulgaria (Bulgarian-born Shulamit Shamir, the prime minister's wife, had paid a week-long visit to that country earlier in September, as the guest of the Bulgarian Foreign Ministry), Hungary, and Poland. In the latter, an Israeli "interests section" was already functioning informally, and the two ministers discussed the progress made in furthering relations between the two countries since the previous October, when a similar meeting was held at the UN.

OTHER COUNTRIES

The most spectacular foreign relations mission during the year was undoubtedly President Chaim Herzog's visit, lasting nearly three weeks, to the South Pacific and the Far East. The 59,000-kilometer trip, made in an Israel Air Force Boeing 707 with the accompaniment of a large entourage of advisers, Foreign Ministry personnel, and journalists, was designed, as the president explained on his return, to get across the Israeli position on various issues, open up "new possibilities of trade and contact," and improve "the good relations that already exist between [Israel] and most of these countries." Another major goal of the trip was to tighten Israel's bonds with some far-flung Jewish communities. Herzog's junket covered Australia, New Zealand, Fiji, Tonga, Hong Kong (a stopover not on the original itinerary but necessitated by the cancellation of a planned visit to the Phillipines due to internal unrest there), Singapore, and Sri Lanka.

In July a government delegation from the Philippines was in Israel to request technical aid in agriculture and solar energy. A rare high-level visitor from Japan was the deputy foreign minister, Shinichi Yanai, who was in Israel for four days at the end of September, following Foreign Minister Shamir's visit to Tokyo the previous year.

Israel's slow but steady renewal of relations with countries of black Africa continued apace in 1986, with the Ivory Coast and Cameroon becoming the third and fourth African states—following Zaire and Liberia (whose foreign minister, J. Bernard Blamo, paid a week-long visit to Israel in June)—to restore relations with Israel since 1982. Besides issuing verbal declarations against South Africa's apartheid system, on June 16 Jerusalem joined countries of the West in shutting down its embassy in Pretoria for 24 hours, in memory of the Soweto uprising and massacre ten years earlier and to protest the imposition of a "state of emergency" by the South African government on the country. However, Israel's essentially ambivalent posture toward Pretoria was manifested in August when an Israeli economic delegation

visited South Africa in order to renew long-term contracts for Israel's importation of coal and to extend an agreement under which South African Jews could invest funds in Israel.

Israel's traditionally good relations with Latin America were boosted when Foreign Minister Shamir made a ten-day visit to Costa Rica, Guatemala, and Honduras in May. Uruguayan president Julio Maria Sanguinetti was in Israel that month as the guest of President Herzog, and July saw a week-long and first-ever visit by the prime minister and minister of finance and defense of Belize, Manuel Esquivel. Other ranking visitors from Latin America in 1986 included Ecuador's foreign minister, Edgar Teran (November), who signed an economic cooperation agreement on behalf of his country; the Argentine minister of labor and energy (March), who signed a memorandum of understanding on scientific-technological cooperation—the first of its kind between the two countries; and the president of the Costa Rica Legislative Assembly (December).

Lebanon

Although the three-year war in Lebanon, which grew out of "Operation Peace for Galilee," officially came to an end in mid-1985 with the completion of the phased withdrawal of most of the Israeli troops from that country, Lebanon continued to exact a toll from Israel. However, as Defense Minister Rabin said in mid-January, marking the first anniversary of the government's decision to withdraw the IDF (Israel Defense Forces) from Lebanon, the price Israel was now paying, "though dear, cannot be compared to the human and economic price we paid while we were deployed there."

The very first week of the year saw the firing of 14 Katyusha rockets at the town of Kiryat Shemona and other settlements in upper Galilee, prompting calls by Likud figures for an expansion of the "security zone" in southern Lebanon—a buffer area, adjacent to the Israel-Lebanon border, maintained jointly by the IDF and the Israeli-backed South Lebanon Army (SLA). Defense Minister Rabin would not countenance this idea, nor the opposite proposal, put forward from time to time by UN spokesmen or by countries participating in UNIFIL (UN Interim Force in Lebanon)—namely, to eliminate the security zone altogether and permit UNIFIL troops to deploy along the international border.

Instead, Israel continued to employ its traditional retaliatory and preemptive measures against terrorist and guerrilla targets in Lebanon—air strikes, reinforced by ongoing ground and sea patrols in the immediate border area, and occasional sweeps north of the security zone as well. Determined to defend and protect the northern border, yet unwilling to commit Israeli troops on a large scale to the anarchic land to the north, Israel found itself confronting the growing strength both of Palestinian organizations that were reestablishing themselves after the debacle of 1982, and, more ominously, the radical Iranian-backed Shi'ite organization Hezbollah (Party of God). Speaking in Kiryat Shemona on January 13, Defense Minister

Rabin warned that if the normal course of life were disrupted on the Israeli side of the border, Israel would employ means "to show the other side concretely that there will be no one-sided terror." Rabin also had occasion to note that the one threat that Israeli policymakers had feared in the wake of the IDF's pullback had not materialized: the Syrians, far from endeavoring to encroach on the security zone, had actually removed about half of their forces from Lebanon and had made no attempt to move southward.

In the course of the year, half a dozen Israeli soldiers were killed or captured in clashes north of the border; the upper Galilee was hit almost monthly by Katyusha rockets, causing injuries, some severe, and property damage, with almost every incident followed by retaliatory attacks by Israel Air Force planes on terrorist posts in Lebanon. The Israel Navy several times intercepted boats sailing for Lebanon carrying arms for the PLO. The kidnapping of two Israeli soldiers on February 17 in an ambush led to an extensive search mission through Shi'ite villages; subsequent diplomatic efforts to secure the soldiers' release were to no avail. On October 16 an Israeli Phantom warplane crashed during an attack on terrorist bases near Sidon. The pilot was rescued in a daring helicopter operation but the navigator was taken captive.

By year's end, according to a press briefing by Israeli military sources, some 7,000 Palestinian fighters were deployed in Lebanon, including 2,500 in and around Sidon (1,500 of them affiliated with Yasir Arafat's Fatah organization) and 2,300 in Beirut.

The Administered Areas

Under Defense Minister Rabin, who bore ministerial responsibility for activities in the territories, Israeli policy there remained virtually unchanged in 1986. At the same time, the government's pro-Jordan orientation was given a boost by the falling-out between King Hussein and Yasir Arafat. Indeed, largely as a result of that development, the fact of the evident but previously not formally acknowledged collaboration between Israel and Jordan in the territories—both eager to usurp the PLO's standing there—was spelled out in plain language by Rabin himself.

In an interview with the *Jerusalem Post* on the eve of the premiership rotation in October, the defense minister explained that Israel had set itself two interrelated goals in the territories: the eradication of terrorism using "every legal means available," and the improvement of "the quality of life" of the local residents. Within the context of the latter objective, Rabin pointed out, Israel wished to forge an "authoritative" and moderate leadership in the West Bank. This, he said, was now feasible, thanks to Jordan's reorientation following its rift with the PLO, making it possible for Israel to work "with Jordan" in order to "creat[e] an infrastructure upon which we hope to build a better future." The single greatest threat to these positive developments was internecine Palestinian terrorism—not only against "Palestinians who are openly pro-Zionist, but against any Palestinian who dares speak about the possibility of a political settlement," Rabin said.

A case in point was the violent aftermath to the appointment of Zafr al-Masri as mayor of Nablus in November 1985. The Civil Administration's proclaimed intention of installing pragmatic, moderately inclined Arabs as mayors in West Bank towns where PLO-affiliated mayors had been deposed by the Israeli authorities sustained a serious blow on March 2 when the 44-year-old al-Masri was gunned down by two assailants. Responsibility for the killing was claimed by George Habbash's Popular Front for the Liberation of Palestine (PFLP); condemnation came from Jordan and the PLO alike, both of which were reported to have tacitly approved al-Masri's appointment. The funeral procession was seized upon by thousands of young Palestinian nationalists to stage a boisterous demonstration of their support for Yasir Arafat and the PLO and to vent their disdain for Jordan and King Hussein.

The al-Masri slaying forced Israel to shelve temporarily its declared intention to install additional notables as mayors in West Bank towns, since the candidates for those positions withdrew their names for fear of suffering a similar fate. Evidently their apprehensions were allayed in the course of the coming months, however, for on September 28 three pro-Jordanian local dignitaries (though none with the stature of al-Masri) took over as mayors in Hebron, Ramallah, and El-Bireh. Yet the true state of affairs was perhaps best depicted in a Reuters photograph, published in the *Jerusalem Post*, showing the newly named mayor of El-Bireh, Hassan a-Tawil, standing in the doorway of the municipality building flanked, bodyguard-fashion, by two armed Israeli soldiers.

At about the same time as the new mayors took over, Israeli-Jordanian cooperation in the West Bank found expression in another sphere. On September 17 Coordinator of Activities in the Territories Shmuel Goren announced that a Jordan-based bank had been granted a permit to reopen its Nablus branch, thus becoming (on November 3) the first Arab bank to open for business in the territories since 1967.

Much of the unrest in the territories, and in the West Bank in particular, continued to originate in the local colleges and universities. On Independence Day (May 14) several persons were wounded in Nablus, including two by gunfire from Israeli troops, as students from that city's An-Najah University rioted to protest a massive Gush Emunim demonstration in Nablus urging the government to allow Jewish settlement in the city. About two weeks later Israeli security forces, in an unusual move, entered the An-Najah campus, where they impounded what military sources described as "nationalist material" and detained 20 students for questioning.

A more sustained wave of unrest, which began at the end of November with the by now almost traditional demonstrations marking the UN vote for the partition of Palestine (November 29, 1947), persisted through the entire month of December. The situation was aggravated by the desire of West Bankers to show solidarity with PLO forces in Lebanon who were engaged in an armed conflict with various Shi'ite groups there. On December 4, two students (both from the Gaza Strip) were killed and 12 others were wounded when Israeli troops opened fire on a demonstration at Bir Zeit University. Two days later a 12-year-old boy was killed at the Balata refugee

camp in Nablus when an Israeli patrol was stoned. On December 8 the Israeli authorities closed down the old campus of Bir Zeit University for one month and ordered An-Najah University shut for a week. The unrest spread to East Jerusalem and the Gaza Strip as well.

The normally quiescent Golan Heights was the scene of a serious demonstration in late February during a visit there by Prime Minister Peres. Three policemen were injured and 18 local Druze were arrested when demonstrators stoned Peres's car and tried to prevent him from entering the local-council building in the village of Majdal Shams. Peres told the Druze notables that "the Golan Heights is part of Israel," but the riotous demonstrators chanted "The Golan belongs to Syria!" and burned an Israeli flag.

Israeli activity against burgeoning Palestinian nationalism in the territories was directed increasingly at the East Jerusalem press. In addition to the occasional barring of distribution of various papers in the territories for periods of up to two weeks, usually under the rubric of "censorship violations" (East Jerusalem papers had to submit all or most of their material for prior military censorship), the major occurrence in this sphere was the expulsion of the editor of the East Jerusalem daily *A-Sha'ab*, Akram Haniye. The deportation order, issued at the beginning of November, was not implemented for almost two months, due to Haniye's appeal to the High Court of Justice against the move. At one hearing the O/C Central Command, Maj. Gen. Ehud Barak, told the High Court that Haniye was a leading Fatah activist who had served as a conduit for PLO instructions regarding terrorist attacks in the territories. On December 16 Israeli authorities conveyed to the High Court over 300 classified documents said to prove Haniye's PLO affiliation. However, the court did not get the chance to rule on the case; Haniye himself asked his lawyers to drop the appeal proceedings because the court refused to allow him or his lawyers to see the secret material offered in evidence against him by Israel. On December 28 Haniye was put on a plane for Geneva. He was the second West Bank journalist to be deported in 1986, following the expulsion (January 31) of Mahmoud Abd al-Jawad, a staffer for the Palestine Press Service and the newspaper *Al Mithaq*.

A survey of Arab public opinion released in September seemed to indicate that Israel was fighting a rearguard battle in its effort to contain Palestinian nationalism and that its hope of fuller collaboration with Jordan was unrealistic. The poll results showed fully 93.5 percent of the population of the territories believing that "the PLO is the sole and legitimate representative of the Palestinian people." Although Yasir Arafat himself received somewhat less support as the preferred Arab leader (71.1 percent), the second-place finisher, Jordan's King Hussein, scored a paltry 3.4 percent. Moreover, 77.9 percent said that their "preferred permanent solution to the Palestinian problem" was "the establishment of a democratic Palestinian state in *all of Palestine*" (emphasis added). Most disquieting were the results pertaining to the use of violence as a means to achieve the Palestinians' goals: 78.4 percent of the respondents said that "acts of force are justified in the pursuit of the Palestinian cause." In an evident rejection of the much vaunted Israeli policy aimed at bettering

the standard of living in the territories, an overwhelming majority, 84.5 percent, averred that living conditions had "become worse" in the preceding five years.

The poll, which covered about 1,000 persons in 42 towns and villages and 8 refugee camps in the West Bank and the Gaza Strip, was jointly sponsored by the New York newspaper *Newsday*, the Australian Broadcasting Corporation, and the East Jerusalem daily *Al Fajr*. Although, as Meron Benvenisti, director of the West Bank Data Base Project, told the *Jerusalem Post*, the poll's sample population group may have been biased in favor of the more politically aware (over 37 percent of those interviewed were either students or professionals), the survey was—taking into account the constraints imposed by a military occupation—the most comprehensive attempt yet undertaken to determine where the residents of the territories stood politically.

The reaction of the Israeli authorities went beyond the perhaps expectable dismissal of the poll's results as biased and unreliable. According to a press statement issued on November 21 by An-Najah University and not denied by Israeli authorities, the poll's director, Mohammed Shadid, a political-science lecturer at An-Najah since 1980, was summoned to the office of the Nablus military governor on November 4 and asked to publish a "revised version" of the poll's results in a pro-Jordanian East Jerusalem daily. When Shadid refused, he was issued an order on November 13 barring him from teaching anywhere in the West Bank.

Jewish settlement activity in the territories continued in 1986 in unspectacular but steady fashion. According to an Israel Radio report in late September, the virtual freeze on the establishment of new settlements had not stemmed the growth of the already existing West Bank Jewish communities. Some 60,000 Jews resided there, according to the report, constituting an increase of about 50 percent since the Peres government took office in 1984. Over two-thirds of the settlers resided in "bedroom communities" that were effectively suburbs of Jerusalem and Tel Aviv—fully 20 percent of them, 12,000 persons, in Ma'aleh Adumim, just outside Jerusalem on the road to Jericho. Over 50 percent of the Jewish settlers were not religious.

Even though the "hard-core" ideological settlers affiliated with Gush Emunim and residing largely in the Samaritan hills constituted a distinct minority among the Jewish residents in the West Bank, it was they who continued to set the tone. On April 14, persons traveling to a Peace Now meeting in Hebron, including two MKs from the Citizens Rights Movement (CRM), were physically assaulted by Jewish settlers who tried to prevent their passage. Army troops had to be called in to clear the road. Two weeks later some 10,000 persons visited Hebron to show solidarity with Gush Emunim and the settler movement. Three CRM MKs made an appearance at the rally as a counterdemonstration, and Kach leader MK Meir Kahane was forcibly removed from the site by soldiers for incitement.

The settlers continued their efforts to penetrate the Arab towns of Nablus and Jericho. In August a group of 15 activists, led by Tehiya MK Geula Cohen and Gush Emunim leader Rabbi Moshe Levinger, managed to evade army roadblocks and reach the ancient synagogue in Jericho. A day earlier, army troops opened fire

at a Gush Emunim vehicle that was en route to Jericho after having disregarded soldiers' orders to halt at a roadblock. No one was hurt, but the incident touched off a spate of mutual recriminations between Gush Emunim and the IDF, aggravating already strained relations stemming from the settlers' long-standing contention that Israeli troops in the territories were not doing enough to protect them. In October the military government evicted 15 settlers from "Joseph's Tomb" in Nablus, after they had refused to leave the site following the completion of morning prayer services. In the Gaza Strip, Jewish settlers began operating their own armed "civil guard" to counter growing local unrest there.

The demographic picture continued to cause concern. Speaking at a press conference at the end of January, Dr. Benvenisti said that the Arab population in the West Bank was approaching 800,000, an increase of nearly one-third since 1967. Moreover, the rate of population growth in the territories was once more on the rise, the result of declining emigration due to the diminished demand for foreign workers in the oil-producing Arab states. The upshot was an acceleration of the long-term trend that was closing the gap between the Jewish and Arab populations in the area of former Mandatory Palestine (Israel plus the territories). The 1986 ratio of 63 percent Jews to 37 percent Arabs (1984 figure: 65:35) was expected to stand at no more than 58:42 by the year 2000, Benvenisti said.

Another Benvenisti report, dealing with the Gaza Strip, painted an appalling picture. According to the study released at the end of May, the Gaza Strip's 525,000 persons constituted a population density of over 2,000 persons per square kilometer, a figure matched only by Hong Kong. Moreover, the population of Gaza, which included some 40 percent of all the Palestinians in the territories, most of them residing in eight huge refugee camps, was doubling every generation and would total as many as 900,000 by the year 2000. Gaza, according to Benvenisti, was "the Soweto of the State of Israel," and the situation there was nothing short of "explosive."

Terrorism

ISRAEL AND THE TERRITORIES

Although 1986 saw a falloff of some 40 percent in overall terrorist attacks in Israel and the territories, stabbings, one of the main forms of the "personal terrorism" that had been rampant in 1985, showed a considerable increase. Paradoxically, both developments were attributable in large measure to the increased presence of the Shin Bet (General Security Service) in the territories, its success in apprehending suspected terrorists, and the limitations placed on access to firearms.

A number of serious terrorist incidents occurred in Jerusalem, especially in or around the Old City. On April 8 ten persons were wounded, one seriously, when a gasoline bomb was thrown through the window of a crowded bus in north

Jerusalem. Five days later a 59-year-old Jewish woman who ran an insurance office in East Jerusalem was murdered at her place of business. On April 27 a British tourist was murdered near the Garden Tomb in East Jerusalem, not far from the site of the earlier slaying. Two other tourists, one American and one German, were also shot and wounded in the Old City around the same time. Demonstratively touring the Old City following these attacks, Jerusalem mayor Teddy Kollek declared that East Jerusalem was safer than Central Park but that fear of terrorism had caused a 40-percent falloff in tourism to the city. (In early May the security forces uncovered a major terrorist cell made up of largely East Jerusalem residents and affiliated with the Syrian-backed Fatah breakaway group led by Abu Mussa. Three of its members were among the terrorists released in the prisoner exchange a year earlier. Following their trial, on September 14 two of the gang's members received life imprisonment and five others were sentenced to prison terms of 8–25 years for their parts in the Jerusalem murders and attempted murders.)

The year's worst single outrage occurred on October 15, when terrorists launched a grenade attack just outside the Dung Gate in the Old City, following a ceremony in which new IDF recruits were sworn in at the Western Wall. In the attack, which came as the soldiers and members of their families were boarding buses to return them to their bases or homes, one person was killed and 70 were wounded. (Although at least four different Palestinian organizations claimed responsibility for the attack, four suspects, members of a local Islamic Jihad group, were arrested within two days of the incident. Their interrogation brought about the arrest of a six-man Fatah cell which was charged with planting a bomb on a Jerusalem bus in December 1983 that claimed six lives and wounded 50 persons; one of the cell's members, who also supplied the grenades for the Dung Gate attack, was sentenced to life imprisonment on December 30.)

On November 15, a 22-year-old student at the Shuvu Banim yeshivah in the Old City, Eliahu Amedi, was stabbed to death while walking to the yeshivah. The assailants, who were caught by security forces as they tried to flee, turned out to be three young men from Jenin, affiliated with George Habash's PFLP. (Sentenced to life imprisonment on December 23, the three were quoted by the *Jerusalem Post* as saying they had chosen their victim at random and that "any Jew" would have done just as well.) Soon after, Jewish hotheads and fanatics, with Kach members prominent among them, rampaged against Arab property in the Old City, forcing nine Arab families living adjacent to the yeshivah in the Moslem Quarter to vacate their homes. They also assaulted passing Arab vehicles in the city's Shmuel Hanavi neighborhood, a disadvantaged area situated on the former border with Jordan, where Amedi had lived.

When MK Ran Cohen of the Citizens Rights Movement sought to pay a condolence visit to the Amedi family, he was attacked by religious extremists. Condemnation of the anti-Arab rioting came from President Herzog, Knesset Speaker Shlomo Hillel, and Mayor Kollek, who criticized the yeshivah students for inflaming passions in the Old City. Subsequently a conciliation meeting was arranged between the

heads of the yeshivah and local Arab residents, and the Jerusalem municipality paid compensation to Arabs whose property had been damaged.

The year's final terrorist knifing in Jerusalem occurred on December 12, when a 66-year-old man was stabbed in the stomach as he walked home through the Old City after Friday-evening worship at the Western Wall. The following day a group of about 20 prominent Palestinians in the territories and East Jerusalem issued an unusual statement deploring the attack. "We consider this act to directly contravene the civilized context of our legitimate Palestinian struggle to realize our just demands, and we also consider it to be in complete contradiction to the humanistic principles and religious laws in which we believe," the statement said.

Other victims of terrorist attacks in Israel and the territories in 1986 included: a 40-year-old taxi driver from Ramle shot dead in his cab near Lod (January 2); a border policeman shot and killed while shopping with his family and a friend in the Nablus marketplace (January 11); a bus driver mortally wounded in an attack while en route from the settlement of Neve Zuf in Samaria to Tel Aviv (April 12); a new immigrant from Ethiopia stabbed and lightly wounded while walking in the Hebron marketplace (June 6); 14 persons wounded, two seriously, when a grenade was thrown at a group of Carmiel high-school pupils and their adult escorts on an outing in Jericho (July 24); a 35-year-old Ashkelon man stabbed to death while shopping in Gaza (September 27). Violent demonstrations broke out in Ashkelon the following day as the city's main intersection was being renamed in honor of King Mohammed V of Morocco (father of the current monarch, Hassan II), in a ceremony presided over by Prime Minister Peres. On October 7 a second Ashkelon man was murdered in Gaza, his throat slit from behind. Heavy police and Border Police reinforcements were stationed in Ashkelon as anti-Arab feeling ran high. Defense Minister Rabin, visiting the murder sites, warned Israelis against going alone "to certain places." A third Ashkelon man was lightly wounded in Gaza on November 12 when he was stabbed in the neck. (On December 25 Israeli security authorities announced the uncovering of an Islamic Jihad terrorist cell in Gaza, to which the knifings were attributed.)

Some of the members of the Jewish underground who had been sent to prison in 1985 were granted clemency by President Chaim Herzog, at the recommendation of the minister of justice, and released. In February Boaz Heinemann and his nephew Ya'acov Heinemann were freed: the former, convicted of attempted manslaughter and other crimes, had been slated for release in April; the latter, who was involved in the 1980 attack on the West Bank mayors and the plot to blow up Muslim shrines on the Temple Mount, had been scheduled to be freed in July. Three more of the Jewish terrorists—Yitzhak Novik, Haggai Segal, and Natan Nathanson, sentenced to three-year prison terms for their roles in the attack on the mayors—were released on May 3 after serving two-thirds of their terms (which dated from the time of their arrests, a full year before their convictions). On the eve of Independence Day, President Herzog commuted the sentences of two additional members of the Jewish terrorist organization, Gilad Peli and Yeshua Ben-Shushan, thus

leaving 7 of the original 25 members of the group still in prison, including 3 serving life sentences.

In June the trial concluded of the two officers of the Judea-Samaria Civil Administration who were charged with failing to warn a Border Police demolition expert that a car he was about to examine was booby-trapped (the car belonged to one of the West Bank mayors targeted by the Jewish underground). The two were found guilty of breach of trust, failure to prevent a crime, and causing bodily harm through negligence. The sapper, a Druze, was blinded when the bomb exploded in his face. In June one of the officers received a 15-month prison term and the other 3 months.

Two wanted Jewish men returned from the United States to face trial for anti-Arab actions. On December 23, Ira Rappaport, who was convicted, following plea bargaining, of causing grievous bodily harm in the attack on the mayors, was sentenced to 30 months in prison. Rappaport, an American citizen, was in the States on behalf of Gush Emunim in 1984 when the Jewish terrorist group was rounded up but finally returned to Israel voluntarily in 1986 to stand trial. (His extradition was never sought by Israel.) The second case involved Craig Leitner, a member of Meir Kahane's Kach organization, who along with several other Kach activists was involved in a series of attacks against Arabs in 1983, including the ambush of an Arab bus near Ramallah in which six persons were wounded by gunfire. Leitner, who fled to the States in 1984 when he was about to testify as a state's witness in the trial of the group's members, returned to Israel in August and in September was sentenced to 30 months in prison following plea bargaining.

On December 3, three young Israelis—two men (a soldier and a policeman) and a woman student—who were convicted in the April 1985 murder of an Arab taxi driver in Jerusalem, were sentenced to life imprisonment.

ANTI-ISRAEL TERROR ABROAD

On February 4, Israel intercepted a Libyan executive jet bound for Syria from Tripoli, in the wake of intelligence information indicating that one or more top terrorists, including Ahmed Jibril, were on the aircraft. However, when the plane was forced down in Israel, none of the persons Israel sought was among the passengers, who were returning to Syria from a gathering of radical Arab and Palestinian organizations in Libya. Syria, which vowed to retaliate, in the meantime made do with submitting a complaint to the UN Security Council, but the United States vetoed a draft resolution condemning Israel for the operation. When U.S. planes bombed Libya on April 15, to deter Qaddafi from backing terrorism abroad, Israeli leaders welcomed the move enthusiastically. Defense Minister Rabin termed the American raid "an act of self-defense" that would hamper international terrorism.

Two days later a major disaster was averted when an El Al security guard at London's Heathrow Airport discovered a bomb in the hand luggage of a 32-year-old Irish woman who was about to board a Tel Aviv-bound El Al jumbo jet. The woman had been given the booby-trapped handbag by her boyfriend, a 35-year-old

Jordanian, Nizar Hindawi, whose child she was carrying and who had promised to meet her in Israel and marry her. Hindawi surrendered to police in London after the bomb was discovered. The explosive device his girlfriend unknowingly carried in her handbag would have ripped the plane apart in midair, almost certainly killing all 400 persons aboard. When London broke off diplomatic relations with Syria after Hindawi was sentenced to 45 years' imprisonment in October, Jerusalem welcomed the action as "a major step against state-sponsored terrorism."

One of the worst terrorist outrages in recent years—an attack on the Neve Shalom synagogue in Istanbul, Turkey, on Saturday, September 6, in which 22 worshipers were massacred—provoked fierce condemnation from Israeli leaders as well as a minor internal political crisis (see "Political Affairs").

Economic Developments

If Israel's economic situation in 1986 could be summed up in a single word, that word would be stabilization. The overriding goal of the country's economic planners in 1986 was to preserve the accomplishments of the Emergency Economic Stabilization Program introduced on July 1, 1985, notably the drastic reduction in inflation from 150 percent in the first seven months of 1985, to a total of 14 percent in the last five months. The size of the state budget for the fiscal year beginning April 1, as presented by Finance Minister Yitzhak Modai in the Knesset on January 20—NIS 30.8 billion (approximately \$19.5 billion)—represented a real cut of 5.3 percent as compared with the previous year.

According to Modai, the budget was geared to achieve several goals: stabilize the balance-of-payments posture and increase the country's foreign-currency reserves by up to \$750 million (the amount of the special U.S. emergency aid for 1986); maintain stabilization of inflation at a low level; reduce public-sector employment as part of an effort to effect an overall change in the structure of employment in Israel; forge an economic atmosphere in which the public's expectations would be for continuing stabilization and calm; and create conditions enabling economic growth.

In practice, these targets were achieved only in part, if at all. Thus, inflation was slashed from the 185 percent of 1985 to 19.7 percent in 1986, yet for all that this marked the first time in years that the consumer price index was confined to double digits, it was still in excess of what the Treasury's economists had set their sights on. A main cause of the inflationary decline was the 11.4-percent fall in public consumption (following a 3.2-percent rise in 1985). However, in a virtual reverse of the trends in 1985, this cutback in public consumption was almost exactly offset by an increase of 12 percent in personal spending, following a decline of 0.4 percent in 1985. Purchases of household durables (such as refrigerators, washing machines, televisions, and videos) were up by 55 percent as compared with 1985, and purchases of automobiles increased by 51 percent. Tourism abroad was up by 30 percent in 1986. Unfortunately, the massive foreign-currency outlay by Israelis going abroad

was actually aggravated by a decline of 13 percent in incoming tourism to Israel, generating a shortfall of about \$200 million as compared with the previous year.

It was in the more fundamental economic statistics that the lingering malaise of the Israeli economy could be seen. In the chronically problematic balance-of-payments sector, Israel ran up a deficit of \$4.1 billion in 1986; exports were up by only 5 percent, as compared with increases of 9 percent and 14 percent in 1985 and 1984, respectively. Moreover, investments in fixed capital formations (construction, equipment, transportation) shrank by 6 percent, continuing the pattern of the previous two years. Another long-term adverse trend, reflecting the low level of immigration to Israel in recent years, was the decline (by a sharp 18 percent) in investment in residential housing. By the end of 1986, housing investment was actually almost 40 percent below the 1982 level, and the 14-percent decrease in the number of persons employed in construction was a major contributor to the growth in unemployment. The total of 7.1 percent of the work force unemployed in 1986, up somewhat from 1985, marked the fourth consecutive year of a rise in unemployment. Overall, the Gross Domestic Product was up by a paltry 2 percent during the year, showing no gain (though also no loss) as compared with the previous three years, while the Gross National Product, reflecting no more than isolated pockets of growth in the private sector, including industry, climbed by a minuscule 1.1 percent—tantamount to stagnation.

The question of economic growth spilled into the political arena to become one of the most bitterly contested issues of 1986. In mid-February Prime Minister Peres began urging the adoption of an economic-growth policy to prime the economy as a means to trigger investment and offset rising unemployment. Finance Minister Modai objected that Peres's program would not only refuel inflation, thus undoing all the work of the stabilization measures, but that Peres actually had an ulterior motive: to beef up Alignment-controlled ministries (especially health, education, and agriculture) and, worse, to prop up financially ailing and debt-ridden Histadrut (i.e., Labor) enterprises, specifically the huge Solel Boneh construction company, the Kupat Holim health-insurance fund, and the cooperative settlements. With the ministers already under pressure from the Treasury to agree to cuts within the framework of the 1986–87 state budget (the final size and structure of which was then being fought over in the Knesset's Finance Committee), the injection of the economic-growth issue into the weekly cabinet meeting of February 16 produced the single most vituperative session in Peres's entire tenure as prime minister, which broke down into a near free-for-all. In the crunch, when the continued survival of the government itself was at stake and the rotation was palpably threatened, the leaders of the two major parties were able to abandon their rhetoric and come up with a novel agreement permitting industrial plants in both the private and Histadrut sectors to raise \$450 million via the capital market. And, at the 11th hour, on March 30, the cabinet, in a rare show of harmony and unanimity, gave its approval to an aid package totaling some \$350 million for Solel Boneh and Kupat Holim and for the cotton and construction industries.

At the same time, the ministers, having failed to reduce the budget by a further \$300 million (ironically, almost the same sum as the assistance doled out), took the traditional, and easier, route of imposing new taxes on the public: a levy on education, a tax on old-age pensions, and a surcharge on automobiles. Although these developments cleared the way for the Knesset's approval of the state budget the following day, public pressure led the Knesset to balk at sanctioning the levies on education and on pensions, and they were officially dropped by the government in May, leaving only the levy on cars. One result of this was that the government was forced to implement a genuine series of budget cuts, totaling NIS 320 million, in August.

On December 17, the Finance Ministry formally unveiled an "economic growth and stabilization program" for 1987-88, aimed at creating an "open economy, without undue intervention." Under the proposed plan, the country's taxation structure would be radically altered, wages would remain effectively stable, government involvement in the capital market would be reduced, some foreign-currency restrictions would be lifted, incipient privatization of government corporations would be introduced, and the public-service sector would be cut. However, the modalities of the tax-reform program, which appeared to confer the greatest benefits on the country's highest income groups, were unacceptable to the Histadrut and various groups in the Labor party—as well as to the Likud's David Levy, the populist housing minister, who delivered himself of a furious tirade against the program. The outcome was in the best Israeli tradition: the creation of two ministerial committees, one to decide on the size of the 1987-88 budget and the other to hold talks with the Histadrut and the employers' association on the mooted taxation and the capital-market reforms.

The shekel underwent a linkage change in 1986. Effective August 1, it was linked to a "currency basket" composed of the U.S. dollar (60 percent), the West German mark (20 percent), the British pound sterling (10 percent), and the French franc and Japanese yen (5 percent each). Since the adoption of the economic recovery plan in July 1985, the shekel had been pegged informally to the dollar only. September 3, one year after the introduction of the new shekel, marked the final day on which business transactions could be conducted using the old shekel.

THE BEISKY REPORT

On April 20 the judicial commission of inquiry into the regulation of bank shares, chaired by Supreme Court justice Moshe Beisky, issued its report. (For the background, see AJYB, vol. 87, 1987, p. 283.) In a series of sweeping and devastating conclusions, the commission asserted that the governor of the Bank of Israel and the directors of the country's major banks should resign voluntarily from their posts within 30 days or, failing this, be removed by administrative means. In addition, the commission singled out for blame nine senior officials who no longer held the posts they held in 1983, when the collapse of the bank shares occurred; these included two former directors-general of the Finance Ministry, and a former director of the

Tel Aviv Stock Exchange. The commission also urged that Israel's financial markets undergo a total overhaul and that the attorney general act to determine whether criminal charges should be brought against those involved in the scandal.

It was perhaps not surprising that the heads of three of the four banks named stalled as long as they could before finally resigning, or being forced to do so by public pressure. Only the two directors of Bank Hapoalim tendered their resignations as recommended by the commission; those of Bank Leumi, Bank Discount, and United Mizrahi Bank tried to brazen it out, with Discount's Raphael Recanati not stepping down until mid-July, after the cabinet authorized the new governor of the Bank of Israel to suspend him. As for the latter post, Moshe Mandelbaum tendered his resignation as Bank of Israel governor to the cabinet on June 8, and one week later, after considerable infighting in both major parties, a nonpolitical figure, Hebrew University professor Michael Bruno, a highly respected economist, was named to the post. He was officially sworn in by President Herzog on June 18.

Political and Religious Extremism

Efforts continued to pass legislation to limit the phenomenon known as "Kahanism"—so named after MK Rabbi Meir Kahane, who espoused an anti-Arab, antisecular, and antileftist stance—but the snags that had held up passage of an amendment to the Penal Code in 1985 persisted through a good part of 1986 as well. The chief problem continued to be the insistence of the religious parties that the amendment prohibiting incitement to racism contain a declaration stating explicitly that it did not refer to the *halakhah* (Jewish religious law). As MK Rabbi Haim Druckman (Morasha) put it, under the proposed amendment, "maintaining the *halakhah* will make us all criminals." (The point at issue was that Kahane himself grounded everything he did or said in pronouncements from the Torah and other Jewish religious writings, whereas his denigrators replied that he was quoting such passages out of context.) On top of this, the Likud continued to pursue its "symmetry" notion, requiring simultaneous passage of a bill barring unauthorized meetings, for whatever purpose, between Israelis and "terrorists," meaning, effectively, members of the PLO. The result of these pressures and counterpressures was that not until August 5, 1986, well over a year after its original submission to the Knesset, did the antiracism bill—and its anti-PLO twin—finally come up for a vote in the Knesset.

The antiracism amendment passed (by 57 to 22, with 7 abstentions), but its provisions had by then been so diluted that Kahane himself voted in favor. The PLO bill also passed, with most of the Alignment MKs voting against it or absenting themselves from the vote.

The results of a study by a Haifa University sociologist, Sammy Smooha, released in January, indicated that much remained to be done in the area of changing Jewish attitudes toward the Arab citizens of Israel. According to the research, which was made public in a study day sponsored by the Jewish-Arab Council for Peace Education and the Coexistence Project of Israel's network of community centers, over

one-fifth (22 percent) of the Jewish population thought "getting rid of Arabs [was] the most appropriate solution" to the Arab minority problem. Sixty-one percent thought that surveillance over the Arabs should be increased; 24 percent advocated their disenfranchisement; 42 percent wanted the state to encourage them to leave the country; 59 percent averred that it is "impossible to trust" most Israeli Arabs, and 46 percent believed that "Arabs in Israel will never reach the level of development Jews have reached." However, in Smootha's analysis the problem lay less in racism as such than in a growing Jewish intolerance of political dissent. Thus, 61 percent of the Jews polled by Smootha said they would also disenfranchise "Zionist Jews" who favored the establishment of a Palestinian state on the West Bank and Gaza Strip headed by the PLO, while fully 72 percent would strip "non-Zionists," Arabs or Jews, who took such a stand, of their citizenship.

As in past years, extremist behavior thrust Jerusalem into the headlines. A major focal point of Jewish challenge and Arab reaction was the highly sensitive Temple Mount area, administered by the Waqf (Muslim religious trust). On January 8 a minor riot broke out when a delegation of MKs from the Knesset's Interior Committee, led by committee chairman Dov Shilansky (Likud-Herut), visited the site on the Temple Mount known as Solomon's Stables, the declared purpose being to look into allegations of illegal building activity there. Swelling the ranks of the 25-person delegation (which was boycotted by all but one of its Alignment members) were, among others, two MKs from the ultranationalist Tehiya party, neither of them on the committee, and the leader of the extremist Temple Mount Faithful group, which periodically sought to demonstrate an organized Jewish presence on the Temple Mount. A more serious riot erupted a week later, when a group of MKs again ascended the Temple Mount—to demonstrate Israeli sovereignty over the site—and Tehiya MK Eliezer Waldman recited from a book of Psalms and then began chanting the *kaddish* (prayer for the dead). Some 600 police and Border Police were needed to subdue the Arabs protesting the MKs' presence.

On June 6, the last Friday of the Muslims' holy Ramadan month, security guards had to use force to prevent a group of Gush Emunim activists from entering the Temple Mount in the midst of the Muslim prayer services there. The Jewish group was part of a march commemorating the 19th anniversary of the reunification of Jerusalem. Toward the end of October, 300 policemen were on hand to protect some 50 members of the Temple Mount Faithful who were permitted, following coordination with the Supreme Muslim Council, to pay brief visits to the Temple Mount. Ostensibly this was in order to carry out the Sukkot precept of pilgrimage, but the leader of the group, Gershon Solomon, added, "Beyond this, by our presence we have come to say that we are here and that no one in the world can move us."

OTHER RELIGIOUS ISSUES

The control of the Orthodox over matters of personal status became an issue in the case of an American woman immigrant, a convert to Judaism, claiming her right

as a Jew to automatic citizenship. Shoshana (Susan) Miller, who was converted to Judaism in the United States by a Reform rabbi, came to Israel in October 1985 and received a certificate under the Law of Return as an *olah* (a new immigrant). However, when she applied to the Interior Ministry for a permanent identity card and showed her conversion certificate, she was told she must first show confirmation of her conversion by a rabbinical court. Responding to a parliamentary question on the matter in the Knesset from Mapam MK Yair Tsaban, Interior Minister Rabbi Yitzhak Peretz, of the ultra-Orthodox Sephardi Torah Guardians party (Shas), touched off a furious exchange when he used the expression “to distinguish between the holy and the profane” in reference to Orthodox and Reform rabbis, respectively.

In mid-April Miller took her case to the High Court of Justice, aided by the Movement for Progressive Judaism and Arza, the Organization of Reform Zionists in the United States. The court ordered Rabbi Peretz to show cause within 45 days why the ministry he headed should not register Shoshana Miller as a Jew. Peretz generated another storm in June when he proposed, as a means for resolving the case, that all converts to Judaism should have this fact indicated in their ID cards; this notion drew fire not only from the secular public but also from such leading religious figures as former chief rabbi Shlomo Goren, who labeled it a “disgraceful” idea because it would shame converts and therefore contravene *halakhah*. Peretz himself, on July 7, spoke in defense of his proposal when he replied in the Knesset to five motions for the agenda on the issue (all of which were referred to committee), maintaining that no discrimination or offense was intended and that the status of the convert had a lengthy and honorable history in the Jewish tradition.

On December 2 the High Court of Justice ruled unanimously that Shoshana Miller must be registered as a Jew, explaining that to insert the word “convert” in her ID card would cause rifts within the Jewish people that would divide those living in Israel “into two peoples, Jews and Israelis,” and would thereby “run counter to the national aspirations for which the state was established.” In reaction, Rabbi Peretz maintained that the Interior Ministry did not consider the ruling a precedent. Miller hardly helped her own cause by returning to the States just five days after the court’s judgment, saying that her father was ill and she would return when he was better. Because of her sudden departure, MK Tsaban’s urging that the Interior Ministry issue Miller a normal ID card was in practice something of an empty gesture. Nevertheless, Peretz himself on December 31 told the Knesset that he would resign rather than lend a hand to registering Shoshana—or Susan, as he pointedly insisted on calling her—Miller as a Jew.

Just ten months prior to the High Court ruling in the Miller case, the year’s only attempt by the Knesset’s religious parties to have the so-called who-is-a-Jew amendment passed was defeated by an absolute majority. The February 5 tally was 61–47 against passage of the codicil, which, by barring non-Orthodox converts from gaining automatic entry to Israel under the Law of Return, would have obviated the Shoshana Miller case. Speaking in the debate, Prime Minister Peres declared: “Restrained and tolerant pluralism—not the imposition of world views—is today

required for the survival of the Jewish people and for the realization of content-filled *aliyah*."

However, as in past years, "restrained and tolerant pluralism" was hardly the motto of religious-secular relations in 1986. Another perennially contentious issue, the introduction of daylight saving, or summer, time, flared up in March, when Interior Minister Peretz, citing the findings of a special committee he had appointed, announced his opposition to the move on the grounds that it would produce no savings in power consumption or reduce the road-accident rate, but would adversely affect observant Jews and would lead to Sabbath desecration on Saturday evenings. The result was a petition to the High Court of Justice by Alignment MK Micha Harish and six industrial firms, arguing that they could save energy and heighten productivity via summer time. In the meantime, seven private members' bills were submitted to the Knesset, seeking to make summer time obligatory under the law, and a kind of grass-roots revolt sprung up, with various sectors of the country declaring that they would adopt summer-time schedules on a unilateral basis. Finally, on April 20 the cabinet plenum preempted both Peretz and the High Court by voting 11-6 to implement summer time in Israel from May 17 to September 6.

March and April also saw a renewal of bus-shelter vandalizings and burnings in Jerusalem, ostensibly to protest advertisements depicting "immodestly clad" women. In mid-April residents of Jerusalem's ultra-Orthodox Me'ah She'arim quarter went on the rampage, smearing a movie theater with paint and then blocking traffic at a major intersection and torching garbage bins. The apparent cause of the riots was the arrest of two members of the small but highly visible Neturei Karta sect, including its leader, 60-year-old Rabbi Uri Blau, on suspicion of vandalizing bus shelters. Blau, who admitted having defaced an "obscene" advertising poster, was sentenced to ten days' imprisonment and a fine of NIS 1,000. Since he had been held in custody for ten days prior to sentencing, he was released. On June 10 Jerusalemites passing by the city's central bus station were shocked to find that no fewer than six bus shelters had been torched overnight. Outraged, Jerusalem mayor Teddy Kollek termed the campaign by the ultra-Orthodox a "civil rebellion" and urged the government to back the city's efforts to "put down" the rebellion as "in any modern state."

Retaliation by secular activists, as expressed in the budding summer-time revolt, now took on more serious dimensions. On the night of June 10 a Tel Aviv synagogue was set ablaze—according to an anonymous call to the Army Radio Station, by a group that was out to combat "ultra-Orthodox terror." On June 14, a Sabbath, prayer books were destroyed and other damage done at a Tel Aviv yeshivah, while that evening a burial-society vehicle was attacked near Me'ah She'arim in Jerusalem. On June 12 Prime Minister Peres had convened a meeting of cabinet ministers, MKs, mayors, the chief rabbis, the police, and the media in an effort to calm tempers and put a halt to the escalating violence. A "council for the discussion of controversial matters" was created, and a statement was issued deploring the use of violence as a means of protest.

The ongoing construction of the Jerusalem Center for Near Eastern Studies, a branch of the Mormons' Brigham Young University in Utah, continued to irk religious sensibilities. On April 28 some 8,000 Orthodox and ultra-Orthodox persons, including Interior Minister Rabbi Peretz and several MKs, gathered across from the site of the new center to protest its construction. On the other side of the Atlantic a smaller but perhaps no less powerful lobby was at work on behalf of the Church of Jesus Christ of Latter-day Saints (the Mormons' official name): every Israeli MK received a letter signed by 154 members of the House of Representatives urging the Israeli authorities to allow construction of the center to proceed unhindered. The letter said pointedly that a key factor in motivating American support for Israel was Israel's "commitment to democracy and pluralism."

In May the special interministerial committee on the Mormon center was informed by Deputy Attorney General Yoram Bar-Sella that no legal grounds existed for halting construction of the complex. In August the committee, which was chaired by Religious Affairs Minister Yosef Burg (NRP), voted 5-3 against Rabbi Peretz's motion that construction be halted, although it did unanimously recommend that the lease for the site be reworded so as to bar missionary activity. On August 17 the cabinet approved the committee's recommendation.

Israel and World Jewry

SOVIET AND ETHIOPIAN JEWS

The single most dramatic and moving event of the year was the arrival in Israel of one of the towering figures of the Jewish and human rights movement in the Soviet Union, Anatoly Shcharansky—who in his homeland took the Hebrew name of Natan and simplified his last name to Sharansky. Released on February 11 in Germany by the Soviets as part of an East-West prisoner exchange, the 38-year-old Sharansky landed at Ben-Gurion airport that evening to a tumultuous welcome by a virtual "who's who" of Israeli politics, a large group of Soviet activists, and the world media. He had already been reunited in Germany with his wife, Avital, who for nearly 12 years, since the day after their marriage in July 1974, had campaigned relentlessly for his release, and the two had flown to Israel together. To those at the airport Sharansky said: "Brothers and sisters, the Israeli nation: During the time that I was in prison there were very difficult days. I was in total isolation. For years I received no word from Israel. But there was not one day, not one moment, that I did not feel a bond with you all. And even when I was in a solitary cell, I sang an Israeli song." On August 25 Sharansky's mother, Ida Milgrom, along with his brother, Leonid, and his wife and two children arrived in Israel. For Sharansky, who flew to Vienna to be reunited with his family, it was the first time he had seen his mother in nearly two years and his first meeting with his brother in six years. On

November 6 Avital Sharansky gave birth to a girl, whom the Sharanskys named Rachel.

Natan Sharansky was not the only refusenik to arrive in Israel in 1986. Others included Rabbi Eliahu Essas, leader of the religious Jewish activist movement in the USSR, who arrived in January with his wife and three children; mathematician Yasha Gorodetzky, who was suddenly allowed to leave the Soviet Union in February after a 6-year struggle; in April, after a 15-year wait, two activist brothers, Grigory and Isai Goldstein, who had renounced their Soviet citizenship following the Munich Olympics massacre of Israeli athletes in 1972 to protest Soviet complicity in the deed; in August, 10-year refusenik Alexander Kushnir, a construction engineer, who was reunited in Israel with his mother, who had come to Israel 13 years earlier; prisoner of Zion Dr. Vladimir Brodsky, an anesthetist, who was released from a prison sentence for "malicious hooliganism" in October; and, in November, Yitzhak Kogan, the "Tzadik (righteous one) of Leningrad," an electronics engineer who became the only qualified ritual slaughterer in his native city. A tragic case was that of Inessa Flerova, who was finally allowed out of the USSR after worldwide pressure was exerted in the hope that a transplant of her bone marrow could save her brother, Michael Sherman, who had immigrated to Israel six years earlier and was suffering from leukemia.

Despite this impressive array of famous arrivals, the total number of immigrants from the Soviet Union was a dismal 202, down even from the previous year's poor showing. Pressure on Moscow to allow more Jews to leave thus continued throughout the year, peaking in a huge rally on June 6 at Jerusalem's outdoor Sultan's Pool, attended by 10,000 persons. The rally, at which Natan Sharansky spoke and France's Yves Montand sang, was the climax of a monthlong campaign of Israeli solidarity with the struggle of Soviet Jewry.

Speaking in the Knesset on November 4, Prime Minister Shamir noted that despite "various rumors" about a change for the better in the Soviets' attitude toward the Jewish population, "the [true] solution will only come about when the gates of the Soviet Union will be opened to the immigration of all Soviet Jews who long to come to their homeland, Israel." Shamir was also critical of those Soviet Jews who were given exit permits for Israel but then settled elsewhere, terming such behavior an "aberration" that was harmful to the *aliyah* movement. The solution was for the Soviets "to allow direct flights of Soviet Jews to Israel," he said.

The massive media attention focused on the Ethiopian Jews who arrived in 1985 via "Operation Moses" inevitably waned in 1986, as the drama of the secret project gave way to more mundane problems of absorption. One of the major problems confronting Ethiopian Jews, their very status as Jews in the eyes of Israel's Orthodox rabbinical establishment, remained not fully resolved. In April, Ethiopian *kessim*, or priests, conducted a marriage ceremony for 15 Ethiopian couples whom the rabbinate refused to marry, due to their refusal to undergo a ritual immersion ceremony to symbolize their "conversion" to Judaism. In October the High Court of Justice had to order the Religious Affairs Ministry to create forthwith the

“Institute for the Heritage of Ethiopian Jewry,” whose establishment had been agreed on a year earlier as part of an arrangement by which Ethiopians would not necessarily have to undergo ritual immersion before being permitted to marry. In December a report drafted by the Immigrant Absorption Ministry noted that since 1978 some 16,000 Ethiopian immigrants had arrived in Israel, about half of them before November 1984 and the rest in “Operation Moses” and its adjuncts. The report said that about 2,100 of the recently arrived 3,500 Ethiopian family units were living in permanent housing. The Ethiopians were heavily dependent on social-welfare services, one reason being that fully 38 percent of the families were headed by single parents, as compared with 6 percent of such families in Israel overall.

THE DEMJANJUK CASE

On February 28, Ukrainian-born John Demjanjuk arrived in Israel from the United States, accompanied by U.S. marshals, and was promptly arrested on suspicion of having committed offenses under the Nazis and Nazi Collaborators Punishment Law.

Demjanjuk, 66 years old, was alleged to be the notorious “Ivan the Terrible” of the Treblinka death camp. Israel had been seeking Demjanjuk’s extradition since October 1983 (he had lost his U.S. citizenship in 1981), and it was finally granted after legal appeals in U.S. courts had been turned down. The law under which he was arrested, which carried a maximum death penalty, had last been implemented in the trial of Adolf Eichmann, who in 1961, exactly 25 years earlier, was tried and convicted of crimes against the Jewish people and executed.

From the airport Demjanjuk was taken to the nearby Ayalon Prison where he was placed in a maximum-security cell with 24-hour closed-circuit television surveillance. On March 2 he was brought to magistrate’s court in Jerusalem, where a judge was asked to remand him in custody for 15 days. In his first appearance in an Israeli court, Demjanjuk stuck to the version of events from which he had not wavered since legal proceedings were begun against him in the United States in 1979, and which he continued to maintain during his interrogation in Israel: “I was never in the place you call Treblinka and I never served the Nazis. I myself was a prisoner of war.” Demjanjuk insisted that he was the victim of a case of mistaken identity and that the KGB, the Soviets’ secret service, had forged documents allegedly identifying him with the actual “Ivan the Terrible” from Treblinka. Demjanjuk was remanded into custody until a formal indictment was submitted by the State Attorney’s Office in September. In April Justice Minister Moshe Nissim formally approved the request of Demjanjuk’s American lawyer, Mark O’Connor, to represent his client in an Israeli court, and in July Demjanjuk’s family arrived in Israel and visited him in his cell.

On September 29, a 26-page indictment was filed against Demjanjuk in the Jerusalem district court, formally charging him on four counts under the Nazi and Nazi Collaborators Punishment Law of 1950: crimes against the Jewish people,

crimes against humanity, war crimes, and crimes against persecuted persons. On November 17, the judges ruled that the trial would open on January 19, 1987, turning down a request from O'Connor for a three-month postponement. However, on December 29, following a request by O'Connor's newly appointed Israeli colleague for the defense, Yoram Sheftel, for a further postponement of two months, the date was finally set for February 16. Sheftel declared that the defense accepted all the facts regarding the Treblinka death camp and the crimes of Ivan the Terrible, but would seek to prove that John Demjanjuk, lately of Cleveland, Ohio, was not that man.

A number of international Jewish gatherings took place in Israel during the year. Of particular interest were the 50th-anniversary meeting of the World Jewish Congress and the First International Colloquium of the Jewish Press, which was attended by about 150 Jewish journalists from Israel and over 20 other countries. Both events were held in Jerusalem in January.

Culture

THE ARTS

A major development in 1986 was the renewal of cultural exchanges between Israel and Eastern Europe, notably with Poland, as a by-product of the developing thaw in Israel's relations with the Communist bloc. Representatives of Israeli theatrical companies visited the Soviet Union in January, the 12-day visit organized by the Israel-USSR Friendship Movement. In March the Bat Dor dance company became the first Israeli cultural troupe to perform in Poland since that country severed relations with Israel in 1967. At the annual Israel Festival/Jerusalem (May 24-June 15), Israelis were able to see two Polish theater works, the Polish Chamber Orchestra, and the renowned Mazowse folk-dance company. Foreign representation at the festival also came from East Germany (Ekkehard Schall of the Berliner Ensemble), West Germany, Argentina, Britain, Spain, Italy, Austria, France, Switzerland, and the United States. The works of two individuals, Spain's poet-playwright Federico García Lorca and West German playwright Franz Xavier Kroetz, were singled out for special presentations.

Israeli filmmaking took some important strides in 1986, including one from a wholly unexpected direction, the Israeli army. *Ricochets*, a feature-length film produced by the Israel Defense Forces' film unit, told the story of an infantry unit seeing combat duty in Lebanon. It was shot on location in that country shortly before the IDF's final withdrawal. Originally intended as an educational vehicle for dramatizing ethical and tactical problems posed by a war situation, it was later released commercially and was a major box-office success. It was also chosen as Israel's official entry at the Cannes Film Festival.

The film became the center of dispute when it failed to be selected as the Israeli candidate for the U.S. Academy Awards. *Ricochets*' commercial distributor went to court in an effort to block the nomination of a very different Israeli war—or antiwar—film, *Avanti Populo*, as the country's official entry for the 1986 Academy Awards' "best foreign film" category. Made on a shoestring budget by 30-year-old writer-director-producer Rafi Bukacee, *Avanti Populo* was set against the backdrop of the 1967 Six Day War and told the story of two Egyptian soldiers (played by Israeli Arab actors) fleeing across the Sinai Desert toward the Suez Canal and home. The dark comedy won first prize at the Lucarno Film Festival and was then selected as Israel's Oscar nominee.

The court prevailed upon the *Ricochets* distributor to drop its suit, at which point Industry and Trade Minister Ariel Sharon lashed out at the choice of *Avanti Populo*—even though it had been selected by a unit in his own ministry—and castigated it and other recent well-received Israeli films as reflecting "defeatist attitudes" espoused by "bleeding-heart left-wing intellectuals." One of the films Sharon may have had in mind was *Smile of the Lamb*, directed by Shimon Dotan from a novel by David Grossman, concerning Arab-Jewish relations against a West Bank setting. The film was highly acclaimed at the 1986 Berlin Film Festival (where actor Tuncel Kurtiz received a Silver Bear award) and in March 1986 was named best Israeli film of 1985 at the Israel Festive Film Awards evening held at the Jerusalem Cinematheque.

The year saw some major musical events, including the fifth Arthur Rubinstein International Piano Master Competition, held triennially. Disappointingly, the judges decided not to select a first-prize winner from among the 34 contestants from 14 countries, principally because of the poor level of the contestants' playing with the full orchestra in the final stages.

On December 26, exactly 50 years after its premier performance, Zubin Mehta led the Israel Philharmonic Orchestra in a star-studded jubilee concert at Tel Aviv's Mann Auditorium to mark the occasion. The soloists were three generations of great Jewish and Israeli violinists—Isaac Stern, Itzhak Perlman, and Shlomo Mintz—in appreciation of the fact that the IPO's founder, the late Bronislaw Huberman, was a violinist by training.

Another 1986 jubilee was celebrated by the Israel Broadcasting Authority, marking 50 years of Hebrew broadcasts. Events included nostalgic replays of famous radio moments on Israel Radio and a special exhibition at the Israel Museum.

One of the year's major literary events was the publication of a novel entitled *Arabesques*, written in flawless Hebrew by Anton Shammas, an Arab Israeli. The book depicted the experience of Israel's Arabs in such a way as to challenge stereotypical thinking about them and make their experience more accessible to Israeli Jews. The year's most talked-about book was *Ayen Erekh: Ahavah* ("See Under 'Love'"), by David Grossman, a sweeping novel with a Holocaust background, which generated a furor, not so much because of its controversial contents as for its publisher's resort to American-style hype to sell it—an affront to much

of Israel's somewhat staid publishing and literary community. The year's top seller, however, was *Tzipor Hanefesh* (Soul Bird), by Michal Snunit. Originally published in 1984, it was ostensibly a children's book, but one read as avidly by parents as by children.

ARCHAEOLOGY

Some 600 items from the antiquities collection of the late Moshe Dayan went on exhibit in April at the Israel Museum in Jerusalem. The museum drew fierce criticism from some quarters for paying \$1 million for the collection to Dayan's second wife, Rachel, since it was no secret that Dayan had acquired many of the pieces through questionable, if not illegal, methods. While the museum issued a statement "fully supporting" a call by the Israel Association of Archaeologists to put a halt to "archaeological looting," it rejected allegations that the exhibit in effect legitimized Dayan's methods, adding that if it had not stepped in, the collection would have been sold piecemeal to private collectors and institutions abroad. The exhibit itself, one of the most popular in recent years at the museum, featured a number of striking and unique objects, including a 9,000-year-old stone mask and anthropoid clay burial sarcophagi of the Canaanite period.

Also on display at the Israel Museum during the year were two tiny silver amulets on which were etched the oldest biblical text ever found—predating the Dead Sea Scrolls by some 400 years—a passage from the Book of Numbers dating to the seventh century BCE. It took Israel Museum experts three years to open the rolled-up cylinders, which were originally excavated in Jerusalem's Hinnom Valley in 1979 by a Tel Aviv University archaeologist, Gabriel Barkai, in a First Temple-period family tomb. The text so far deciphered corresponded to Numbers 6:24–26, *birkat hakohanim*, the priestly blessing, and was nearly identical to the later Masoretic text.

In May an archaeological team led by the Hebrew University's Eilat Mazar and Leen Ritmeyer announced that it had tentatively identified a gateway to the First Temple, the first ever discovered. Elsewhere in Israel, one of the year's most spectacular finds was a 2000-year-old boat, uncovered in February beneath the waters of Lake Kinneret (the Sea of Galilee). The first ancient vessel ever to be retrieved in the country, the boat was encased in sheets of plastic before being removed from its two-millennia-old resting place and taken to nearby Kibbutz Ginossar to undergo rigorous preservation processes. In December underwater archaeologist Shelly Wachsmann, of the Antiquities Department, who was in overall charge of the Kinneret boat, announced that the wreck of a vessel discovered a year earlier off the Mediterranean coast near Kibbutz Ma'agan Michael was probably the first remains of a Phoenician ship found anywhere. The vessel was dated to the late fifth or early sixth century BCE, according to pottery found on it.

Other Domestic Matters

In 1986 Israel's Jewish population grew by 1.3 percent, while the country's Muslim population increased by 3 percent; overall, there were some 4.3 million Israelis, of whom about 3.5 million were Jews, accounting for approximately 82 percent of the population. According to the Central Bureau of Statistics, if present demographic trends continued, this figure would shrink to 76 percent within 20 years (not including the territories). For the first time, the fertility rate among Jewish women aged 20–24 was lower than that for the 30–34-year-old female population, reflecting the ongoing trend toward later marriage. In 1986 the average birthrate for Jewish women was 2.85 children, as compared with a 4.6 average for Muslim women (down from 9 births in the early 1970s). Average life expectancy was 73.5 years for men and 77.2 years for women. Over 37 percent of the country's population resided in the metropolitan Tel Aviv area, while Jerusalem accounted for 10.8 percent of Israel's population (470,000 persons) and Haifa for 9.1 percent. Taken together, Israel's three large urban areas housed over 57 percent of the country's population in 1986. The year saw a rise of 14 percent in road accidents, with 415 persons killed and nearly 21,000 injured in 14,576 accidents.

IMMIGRATION AND EMIGRATION

Only 9,500 new immigrants and potential immigrants arrived in Israel during the year, a falloff of 11 percent over 1985. The steepest decline came in immigration from the African continent, from which 1,000 immigrants arrived, a decline of 58 percent from 1985. Immigration from the United States was more or less stable, at about 1,900 persons. Sharply contrasting with these numbers were the data on emigration issued in October by the Central Bureau of Statistics. According to this report, approximately 380,000 Israelis were living abroad, including at least 262,700 who had been out of the country for four years or more and were therefore officially considered emigrants. Another 50,000 persons who had registered as potential immigrants upon their arrival in Israel subsequently left.

In an attempt to ease the absorption of new immigrants, the Ministry of Defense reduced the period of compulsory military service for new-immigrant males aged 24–48 from 12 to 3 months and abolished all army service for those aged 48 or above. The new regulations, which took effect on April 1, applied also to the children of Israeli emigrants under certain conditions.

In the meantime, a poll commissioned by the Immigration and Absorption Ministry, released in December, found that while 90 percent of Israelis said they would never emigrate, no fewer than 19 percent of those in the 19–28 age group said they might contemplate emigration. The fact that 57 percent of those polled agreed that *yordim* (emigrants: "those who descend") "were *not* people who betray their homeland" was viewed as a significant shift in attitude on this subject.

Two sectors of Israeli society generally regarded as deprived staged strikes during the year. In April the entire Negev "development" town of Yeroham went on strike for eight days, breaking off the action after the government agreed to aid the depressed town, chiefly by moving the Negev Phosphates plant there. In July Arab local councils went on strike for two weeks before they were promised \$1.1 million of the \$4 million pledged them to help defray accumulated debts of \$15 million. The Arab councils were also seeking a massive funding hike to place them on the same development footing as equivalent Jewish local councils.

On July 22 Ben-Gurion International Airport celebrated its operating jubilee, the first aircraft having touched down at Lod Airport (its earlier name) on a flight from Cairo on that date in 1936. On October 20 the Knesset held a special ceremony to honor David Ben-Gurion, one of Israel's founders and its first prime minister and defense minister. The VIP gathering signaled the opening of a yearlong celebration to mark the centenary of Ben-Gurion's birth. The opening ceremony, held at the Jerusalem Theater, was broadcast live over Israel TV. On December 8 an official memorial ceremony was held at the graveside of David and Paula Ben-Gurion at Kibbutz Sde Boker in the Negev, and on the same day the army's general staff held a special session at Sde Boker in honor of the man who led the country through the War of Independence and was largely responsible for creating the Israel Defense Forces.

One of the oddest headline-making events of the year was the case of William Nakash, sought by France after his 1984 conviction *in absentia* for the February 1983 murder of an Arab in the town of Besançon. Nakash was sentenced to life imprisonment for what the French police said was a killing related to a dispute between nightclub owners. According to Nakash's lawyer, however, the man gunned down was a pro-PLO activist, and Nakash had been out to persuade local Arabs to stop pestering Jews—hence the killing was a political act and Nakash was not extraditable. Nakash had in the meantime immigrated to Israel, where he was arrested in 1985 in connection with an armed robbery.

After lengthy delays, the Supreme Court ruled on September 9 that Nakash was in fact extraditable and ordered him returned to France within 60 days. The following day an obviously well-orchestrated campaign, with lobbyists ranging from the two chief rabbis to the ultranationalist Tehiya party to Meir Kahane's Kach party, went into high gear in an effort to block the extradition. Apparently motivated by Nakash's newfound religiosity (he had taken to wearing a skullcap in his court appearances) and by the fact that the victim was an Arab, these groups contended that Nakash's life would be endangered in a French prison. Leading Israeli jurists, such as Hebrew University professor emeritus S.Z. Feller, were aghast at what they regarded as an affront to the rule of law in the country. Justice (and Tourism) Minister Avraham Sharir initially stalled, then announced his decision on December 4 not to extradite. When ordered by the Supreme Court to show cause within seven days why he should not revoke his decision, Sharir submitted an affidavit explaining that the decision was motivated by his sincere belief that Nakash's life would be

imperiled in a French prison. On December 22, five Supreme Court justices sharply criticized Sharir for not offering any proof to back up his claims concerning the situation in French prisons. The hearing was deferred to a later date.

The AIDS syndrome gained official recognition in Israel in 1986: in March the Health Ministry announced that all donated blood would be examined for the presence of antibodies to the disease and that seven centers would test people free of charge. Fewer than 30 cases of AIDS had been diagnosed in Israel by year's end.

Personalia

A number of senior appointments were made in the Israel Defense Forces. Among them: Maj. Gen. Ehud Barak was named O/C Central Command on January 19; Maj. Gen. Uri Saguy took over as O/C Southern Command on February 23 from Maj. Gen. Moshe Bar-Kochba; Maj. Gen. Yossi Peled replaced Maj. Gen. Ori Orr (who went on study leave) as O/C Northern Command on June 10; and, on August 24, Maj. Gen. Yitzhak Mordechai relieved Maj. Gen. Saguy, who in turn replaced Maj. Gen. Amir Drori (subsequently named deputy chief of staff) as head of the Ground Corps Command.

On October 6 the cabinet named MK Zevulun Hammer of the NRP minister of religious affairs, in place of Yosef Burg (NRP), who resigned from the cabinet (though not from the Knesset) after 35 consecutive years of holding ministerial posts. On November 11, following the premiership rotation, Elyakim Rubinstein succeeded Dr. Yossi Beilin as cabinet secretary. On December 1, Dedi Zucker, 38, took up his duties as an MK on behalf of the Citizens Rights Movement, replacing Mordechai Bar-On, who resigned from the House. In a ceremony on December 10, former attorney general Yitzhak Zamir was awarded the Emil Grunzweig Prize for his civil-rights activity.

Personalities who died during the year included Yosef Klarman, a founder of Betar and a former head of Youth Aliyah, on January 1, aged 76; Israel Galili, commander of the Haganah in the prestate period, later a minister without portfolio and influential adviser to two prime ministers, Yitzhak Rabin and Golda Meir, on February 8, aged 75; Moshe Pearlman, Israel's first army spokesman, first Government Press Office director, and later a well-known author, on April 5, aged 75; Israel Goldstein, American Zionist leader who settled in Israel and served as world chairman of Keren Hayesod-United Israel Appeal, on April 11, aged 89; Seif e-Din Zuabi, prominent Israeli Arab leader who served in nine consecutive Knessets, on June 26, aged 73; Dan Pagis, noted poet and medievalist, on June 29, aged 56; and Moshe Baram, longtime Labor-party activist, MK (1959-77), and minister of labor (1974-77), December 5, aged 75.