THE 18-MONTH PERIOD FROM July 1996 to December 1997 was marked by a serious reversal in the Israeli-Palestinian peace process that negatively affected Israel's relations with both its Arab neighbors and the United States. It was also a period in which Prime Minister Benjamin Netanyahu appeared to be stumbling from one crisis to the next—at times on the domestic front, at times on the international scene.

After coming to power in June 1996, Netanyahu adopted a much more sceptical and hard-line approach to the peace process than that of his Labor predecessors. While he did sign the Hebron redeployment agreement in January 1997, in which he also committed to carrying out a further three withdrawals in the West Bank by mid-1998, it was one of the few bright spots in a period in which the Oslo agreements appeared to be on the verge of unraveling. Yasir Arafat's reluctance to clamp down on terrorist activity in the areas under his control served as a major stumbling block to progress, especially after Hamas suicide attacks in March 1997 in Tel Aviv, and in July and September in Jerusalem, which left a total of 24 dead.

The Mashaal affair—a botched attempt by Mossad agents to assassinate a senior Hamas official in the Jordanian capital of Amman in late September 1997—brought Israel's ties with the Hashemite Kingdom to the brink of collapse, and Israel was forced to pay a heavy price in the aftermath of the fiasco.

Finding himself embroiled in one crisis after another, Netanyahu displayed an uncanny ability to extract himself from seemingly hopeless situations. One close shave, the Bar-On affair—an influence-peddling scandal involving some of the country's leading political figures—almost brought his tenure to an abrupt end.

The period was marked by a significant economic slowdown as growth dropped off and unemployment rose dramatically. Netanyahu, though, was praised by many economists for pushing ahead vigorously with his privatization promises and for cutting government spending.

The end of 1997 found the prime minister facing three major hurdles: coalition wrangling over the proposed budget, the next phase of army redeployment in the West Bank, and the battle over conversion to Judaism, which pitted his religious coalition partners against the Conservative and Reform movements, backed by American Jews.
The Peace Process Falters

In the 18 months under review, the peace process experienced its worst setback since its inception in 1993, and the Israeli-Palestinian conflict assumed its old mantle of intransigence. During the campaign for the 1996 general election, Netanyahu had been evasive about his willingness to meet with Palestinian leader Yasir Arafat, were he to become prime minister, telling one interviewer that he would send his foreign minister to meet the head of the Palestinian Authority (PA). Indeed, in late July, Foreign Minister David Levy became the first senior member of the new government to meet with Arafat, a move that sparked strong criticism from right-wing militants. But Netanyahu continued to waver, refusing to give a clear indication of his own readiness for a face-to-face encounter with the Palestinian leader.

Through July and August the government did ease the closure of the West Bank and Gaza Strip that had been imposed by the previous Labor government after a spate of Hamas suicide bombings in February and March 1996 claimed 60 lives. But that did little to placate the Palestinians, who became increasingly angered over fresh developments. In late July the new government decided to place on the market 3,000 housing units in the West Bank that had been frozen by the Labor government under Yitzhak Rabin. Then, it announced in August that it would renew building in Jewish settlements in the territories. Following that, a day after the PA shut three of its offices in East Jerusalem—as a confidence-building gesture, the Likud-led municipality sent bulldozers into the Old City to demolish a Canadian-sponsored Palestinian youth club that had allegedly been built illegally.

Arafat also contributed to the growing tension with a number of inflammatory statements. He told a Gaza rally, for instance, in July, that the Palestinians were "obliged to all the martyrs who died for Jerusalem... till the last martyr, Yehiya Ayash"—a reference to the Hamas suicide mastermind known as "the Engineer," who was responsible for the deaths of dozens of Israelis and who was blown up and killed by a booby-trapped mobile phone in his Gaza hideout in January 1996. (Foreign papers reported that the operation was most likely the work of the General Security Services.)

Finally, after three months of sidestepping and procrastination, Netanyahu succumbed to U.S. pressure as well as to the entreaties of President Ezer Weizman, who told the prime minister, "If you don't meet with him, I will. . . ." On September 4, 1996, Netanyahu and Arafat exchanged handshakes and sat down for their first meeting, at the northern entrance to the Gaza Strip. It was clearly a historic moment: Netanyahu was breaking a right-wing taboo, talking with a man labeled by many in his camp as a murderer and a war criminal. While the prime
minister described the meeting as "one of the toughest moments of my life," Arafat was more upbeat: "The door is open now for us to reactivate our negotiations at all levels," he said.

THE TUNNEL EPISODE

But the rapprochement proved to be fleeting. Only three weeks later, Israeli soldiers and Palestinian police were locked in bloody gun battles, and riots were breaking out in East Jerusalem and across the West Bank and Gaza. The deadly clashes were ignited by a decision to open a new exit—onto the Via Dolorosa—from an archaeological site, a tunnel that runs parallel to the Temple Mount and that opens out at the other end onto the Western Wall plaza. The decision in the early hours of September 24 to open the Hasmonean tunnel—an aqueduct that channeled water to the Second Temple 2,000 years ago—was taken by Netanyahu despite intelligence warnings that it could well result in widespread Palestinian violence.

The Palestinians, with Arafat setting the tone, charged that the construction of the exit threatened the Islamic holy structures on the Temple Mount; on September 25, pitched gun battles between Israeli soldiers and Palestinian policemen ensued. Five Palestinians died on the first day of clashes; several Israeli soldiers were wounded. "War in the Territories," trumpeted the front-page headline of one of the leading dailies. The army responded by sending large numbers of troops into the territories, but the violence escalated.

The very next day, September 26, a crowd laid siege to Joseph’s Tomb in Nablus, attacking the compound where Israeli soldiers were holed up with rocks, gasoline bombs, and live fire. By the time the Israel Defense Forces (IDF) finally succeeded in extracting the soldiers, six were dead and another seven were wounded. The army's next move was to station tanks at the outskirts of West Bank towns to deter further violence. When the violence finally waned after a few days, 15 Israeli soldiers and around 70 Palestinians lay dead.

Three of Netanyahu’s predecessors—Labor prime ministers Yitzhak Rabin and Shimon Peres, and even the Likud’s Yitzhak Shamir—had resisted opening the tunnel exit on the advice of their intelligence experts. Now, intelligence reports indicated that the deadlocked peace process and the Palestinians’ poor economic situation had raised frustration in the territories to the boiling point. Security chiefs suggested that the tunnel only be opened in conjunction with progress in the peace process so as to mute any potential for violence. But a combination of factors—inexperience, a poor reading of the situation, and political pressure from the right—appear to have led Netanyahu to ignore the advice.

IDF heads, along with Netanyahu, accused Arafat of exploiting the tunnel opening as a pretext for violence. Government officials insisted that the tunnel was simply a tourist site and that excavation and construction there posed no threat whatsoever to Islamic holy places. David Bar-Illan, a senior Netanyahu
aide, said Arafat had to shoulder the blame, “wholly, solely and totally for the incitement.” Bar-Illan, though, did admit that the government had “misread” its intelligence.

With the tunnel incident having brought the peace process to the brink of collapse, U.S. president Bill Clinton announced that he would host an emergency summit in Washington, on October 1–2, and immediately summoned both Netanyahu and Arafat. The prime minister refused to close the tunnel, but the two leaders completed their brief summit with a curious photo-op in which Netanyahu could be seen warmly shaking Arafat’s hand.

**The Hebron Agreement**

The violence did not resume, and the two parties, with intense American coaxing, began the arduous process of negotiating the next stage of the Oslo accords—the IDF’s withdrawal from the West Bank city of Hebron. Under the Oslo II accords, signed in September 1995, Israel had already withdrawn from six of the seven major West Bank cities, leaving them under Arafat’s control. The handover of Hebron had been delayed by Shimon Peres after the Hamas suicide-bombing campaign in the early part of 1996 and had still not been carried out by the time Netanyahu won the election in May.

Hebron was unique. Unlike the other West Bank cities, it was the only place where Jews and Arabs lived together. Moreover, the city was home to the Cave of the Patriarchs, where Hebron’s 500 Jews and many of its 120,000 Arabs prayed in adjoining halls. The negotiations see-sawed, agreement appearing at times to be at hand, only to slip away as new problems emerged. In mid-December hopes of concluding a deal were almost completely extinguished when Palestinian terrorists fired on the car of residents from the West Bank settlement of Beit El, killing a mother and her 12-year-old son. An incensed Netanyahu threatened to establish a new settlement in response to the attack. He was talked out of the idea by Defense Minister Yitzhak Mordechai and Foreign Minister Levy, after security chiefs warned that such a move could well ignite another violent showdown with the Palestinians and was sure to spur international disapproval. Still, the cabinet did decide to renew economic incentives to settlers that had been canceled by the previous Labor government.

Within months of the general election, the old Israeli-Palestinian cycle of mutual blame and mistrust had reemerged. Arafat suspected that Netanyahu would go through with the Hebron deal, bask in international acclaim for having concluded it, but then essentially freeze the Oslo process and begin expanding Jewish settlements. This was a major concern for the Palestinians, who feared that the new government planned to strengthen Israel’s hold in the West Bank and loosen theirs ahead of any final-status talks. “They say Jerusalem is theirs forever,” said Abu Ala, chairman of the Palestinian Legislative Council and a senior negotiator, in mid-December. “They say no to a Palestinian state, that set-
tlements are to be expanded. I fear that the real Israeli policy is to kill the process.” For his part, Netanyahu saw Arafat as lacking in credibility and believed the Palestinian leader would take all he could from the Oslo process and then continue to demand more, with the constant threat of violence in the background as a means of pressuring Israel. Netanyahu’s aides also accused Arafat of deliberately dragging out the Hebron talks.

The talks were in jeopardy again on January 1, 1997, this time because of Jewish violence. Noam Friedman, a soldier doing his regular service, indiscriminately opened fire in the city’s crowded vegetable market, wounding seven Palestinians before being overwhelmed by fellow soldiers. Miraculously, he did not kill anyone. The 19-year-old Friedman, from the settlement of Ma’aleh Adumim near Jerusalem, reportedly told police that his intention was to prevent the Hebron redeployment. “I fired to kill as many Arabs as possible,” Friedman reportedly said. The Palestinians saw the incident as proof that they required increased protection from Jewish extremists; Netanyahu denounced the attack, saying “criminal acts” of this nature would not scuttle a Hebron deal. Terror struck again on January 9, when 12 people were injured by two bombs that exploded eight minutes apart at the old central bus station in Tel Aviv, but there were no serious injuries.

Talks continued despite the attacks, and after months of painstaking negotiations, a deal was reached on January 15. The next day, by 11 votes to 7, the cabinet approved the arrangement, which also provided for three further army redeployments by mid-1998. Science Minister Beni Begin, a fervent opponent of the agreement, announced his resignation, and some settler leaders accused Netanyahu of betraying them. While the left declared its support, Yitzhak Rabin’s widow, Leah, sadly reflected that her husband had died because of opposition on the right to a pact that was now being entered into by a right-wing government. On January 16, the Knesset voted 87-17 (with one abstention) in favor of the Hebron agreement. The next day, when the army redeployed in the city, Benjamin Netanyahu became the first right-wing prime minister to forfeit West Bank land.

Debate over Next Moves

The Oslo accords gave Israel the right to determine the size of each redeployment, but they also determined that the army should pull back to “specified military locations.” According to right-wing critics, that definition could only be interpreted as referring to military bases, which would mean handing over close to 95 percent of the West Bank to the Palestinians by the end of the third withdrawal, thus leaving Israel with few cards to play going into final-status negotiations. Netanyahu, though, found support on the left. Labor MK Yossi Beilin argued that the phrase applied not only to military bases but also to strategic areas in the West Bank such as the Jordan Rift and settlements. Meretz MK Amnon Rubinstein also came to the prime minister’s aid, writing in a letter to Netanyahu that with-
drawal from up to 50 percent of West Bank land by the end of the third redeployment would be in line with Oslo stipulations.

The Hebron agreement threw the far right into turmoil. They had demonstrated fiercely against Rabin and worked strenuously to get Netanyahu elected. Now, “their” prime minister had not only given over West Bank land to the Palestinians but had signed a document including provisions for further withdrawals. Elyakim Ha’etzni, one of the settler leaders of the far right, described Hebron as “our Pearl Harbor.” The Greater Israel protagonists, he said, “were taken completely by surprise. Netanyahu wrote one thing in his book [A Place Among the Nations], and then proceeded to do the exact opposite.”

But the settlers appeared divided on how to proceed. Some, like Ha’etzni, supported the creation of a new Greater Israel political organization with a new leader and a strong campaign against Netanyahu and his government. The mainstream settler leadership supported a more moderate line, convinced that Netanyahu’s government was the best they could hope for, and that it would be self-defeating to try to topple him. “We must be pragmatic and do all we can to save what can still be saved,” said Pinhas Wallerstein, head of the Council of Jewish Settlements.

Talk of a national unity government surfaced periodically during this period, but never came to fruition. Shimon Peres met with Infrastructure Minister Ariel Sharon in December 1996 to discuss the possibility. But most observers estimated that Netanyahu, who had alluded to the idea of forming a government with the Labor Party, had only done so to clip the wings of his own recalcitrant ministers. In February 1997 there was renewed national unity talk, with Likud Knesset member Michael Eitan expressing strong support for the idea. He argued that Israel required a broad-based governing coalition in order to take the tough decisions that would be needed in final-status negotiations with the Palestinians. Eitan had already laid much of the ideological groundwork for a Likud-Labor alliance in a series of meetings with Labor’s Yossi Beilin in which the two reached agreement on the outlines of a final settlement with the Palestinians. Ultimately, nothing came of the discussions and the national unity idea faded again.

The signing of the Hebron agreement had raised hopes that the peace process would move forward more smoothly. For Netanyahu, it won newfound international acclaim. At the annual World Economic Forum in Davos in early February, the prime minister was the center of attention as world leaders clambered to meet with him. Optimism was further fueled by the mid-February release of more than two dozen Palestinian women security prisoners from Israeli jails. (The previous Labor government had failed to free the women prisoners due to strong right-wing opposition over the fact that the group included convicted killers.)

**HAR HOMAH AND THE FIRST REDEPLOYMENT**

The thaw in Israeli-Palestinian relations did not last long. In late February the government gave the go-ahead for a Jewish housing project to be built at Har
Homah, a hilltop situated just outside Israel's pre-1967 border but inside present Jerusalem city limits, and in an area the Palestinians viewed as the site of the capital of their future state. The post-Hebron optimism evaporated as Har Homah became the new battleground in the struggle over Jerusalem and plunged the peace process into what would become an extended deadlock.

In the period leading to the Har Homah decision, Netanyahu found himself trapped between pressure from the United States and the Europeans, who were against the project, and elements in his own governing coalition who threatened to bring him down if he did not unleash the bulldozers. The Americans made it clear that the 6,500-unit development constituted a serious obstacle to peace. Jordan's King Hussein warned Netanyahu that the project could seriously endanger the peace process, and Arafat charged that it was "totally unacceptable... a violation of everything written and agreed upon." The Shin Bet security service warned of Palestinian violence if the development went ahead.

On the domestic front Netanyahu faced coalition members who threatened to topple him if he caved in to international pressure. They included members of the centrist Third Way Party, and especially a group of 17 right-wing Knesset members who had banded together to insure that Netanyahu did not make further concessions after Hebron, who threatened to absent themselves from crucial Knesset votes if he did not begin construction.

Domestic pressure prevailed, and the prime minister sent in the bulldozers. U.S. president Clinton was unimpressed: "I would have preferred the decision not to have been made because I don't think it builds confidence," he said. "I think it builds mistrust." But Netanyahu was defiant, insisting that Israel, like any other country, had an inalienable right to build in its capital. "Even if the whole world is against us," he announced, "we'll build in Jerusalem."

Arafat loudly denounced the Har Homah decision, warning that it had plunged the two sides into "the worst crisis" since the start of Oslo. The Israeli government, he charged, "is making us a laughing-stock... I have no trust in Netanyahu. We are heading toward the abyss."

With the bloody aftermath of the September 1996 tunnel decision obviously still fresh in his mind, Netanyahu tried to temper Palestinian anger by promising to build 3,015 housing units for Arabs in ten different East Jerusalem neighborhoods. But Palestinian leaders were not impressed. They rejected Netanyahu's proposal as a fig leaf, pointing to the small number of housing units that had been built for Arabs in Jerusalem since 1967. (The statistics showed that while about one-third of East Jerusalem had been expropriated since 1967 to build almost 36,000 homes for Jews, fewer than 600 Arab homes had been built with government assistance in that same period.)

Palestinian leaders argued that the shortage of Arab housing in East Jerusalem was a separate issue from Har Homah, which in their eyes was connected to the future status of Jerusalem. "To have any hope of reaching a compromise on Jerusalem you have to keep some sort of continuity between east Jerusalem and
the Palestinian areas, and this project cuts that continuity,” said Ghassan Andoni, a physics professor at Bir Zeit University in the West Bank and one of the leaders of the battle against Har Homah. “Israel is telling the Palestinians that East Jerusalem is outside the negotiations, that the final status of Jerusalem has already been defined.”

The strategic importance of the Har Homah project, for which two-thirds of the land had been expropriated from Jews and one-third from Arabs, was undeniable. A glance at a map confirmed that Har Homah would help fill in the line of Jewish neighborhoods on the capital’s southeastern perimeter. In so doing, it would erect a barrier between the Arab population of East Jerusalem and Palestinian towns to the south, like Bethlehem, and would undermine Palestinian demands to turn the eastern part of the city into their future capital.

All attempts to find a compromise solution to the disputed hilltop project failed. Tension mounted further in early March when Israel demanded that the Palestinians close four offices they were operating in East Jerusalem. On March 10, chief Palestinian negotiator Abu Mazen handed in his resignation after another unsuccessful meeting with Foreign Minister Levy. Arafat rejected the letter, but there were reports that the Palestinian leader had become so disillusioned that he was considering leaving Gaza and relocating to Cairo.

(The UN General Assembly passed a resolution in April, and again in July, condemning the Har Homah project; the only two countries to support Israel were the United States and the tiny island of Micronesia.)

**FURTHER REDPLOYMENT**

The situation deteriorated even further when the government made a decision on March 6 regarding the amount of territory to be ceded to the Palestinians as part of the first of three further phases of IDF redeployment in the West Bank. According to the agreement, Israel had the right to decide unilaterally on the scope of the withdrawal. When it did, the Palestinians were enraged—in part by the fact that they had not been consulted, but mainly because of the limited scope of the announced withdrawal. Arafat denounced the decision as a “trick and conspiracy against the peace process.” He was referring to the fact that out of the total of 9 percent of West Bank land the government said it was transferring to full Palestinian control (known as “Area A” in the Oslo accords), about 7 percent was already under partial Palestinian control (“Area B”). Less than 2 percent of the proposed handover was territory under full Israeli control (“Area C”).

Netanyahu, for his part, told the Knesset plenum that the decisions regarding both Har Homah and the redeployment had sent a clear message to the Palestinians. “I think they [the Palestinians] were convinced a Palestinian state would arise, with half of Jerusalem as its capital,” he said. “And now, after the further redeployment and after Har Homah, they understand that this state will not be created.”
In fact, no further redeployment took place in 1997. Arafat rejected the March decision on the ground that it was unilateral—even though this was Israel’s right—and because the amount of territory designated by the government was too small.

**Suicide Bombers Return**

The rising Palestinian anger spilled over into violent protest on March 20, when demonstrators clashed with Israeli soldiers in Bethlehem. The protests soon spread to Hebron. Chief of Staff Amnon Shahak warned that if armed Palestinians participated in the demonstrations, “it won’t be an intifada but a war.”

A yearlong hiatus in suicide bombings came to an end on March 21 when a Palestinian bomber walked into the packed Cafe Apropo in downtown Tel Aviv and detonated an explosives-filled suitcase he was carrying. Three women were killed, and another 40 people were injured in the blast. An incensed Netanyahu accused Arafat of giving a “green light” to terror and immediately demanded that the Palestinian leader destroy the “terrorist infrastructure” in the areas under his control as a precondition for the continuation of the peace process. “They have to do a lot more than just rounding up the usual suspects, and then releasing them after a few days or weeks,” he fumed.

Israel handed Arafat a list of Islamic militants it wanted behind bars, insisting that there would be no peace process if he did not move swiftly against the terrorists. But the Palestinians, angry over the Har Homah project and the redeployment issue, were loath to comply with Israel’s demands. In response, Arafat exasperated his Israeli counterparts, as well as the Americans, by flying off on a tour of South Asia, where he offered his services as a mediator in the conflict between the Sri Lankan government and rebel Tamil Tigers. Jibril Rajub, the Palestinian Authority’s security chief in the West Bank, declared that “security cooperation was buried with the first bulldozer that went up on Jabal Abu Ghneim (Har Homah).”

These and similar comments by leading Palestinian officials left the government with the impression that Arafat was tacitly condoning the use of terror as a weapon against Israel because of its decision at Har Homah. Both Shahak and the head of military intelligence, Moshe Ya’alon, backed Netanyahu’s claim, saying that Arafat had indirectly signaled to Hamas and the Islamic Jihad that they had his blessing to renew terror attacks. On March 9, they said, Arafat had met with the heads of the Islamic movements after a long break and had also released Hamas militants from Gaza jails, including Ibrahim Makadme, a leading figure in the organization’s military wing. Ya’akov Peri, a former Shin Bet (security services) chief, said that while Arafat had to bear the blame for easing up on the Islamic militants, it was not clear to what degree he was directly culpable. “From my experience, Arafat was always careful not to give direct orders—neither for bomb attacks nor for foiling attacks,” he said.
A poll conducted in late March by the Palestinian Center for Public Opinion found that a full 49 percent of Palestinians supported the March 21 suicide bombing. In the territories, violent confrontations continued. Two Islamic Jihad suicide bombers blew themselves up near two Jewish settlements in the Gaza Strip on April 1; miraculously, no one was injured. Israeli security sources estimated that the intended targets were school buses transporting children from the settlements of Kfar Darom and Netzarim.

A week later, fierce rioting broke out in Hebron after a yeshivah student shot and killed a Palestinian near the Cave of Makhpelah (Cave of the Patriarchs), after he and a fellow student had some type of acid thrown in their faces. In the ensuing clashes with the army, two Palestinians were killed and a further 90 injured. Six Israelis were injured. The army poured troops into the area in an effort to quell the protests.

A few days later, Israeli security forces cracked a Hamas terror cell operating out of the West Bank town of Surif, which had been responsible for the killing of 11 Israelis in an 18-month period, including the Apropo bomb blast. It was also revealed that the group was responsible for the kidnapping and murder of Sharon Edri, 20, a soldier who disappeared seven months earlier. Members of the cell led the security forces to the spot where they had buried the young man.

With the peace process floundering, there was no progress on a host of other bilateral issues, including the opening of a safe passage for Palestinians between Gaza and the West Bank and the opening of a harbor and an airport in Gaza. After months of unproductive wrangling over the opening of the Palestinian Authority airport at Dahaniya, in Gaza, Israel finally granted Arafat permission to use the facility—but only for himself. Fearful that his people would view such an arrangement as a sellout to Israel, Arafat chose not to accept the offer.

In advance of an early April meeting with President Clinton, Netanyahu announced that Israel would not “succumb to the dictates and threats of terror” and would continue to build at Har Homah and in the territories. It was a line he adopted in his meeting with the U.S. president on April 8, insisting that Arafat take strong steps against the terrorists in the areas under his control and restore security cooperation with Israel. But he also said he was ready and willing to move quickly to final-status negotiations with the Palestinians, which would include the thorniest issues, like the future of Jerusalem, the Palestinian refugee problem, and the final borders of the Palestinian entity.

Addressing an AIPAC dinner in Washington after the meeting with Clinton, Netanyahu described his talk with the president as “excellent” and said that Israel had a “sure friend” in the White House. Clinton was markedly less enthusiastic, describing the talks only as “frank” and “candid.” In their meeting, Clinton had reportedly made it clear to Netanyahu that he would not take kindly to any further unilateral Israeli moves like Har Homah.

Netanyahu’s plan, it appeared, was to move quickly to final-status talks so that he would be able to skip the next two stages of West Bank redeployment that he
had agreed to in the Hebron pact (the first stage, decided on in March, had still not been carried out). Senior U.S. officials questioned whether the prime minister was ready to make the painful concessions that would be required in such talks. Why, they asked, would it be easier to deal with the incredibly complex final-status issues when the two sides had encountered such great difficulty in tackling far less sensitive matters? In the Foreign Ministry in Jerusalem officials expressed concern that Washington, fed up with the lack of progress on the peace front, was beginning to disengage. They noted that new Secretary of State Madeleine Albright had displayed only moderate interest in the region since taking office in December 1996.

Middle East envoy Dennis Ross was back in Israel on April 16, trying to get the two sides talking again, and he returned a month later with the same mission. Around the same time, Foreign Minister Levy met with Albright in Washington in an effort to get the talks back on track. The round of diplomatic activity, however, produced few tangible results. In another effort to break the two-month deadlock, President Weizman met with Arafat at the Erez checkpoint in early May. "Bibi is the prime minister of Israel," Weizman reportedly told Arafat. "It doesn't matter if you love him or hate him, you have to talk to him. You must meet with him."

A Netanyahu-Arafat meeting did not follow. Reports emerged in late May that Netanyahu had rejected an American proposal whereby the Palestinians would renew security cooperation with Israel and fight terror in exchange for an Israeli commitment to cease settlement construction. Egypt's president Hosni Mubarak tried his luck at mediating a compromise over Har Homah when he met Netanyahu at Sharm el-Sheikh in the Sinai desert on May 27. After the meeting, Israeli officials announced that there had been progress, but the Palestinians said the talks had yielded nothing. The Egyptians were cautiously optimistic, with Foreign Minister Amre Moussa describing the talks as a "new start, not a failure. But there remains a wide gap between the positions of the two sides. . . ." In mid-June Infrastructure Minister Ariel Sharon met with Arafat's deputy, Abu Mazen — his first meeting with a top Palestinian official. This sparked fears among right-wing hard-liners that a deal was in the works, but the two sides still remained away from the negotiating table.

Meanwhile, the whole battle over land had taken on a new and ominous form. In May the PA made an alarming decision: Palestinians selling land to Jews, it decreed, would face the death penalty. Israeli leaders condemned the decision as barbaric, but Palestinian justice minister Freikh Abu Medein strongly supported the move. The sale of land to Jews, Palestinians argued, was not merely a real-estate transaction; it had clear and far-reaching political consequences. "They are isolated traitors, and we will act against them according to the law," Arafat said of the enactment of the death penalty over land sales. Shortly after the announcement, two Palestinian land-dealers were found brutally murdered in the West Bank city of Ramallah. In mid-June, 57-year-old Hakam Kamhawi, another
land dealer, died in the hospital after having endured two weeks in Palestinian custody. It was unclear whether Kamhawi had been beaten to death, committed suicide, or suffered a heart attack.

While relations between the two sides remained deadlocked, Netanyahu continued to assert that the only way to move forward was to go directly to final-status negotiations. In early June he unveiled his “Allon-plus Plan,” which bore some resemblance to a scheme once drawn up by former Labor leader Yigal Allon, who died in 1980. According to Netanyahu’s blueprint, Israel would cede 50 percent of the West Bank to the Palestinians, annex the greater Jerusalem area and the Jordan Valley, maintain a buffer along the western edge of the West Bank, and retain control of the water sources in the territories. Arafat immediately rejected the plan, saying there was “nothing to talk about.”

The Palestinians were further incensed when the U.S. House of Representatives voted on June 10 to officially recognize Jerusalem as the united capital of Israel and to budget $100 million to have the U.S. embassy moved from Tel Aviv to Jerusalem. Even though the Clinton administration said it would not support the measure, the vote drew strong criticism from the Palestinians and the Arab countries.

Rioting broke out again in Hebron in mid-June. In a week of clashes that evoked intifada-like scenes, with soldiers using tear gas and rubber bullets to disperse stone-throwing Palestinian youths, more than 100 Palestinians were injured. The rioting continued into July, and there were flare-ups elsewhere in the West Bank. Abu Ala, the chairman of the Palestinian Legislative Council, participated in a demonstration in the West Bank town of Ramallah on July 12 in which an Israeli flag was burned. After being condemned by government officials, the Palestinian leader said that he did not support flag burning, but the incident was a reflection of Palestinian frustration.

Tension in the West Bank town of Hebron rose again in late June when posters depicting the prophet Mohammed as a pig were pasted up in the city. Tatiana Susskin, a young women connected to the outlawed extreme right Kach movement, was arrested for allegedly having put up the posters. In late August, the 26-year-old Susskin was released from jail to house arrest, and she later underwent psychiatric testing. Susskin was convicted on December 30 of carrying out acts of racism and supporting a terror organization.

With the peace process teetering on the brink of collapse, raising fears of a descent into all-out violence, the army secretly conducted a simulation of a reinvasion of the territories that Israel had already handed over to Arafat. Senior officers carrying out the simulation of the contingency plan, aptly named “Field of Thorns,” concluded that the IDF could rapidly retake Palestinian-controlled areas, but at a tremendous price. The projected cost: hundreds of Israeli soldiers and thousands of Palestinians would be killed, and thousands more on both sides would be injured. The IDF concluded that the most effective means of containing widespread Palestinian violence, and one entailing a far less devastating cost
in human life than a full-scale invasion, would be a tight siege of the Palestinian cities, with the army blocking any movement between them.

Toward the end of July, with talk circulating of an imminent resumption of negotiations just ahead of a visit by Dennis Ross, Islamic militants struck again. On July 30, two suicide bombers, acting only seconds apart, blew themselves up in the crowded Mahaneh Yehudah market in Jerusalem, killing 15 people (one more died later) and injuring 170. When Arafat phoned Netanyahu to offer his condolences, the Israeli prime minister angrily rebuked him, demanding that he take immediate action to quell the terrorists. In public, Netanyahu lashed out at Arafat: “About 150 leaders of Hamas and Islamic Jihad were set free like savage animals . . . set free to prowl in our cities and our streets to commit these barbarous acts. . . .”

Government officials outlined a list of measures they insisted Arafat adopt immediately, including the confiscation of all illegal weapons, the extradition of terror suspects to Israel, and an end to the “revolving door” policy whereby his security forces arrested Islamic militants only for them to be quietly released a short time later. They also demanded that the PA chairman move against elements in his own Palestinian Authority who had encouraged attacks on Israel. The PA, said Likud MK and former deputy chief of the General Security Services (GSS) Gidon Ezra, had to make a “mental switch” and recognize that its enemy was not Israel but Hamas.

Government officials stressed that they would consider restarting talks only when they detected a fundamental change in Arafat’s approach. “Unlike the previous government, we’re making future talks conditional on them fighting terror,” said Ezra. “You won’t see us pressing on with the Oslo accords come what may, and talking about ‘victims of peace.’” Still, Foreign Ministry officials were more optimistic that Dennis Ross would be back in the region within days in an effort to jump-start the talks.

Israel also adopted a series of punitive measures in the wake of the bombing, including sealing off the territories, which blocked tens of thousands of Palestinians from reaching their jobs in Israel. Netanyahu announced that certain tax revenues, which Israel collected for the Palestinians, would be withheld. Efforts were also made to persuade the United States to suspend funding to the PA, and there was talk of jamming the broadcasts of Palestinian TV and radio, which Israel said were rife with incitement. The government also gave the army the go-ahead to enter PA-controlled territory if it had information on a specific terror cell or suspect. In fact, only days before the bombing, an undercover Israeli unit had moved into the West Bank city of Tulkarm and snatched an escaped Islamic Jihad prisoner from a cafe there.

In the initial period after the bombing, Washington adopted Netanyahu’s line, insisting that Arafat had to crack down on terror if the peace process was to move forward. “There can be no winks, no double meanings, no double standards, and with respect to the imprisonment of terrorists, no revolving doors,” said Secretary of State Albright.
A seemingly tireless Dennis Ross headed back to the region in mid-August in an effort to push for progress in security cooperation between the two sides ahead of a planned late-August visit by Albright. The secretary of state, in comments on Middle East policy to the National Press Club in Washington in mid-August, said that, despite the prolonged strife, she had no doubt that there would ultimately be an agreement between the two sides. But she did warn of the dangers of prolonging the process. "The question today," she said, "is not whether the Israelis and Palestinians will reach a mutually acceptable agreement, but when. . . . The longer decisions are postponed, the more conflict and suffering will ensue."

With the Americans seemingly on the verge of getting the two sides together, Hamas struck again. On September 4, three suicide bombers blew themselves up on Jerusalem’s Ben-Yehudah pedestrian mall, killing five Israelis and wounding scores of passersby. While Netanyahu dodged questions about whether the Oslo process was finally dead, the day after the bombing the cabinet announced that there would be no further redeployments in the West Bank until Arafat moved against the terrorists in the areas under his control. At the same time, in anticipation of Albright’s visit, Netanyahu did decide to release 42 million shekels ($12 million) of the tax revenues that he had been holding back from the PA ever since the July 30 Jerusalem bombing. He also progressively eased the tight closure that had been clamped on the territories after the bombings.

The peace deadlock at times descended into tit-for-tat exchanges between Netanyahu and Arafat. "I would like to tell Netanyahu that he is still new to politics," Arafat said during an early August visit to Amman. "He does not know the Palestinian people and he’s new in Israel as well, because his whole life he lived abroad." Netanyahu did not hesitate to respond to the personal attack: "I’m not new here," he retorted. "I understand what’s going on here better than him. Arafat always falls into this trap. Whenever there’s a crisis, he thinks the government is about to fall. I’m better than him at reading America as well. I say to him . . . you will not get 90 percent of the territory. I won’t give it to you."

In mid-September, Madeleine Albright made her first visit to the Middle East since taking office. Before beginning talks with Netanyahu and Arafat, she traveled to Hadassah Hospital on Mount Scopus to visit those injured in the Ben-Yehudah bombing. When the diplomatic leg of her visit began, she told the Palestinians she wanted them to display "zero tolerance" for terror and to move forcefully against the Islamic militants. But she also had demands of Israel. She made it clear that the United States expected Netanyahu to stick to the Oslo accords and said she wanted a commitment that Israel would not take any more unilateral steps like the Har Homah project. She also asked Netanyahu to move forward with some long outstanding issues like the opening of a port and airport in Gaza.

Diplomatic observers wondered whether Albright’s visit signaled a new American willingness to step back into the fray and play a more interventionist role than it had in previous months. That, certainly, was the advice of President Weizman. After he met with Albright, one of her aides let slip that the president had
suggested to the secretary of state that she “bang Arafat’s and Netanyahu’s heads together,” in order to get them to move forward with the peace process. (Albright might have been reminded of Weizman’s advice when the government announced on September 25 that 300 new homes would be built at the West Bank Jewish settlement of Efrat. The announcement followed shortly after a phone call between herself and Netanyahu in which the Israeli leader made no mention of the construction plans.)

THE SECOND REDEPLOYMENT

Netanyahu was faced with an embarrassing situation when three Jewish families moved into two houses located in the Arab East Jerusalem neighborhood of Ras al-Amud on September 14. After the Har Homah episode, which had drawn worldwide condemnation, it was the last thing the beleaguered prime minister needed. Some senior ministers condemned the move. “These settlers,” said Defense Minister Mordechai, “are hurting and weakening Israel.”

The money for the purchase of the property came from Irving Moskowitz, a wealthy Miami businessman and close ally of Jerusalem mayor Ehud Olmert. For years, Moskowitz had donated large sums to purchase Arab property in East Jerusalem in an effort to settle as many Jews there as possible. He had also contributed money toward the restoration of the Hasmonean tunnel, and along with Olmert had pushed for the tunnel’s opening in September 1996. The Ras al-Amud incident died down after the government reached a compromise with Moskowitz and the settlers, whereby the three families would leave and would be replaced by 10 yeshivah students who would guard and maintain the homes. But the basic goal of both Moskowitz and the settlers had been achieved: a Jewish foothold in a once Arab-only neighborhood in Jerusalem.

After a deadlock that was now six months old, Abu Mazen, Dennis Ross, and David Levy, who was one of the government’s most vigorous advocates of the peace process, met on October 6 in Jerusalem in an effort to restart talks on implementing the interim accords of the Oslo agreement. Again there was no breakthrough, and an increasingly irate Arafat announced a few weeks later that if a final accord were not reached by 1999—the end of the five-year Oslo interim period—he would unilaterally declare a Palestinian state. In response, Netanyahu reportedly told members of the Tsomet Party, during a private meeting, that if Arafat went ahead with his threat, Israel would annex the sections of the West Bank that were still under its control at the time. But Likud hard-liner Ariel Sharon gave a sense of how fundamentally the thinking among certain sectors of his party had changed since the inception of Oslo, when he announced at a briefing in New York in November that “defining the Palestinian entity as a state is a foregone conclusion, and it won’t be long before the Palestinians declare an independent state even if Israel opposes it.”

By the end of November, the second phase of IDF withdrawal from the West
Bank—as agreed to under the Oslo II accords and reaffirmed by Netanyahu in the Hebron agreement—had come to dominate the agenda. Once again Netanyahu found himself trapped between U.S. demands to move ahead with the pullback and right-wing domestic pressure on him to freeze the process. On November 30, the government voted 16-0, with two abstentions, to carry out the second withdrawal. But the overwhelming support for the decision, including that of cabinet hard-liners, was due to the fact that it made no reference either to the scope of the pullback or to a date by when it was to be carried out. The ministers also conditioned the redeployment on the Palestinians fulfilling a long list of Israeli demands, including formally abrogating the clauses in the PLO covenant that call for Israel’s destruction, clamping down on terror, and handing terror suspects over to Israel.

While Netanyahu was careful not to display any maps, according to press reports he was ready to cede between 6 to 8 percent of the West Bank to the Palestinians. But at a December 7 meeting in Paris, Madeleine Albright reportedly told the prime minister that he was not being generous enough and that she expected a double-digit offer. With American pressure intensifying, Netanyahu put together a four-man team, including Defense Minister Mordechai, Foreign Minister Levy, Infrastructure Minister Sharon, and himself, in order to come up with a map of Israel’s “vital strategic interests,” which would include those areas that would remain under Israeli control after final-status talks had been completed.

The problem for Netanyahu was that, with 27 percent of the West Bank already controlled by Arafat, and with the government demanding that two buffer zones were essential for Israel’s defense—one in the east along the Jordanian border and another along the western edge of the West Bank—it had become extremely difficult for him to cede any more territory without beginning to isolate some of the Jewish settlements, leaving them hemmed in by Palestinian-controlled territory. Any more concessions in areas where many of the settlements were located, warned right-wing Knesset member Michael Kleiner, would “strangle these settlements. People will have to leave their homes in armored convoys.” On December 17, the day before Netanyahu was to meet with Albright again in Paris, three of the most prominent settler leaders announced that if he went ahead with the redeployment before the Palestinians fulfilled all Israel’s demands, they would work to bring him down.

When Netanyahu met with Albright the next day in Paris, the only map he showed her was the old Oslo map. There were reports, however, that he told U.S. officials that he would push through a decision to withdraw from at least 10 percent of the West Bank in early 1998. The reasons for the delay, he explained to his American counterparts, was that he did not want to risk a coalition rebellion that might sink the 1998 budget. The Americans agreed, and shortly after the Paris meeting, the White House announced that Clinton was inviting both Netanyahu and Arafat to Washington in mid-January. Both men, it seemed, would have to make some tough decisions by then—Arafat having to comply with
strong American demands that he adopt an uncompromising attitude to terror and beef up security cooperation with Israel, and Netanyahu having to finally come up with concrete answers on the second pullback.

In the midst of the withdrawal debate, Israel and the Palestinians found something else to quarrel over—the PA's decision to include East Jerusalem residents in its first-ever census, starting on December 10 when 5,000 officials began counting Arab residents in the territories. Anxious not to be seen to be compromising in any way on the status of Jerusalem, the government rushed a law through the Knesset banning the census in the capital. The PA decided to postpone its counting in that area.

OTHER DIPLOMATIC DEVELOPMENTS

Relations with Egypt

The leaders of the Arab world had been both astonished and alarmed by Netanyahu's 1996 election victory. They had expected Peres to win. Now, unexpectedly, they had to contend with a hard-line Israeli leader who was skeptical about the peace process. The Egyptian press attacked Netanyahu almost immediately from the day he took office, accusing him of "beating the drums of war." Netanyahu's statement to Congress, during a July 1996 visit to the United States, about the need for the Arab states to embrace democracy, further fueled the vitriol in the Arab press and raised the ire of Egyptian president Hosni Mubarak and other Middle East leaders. After Netanyahu flew to Cairo to meet Mubarak on July 18, though, the two men emerged from their discussion sounding optimistic. The Egyptian leader expressed "much hope for the continuation of the peace process."

But relations had deteriorated again by September when Egypt threatened to cancel the third Middle East and North Africa economic summit scheduled for Cairo in early November, because of the paralyzed peace process. If Egypt went through with its threat, Netanyahu scoffed, it would be "cutting off its nose to spite its face," a remark that sparked an unrelenting tirade against him in Egypt. One Egyptian minister suggested that the Israeli prime minister needed to see a psychiatrist. No, wrote one Egyptian paper, he needed a "whole hospital." Ultimately the economic summit went ahead, but the seemingly interminable Hebron negotiations dampened the atmosphere, and Israel played a far less central role than it had in the two previous summits in Casablanca and Amman.

The arrest of Azzam Azzam, an Israeli Druze taken into custody by the Egyptians on the eve of the conference, also soured the atmosphere. Azzam, who was employed in an Israeli-run factory in Egypt, was accused of spying for the Mossad. Israeli leaders insisted that Azzam was innocent and demanded that he be released.
Early in 1997 the leading Egyptian newspaper, *Al-Ahram*, took the highly uncharacteristic step of apologizing for a report it had published, accusing Israel of injecting 305 Palestinian children with the AIDS virus. This marked the first-ever formal apology for a mistaken or false article about Israel by the Egyptian press. But the event was a one-time exception. With the peace process stalled, 1997 was marked by growing anti-Israel sentiment in Egypt, which found strong expression in regular media claims of Israeli espionage and sabotage, as well as constant attacks on Netanyahu. There was even a case (in September) in which the Egyptian press and cinema unions decided to investigate three individuals—a writer, a film director, and a political analyst—for visiting Israel.

When President Weizman visited Egypt in late September, in an attempt to thaw the frosty relations between Jerusalem and Cairo, Mubarak turned down his invitation to visit Israel, saying it would not happen until there was tangible progress in Israeli-Palestinian talks. “How is it possible to conduct such a visit in an atmosphere as electrified as the present one?” Mubarak asked his Israeli counterpart. “Any visit that does not bring results will complicate our relations even more.”

Mubarak’s criticism was often of a personal nature. In an April interview he painted a black picture of the peace between his country and Israel, which, he said, would “stay cold for a long time to come. You see, in the last three years, peace was beginning to work, alongside the progress made in the peace process with the Palestinians. But since Netanyahu came to power, everything has stopped. . . . Don’t they understand they are ruining everything?”

While Israeli government officials acknowledged the worsening relations, they argued that the ailing peace process was not the root cause. They insisted that Egypt’s criticism of Israel was really part of a strategy whereby Cairo intended to downgrade its relations with Jerusalem and boost its role in the Arab world. That process, they said, had begun when Rabin was still at the helm, with Mubarak turning down invitations to visit Israel even then. Egypt’s excuse then, argued Netanyahu’s aides, was Israel’s refusal to sign the Nuclear Non-Proliferation Treaty. Now it was Netanyahu.

Another indication of the tense relations was the Egyptian’s detention of Dvora Ganani, an Israeli businesswoman with considerable financial interests in Egypt, in mid-July 1997. Ganani was arrested and questioned for several hours and only freed after the intervention of Labor leader Ehud Barak, who was on a visit to Cairo.

Tension escalated further when an Egyptian court found Azzam Azzam guilty of espionage in early September and sentenced him to 15 years’ hard labor. Israeli officials, who had consistently denied that Azzam was a spy and demanded his release, protested the court’s decision. Netanyahu described the ruling as an “outrage” and called on Mubarak to exercise his constitutional powers to have Azzam released. But Mubarak, clearly not wanting to be seen to be capitulating to Israeli demands or to be seen to be undermining the Egyptian legal system, ig-
nored the prime minister's requests. In a communiqué to Netanyahu, which was leaked to the press, he accused the Israeli leader of exploiting the Azzam affair for his own internal political needs. The Egyptian president was praised by the Egyptian media for his "tough reaction" to Israel's "arrogance and dictating." Later, Mubarak hinted that if the matter had been dealt with discreetly by Israel, it could have been settled differently. Israeli officials, however, were adamant that the Egyptians had convicted an innocent man and that Azzam had become an innocent victim of the change in relations. It was no coincidence, they said, that his arrest had come on the eve of the 1996 Cairo economic summit, and was intended to embarrass Israel and cool normalization. Once the media got hold of the story, they said, it became impossible for the Egyptian authorities to back down.

Relations with Egypt seemed bumpy on almost every front. On October 17, front-page headlines of the daily tabloids in Israel bellowed the news that Egypt's long-serving ambassador in Tel Aviv, Mohammed Bassiouny, was involved in a sex scandal with a belly dancer. According to the reports, an unnamed belly dancer from Ramat Gan had filed a complaint with the police against Bassiouny for having enticed her to the Tel Aviv apartment of a well-known local plastic surgeon in August, in order to have sex with her. The reports also revealed that Bassiouny, married with two children, had dismissed the allegations and accused the belly dancer of trying to blackmail him. The case had been kept quiet by court order, but became public when the State Attorney's Office decided not to pursue the matter after having questioned the dancer and having dispatched senior police investigators to speak to Bassiouny.

Relations with Syria

Talks between Israel and Syria had already broken down toward the end of Shimon Peres's term when President Hafez al-Assad refused to denounce the Hamas suicide bombings in early 1996, but relations between the two countries got steadily worse after Netanyahu came to power. While the Israeli leader made it clear that he would not agree to any preconditions for the renewal of talks, Syria demanded that the negotiations be restarted at the point they had been stopped with the previous Labor government. Netanyahu also indicated that he would not countenance a situation where talks between the two countries proceeded while the Iranian-backed Hezbollah continued its assault, with Syrian consent, on Israeli soldiers in the south Lebanon security zone. Syria responded by trying to encourage other Arab states to halt normalization with Israel, and its state-run media compared Netanyahu to Hitler.

The Americans tried to get the two sides together in July 1996, but failed. Netanyahu's "Lebanon First" suggestion—that Israel and Syria try to reach a solution on Lebanon before commencing negotiations on the Golan Heights—also came to naught. With the rhetoric of mutual blame escalating and the deadlock seemingly unbreakable, relations reached a dangerous point in mid-
August, when the Syrians began moving some troops from Lebanon and redeploying them around Mt. Hermon, the strategic peak atop the Golan range. That was followed by large-scale Syrian infantry, armored, and air maneuvers, which also included ground-to-ground missile forces. Israeli papers quoted Arab sources as saying that Syria feared an Israeli offensive; inside Israel there was speculation that maybe Syria aimed to launch a limited offensive, with the aim of grabbing a piece of the Golan in an effort to smash the diplomatic impasse and force Israel to the negotiating table. The IDF went on alert in the north, and soldiers' leaves were canceled.

Tension increased, with the state-controlled Syrian media accusing Israel of "beating the drums of war." Rafael Eitan, the agriculture and environment minister and a former chief of staff, warned the Syrians that if they attacked Israel they would be "broken and bloodied" and possibly even "wiped off the face of the earth." Prof. Ze'ev Maoz, Syria expert of Tel Aviv University, spoke worriedly of a psychological switch in the Syrian military: "What was done over the past four years," he said, "the sustained effort, through lectures and other indoctrination, to prepare the troops for the shift to peace, has been turned around. Since Netanyahu came to power, the Syrians have been preparing the army psychologically for war."

Netanyahu and Defense Minister Mordechai sent soothing messages to Damascus via the Americans, making it clear that Israel had no hostile intentions. By September, though, Israeli troops had taken up defensive positions along the border and were carrying out exercises on the Golan. The Israeli press reported that 10,000 Syrian troops had been shifted from Lebanon and deployed in a defensive posture on the other side of the border. In October the IDF asked for emergency funding in case of a war with Syria—a scenario army intelligence said was no longer remote. It was not until November that the border tension subsided, but deputy Chief of Staff Matan Vilnai remarked ominously at the end of the year that the probability of war with Syria was higher than it had been two years previously. "The IDF," he said, "is now involved in a massive improvement of its deployment on the Syrian border and is increasing its readiness for a war scenario." Chief of Staff Shahak quickly toned down Vilnai's prognosis, saying it did not mean that war was imminent or inevitable at some future date.

Talks with Syria remained deadlocked throughout 1997, despite occasional reports of plans to revive them. Addressing a meeting of the Israel-America Friendship Association in February, U.S. ambassador to Israel Martin Indyk was candid about the price Israel would have to pay for a peace agreement with Damascus. He said he did not think there was "any possibility whatsoever . . . that he [Syrian president Assad] would be ready to sign a peace agreement with Israel, short of full withdrawal from the Golan."

At the beginning of 1997, Mordechai had said he expected peace talks with Syria to resume by the spring. Foreign Minister Levy also spread optimism about renewed talks with the Syrians. But Damascus continued to demand that the talks
restart at the point they had broken down the previous year. The Syrians also
claimed that this included a verbal commitment by Rabin to return the whole of
the Golan Heights to Syria and withdraw to the 1967 pre-Six Day War lines. Ne-
tanyahu, however, insisted that he was not bound by any unwritten agreements,
and the Americans backed him on this point. He discussed the Syrian track with
Clinton during a mid-February visit to Washington, but nothing concrete fol-
lowed. On a visit to Amman shortly afterward, Netanyahu commented that he
could not "force the Syrians to come to the negotiating table. If they don't want
to resume the talks," he said, "there is nothing I can do."

Clinton sent a special communique to Assad in early May in another ulti-
mately vain effort to get the Syrian leader back to the negotiating table. By mid-
1997, with progress looking increasingly remote, Shahak told the Knesset For-
egn Affairs and Defense Committee that the Syrians were "preparing an offensive
option."

A Knesset subcommittee report around the same time worryingly revealed
that budget constraints had left the army unprepared for a future war. Accord-
ing to the report, the IDF's weaponry was aging, it had too few helicopters, and
it suffered from too little training. Ephraim Sneh, a Labor MK and head of the
subcommittee, remarked, "If Israel goes to war today, it will win, but it will pay
a heavy price." Chief of Staff Shahak complained that the defense budget had
created an "insufferable" situation with regard to the army's preparedness.

Probably the only encouraging sign was Assad's decision to allow a delegation
of 50 Arab Israelis, including mayors and Knesset members—one of whom was
a Druze officer in the IDF reserves—into Syria for a visit in early August. The
delegation met with senior Syrian officials, as well as with Assad. But statements
by some of the delegation members evoked anger inside Israel, especially com-
ments by Knesset member Abd al-Wahab Darawshe to Palestinians in a refugee
camp. "I swear to you before Allah," he told the 20,000-strong crowd, "that you
will return to Palestine."

Yitzhak Rabin had defined a formula for an agreement with Syria, saying that
the depth of Israeli withdrawal would be determined by the extent of the peace;
Netanyahu redefined the formula in mid-August when he announced that the
"depth of the peace" would be determined by the "depth of security arrange-
ments" the two sides agreed to. "The type of peace that is possible here [in the
region]," he added, "is peace based on power, where we nurture our power."

The IDF's analysis remained largely unchanged toward the end of the year, with
Maj. Gen. Amiram Levine, head of the Northern Command, warning that Syria
was "taking very fundamental steps to prepare for the possibility of the devel-
opment of war." In early November the U.S. State Department confirmed that
Mideast envoy Dennis Ross had been holding discussions with Syria and Israel
in an effort to get the two sides back to the table. But by the end of the year there
was still no sign of a thaw.
Relations with Lebanon

Lebanon remained Israel's only active war front, and in the period under review the number of Israeli soldiers who lost their lives or were injured there grew alarmingly. Despite a huge investment in increased safety measures and the unveiling of the elite Sayeret Egoz counterinsurgency unit, Israel's war of attrition with the Hezballah in south Lebanon continued. On December 24, 1996, two soldiers were killed by a Hezballah roadside bomb in Israel's self-styled security zone, bringing to 26 the total number of soldiers killed there in the course of that year; another 96 were injured.

Israeli casualties mounted in 1997, with 39 soldiers losing their lives—the highest toll since the creation of the security zone in 1985. (About 60 Hezballah fighters lost their lives in the course of the year.) The escalating confrontation also exacted a growing number of civilian casualties. In the course of August close to 20 Lebanese civilians were killed—caught in the cross fire between Israel and its South Lebanon Army (SLA) militia, and the Hezballah. In a series of tit-for-tat exchanges, the SLA indiscriminately shelled the Lebanese port city of Sidon, after two children of a senior SLA officer who had himself been killed by the Hezballah were killed by a bomb planted by the Iranian-backed Shi'ite organization. Eight civilians were killed in the Sidon shelling, and although Israel censured Gen. Antoine Lahad, head of the SLA, Hezballah guerrillas unleashed a Katyusha barrage on northern Israel. They fired 60 rockets into the Galilee, sending residents in the north scurrying into their bomb shelters.

Chief of Staff Shahak told politicians in the Knesset Foreign Affairs and Defense Committee in late October that it had become increasingly difficult to gather intelligence on Hezballah. The movement's fighters were better trained then ever and were receiving more and more sophisticated weaponry, such as night-vision equipment and upgraded antitank missiles. In October it was reported that about 50 planeloads of weapons, including Sagger and Faggot antitank missiles, had made their way from Iran via the Damascus airport to the Hezballah in Lebanon.

The Lebanon Debate

Several disastrous events in the course of 1997 heightened public questioning of Israel's continued military presence in the security zone in southern Lebanon. One of these occurred on February 4, when two Sikorsky helicopters carrying Israeli soldiers to their bases in southern Lebanon collided in midair, killing 73 men. Ironically, the soldiers were being flown into Lebanon as a safety precaution, since Hezballah roadside bombs and ambushes made traveling overland too dangerous. The horrific pictures from the site of the crash—of bodies and of soldiers' personal possessions strewn across the ground—and the rows of the faces of the
dead covering the front pages of the daily newspapers spurred calls for the army’s immediate withdrawal from Lebanon.

Seven months later, in early September, Israel suffered another huge blow when a naval commando unit that had landed on the Lebanese coast late at night and moved inland toward a classified target walked into a Hezbollah ambush. Twelve of Israel’s top commandos were killed. Only days later, five soldiers burned to death in the security zone when they were unable to extricate themselves from a brushfire ignited by Israeli artillery shells fired at Hezbollah positions.

In September and October, two soldiers were killed when their tanks took direct hits from Hezbollah-fired antitank missiles. These Merkava II tanks, among the world’s most advanced, on which the army had spent millions beefing up the protective armor, were thought to be almost impregnable, yet Hezbollah had succeeded in penetrating them. To make matters worse, on October 8, a Hezbollah squad succeeded in making its way undetected to a point some 150 meters from Israel’s northern border where it attacked Israeli positions, killed two soldiers, and then melted away.

The Hezbollah successes and the rising death toll fueled the public debate. After the helicopter crash, a group called “Four Mothers” sprang up; its members began agitating for an urgent withdrawal from Lebanon and called on the government to rethink Israel’s presence there. A Tel Aviv University poll conducted in September 1997 revealed that, while 60 percent of the Jewish population favored staying put, a full 32 percent supported unilateral withdrawal—a figure once unthinkable. The latter received a surprising boost in November when the daily Ha’aretz ran a story revealing that the head of the Northern Command, Amiram Levin, had expressed views favoring a pullback, and there were other officers under his command who shared his opinion. Levin backtracked after the story was printed, but its impact could not be discounted.

Prime Minister Netanyahu and Defense Minister Mordechai, however, were adamant that the IDF could not unilaterally withdraw from Lebanon. After the defense establishment held an intensive three-week review of the IDF’s position in south Lebanon, Mordechai made it clear that in his view a unilateral pullout would only make the situation worse. “There can be no adventurism at the expense of the lives of our citizens,” he said in an October interview in the daily Ma’ariv, effectively backing up the argument that if Israel left south Lebanon without an agreement, Hezbollah would be situated right on the northern border, clambering to get across.

But the Lebanon argument crossed the country’s left-right political divide, with some government ministers talking of the need to contemplate withdrawal even in the absence of a comprehensive peace agreement with Lebanon’s patron, Syria. Labor Knesset members were also divided over the question of whether to bring the troops back home. The “Four Mothers” got their strongest political backing from Labor MK Yossi Beilin, who started the Movement for a Peaceful Withdrawal from Lebanon. Beilin argued that Israel had become a hostage of Syr-
ian president Assad in south Lebanon and that the time had come to withdraw unilaterally, redeploy strongly along the country's northern border, and warn the Lebanese government that it would be held responsible for any anti-Israel hostilities. As long as Israel remained in Lebanon, he insisted, its hands would be tied—both because the international community viewed its presence there as that of an occupier, and because of a set of U.S.-brokered accords that were negotiated after Israel's April 1996 Grapes of Wrath bombardment of Lebanon (in which 100 civilians were killed when Israeli shells ploughed into a UN base), which curtailed the scope of the IDF's activities.

The pro-withdrawal camp also argued that Hezbollah's violent resistance was to Israel's presence in Lebanon, not to Israel's existence, and that it was unlikely to be directed southward after Israel departed from the zone.

But those opposing withdrawal argued strongly that the security zone was still fulfilling its intended function of stopping terrorist penetrations and light-arms fire across the border. They warned that if Israel departed from the zone, which was patrolled by 1,500 Israeli soldiers and some 2,500 SLA members, without a comprehensive agreement, a coalition of guerrilla groups would mobilize on the border and strike at residents in northern Israel. The result, they insisted, would be further escalation, forcing the IDF to go back into Lebanon to curb these attacks, having lost the advantage of a pro-Israel local militia and a partially supportive local population. "Hezbollah openly declares its desire to help the Palestinians liberate Palestine," remarked Ephraim Sneh, one of the architects of the security zone. Without Syrian involvement in a deal, the anti-withdrawal camp argued, there simply could not be one. "More than ever before, Lebanon is under total Syrian control," said Uri Lubrani, Israel's veteran coordinator of government activities in Lebanon. "There is no Syrian bypass route."

The public debate in Israel over the IDF's continuing presence in south Lebanon generated disquiet among the residents in the security zone, especially those with ties to the SLA, who feared for their future once Israel departed. General Lahad gave vent to these fears when he warned in an October interview that were Israel to pull back unilaterally, part of his forces would likely defect to Hezbollah, and the remainder might well evolve into another anti-Israel militia.

**Relations with Jordan**

Relations between Israel and the Hashemite Kingdom were rocky in the period under review. While King Hussein had been the single Arab leader who was not startled by Benjamin Netanyahu's victory—he congratulated the Israeli leader on his win—the honeymoon period was short-lived. Relations began to cool after the new government announced shortly after its formation that it planned to increase Jewish settlement in the West Bank. Crown Prince Hassan postponed a planned trip to Israel in September 1996 because of the deadlocked peace process. Then came the Jerusalem tunnel-opening incident, which severely shook relations.
Despite the diplomatic fallout, Hussein was especially angered by the fact that one of Netanyahu's aides had flown to Jordan to meet with him only hours before the tunnel opening, yet had mentioned nothing to him about the matter. Jordan also claimed that the tunnel opening was a violation of its peace treaty with Israel, which recognizes Jordan’s special status with regard to Islamic holy places in Jerusalem. Israel’s ambassador to Jordan was presented with an official complaint by the Jordanians.

Shortly after the early October emergency summit in Washington, Hussein issued an uncharacteristically harsh indictment of Netanyahu, warning that “if there was not peace in the region, then Prime Minister Netanyahu would have to carry a gas mask around with him, like in the days of the Gulf War.” Two weeks later, the king made his first visit to the West Bank since 1967, meeting Arafat in Jericho and announcing that he was in favor of a Palestinian state. In early January 1997, though, Hussein did step in to help resolve the final hitches in the Israeli-Palestinian talks on Hebron.

The growing anti-Israel feeling inside Jordan was evident when 4,000 protesters clashed with policemen during the first Israeli trade fair in Amman, which took place on January 8, 1997. Demonstrators carried banners declaring that “Jordan is not the Zionist bridge to the Arab world.” The efforts by Islamic fundamentalists to undermine the fair had the desired effect — only 70 of the 200 Israeli companies expected to turn up did so.

Angered by Netanyahu’s decision to go ahead with the Har Homah project, the king sent the Israeli prime minister a furious letter in early March, in which he accused him of intentionally humiliating the Palestinians and of being bent on destroying the peace process. The tone of the letter, which was leaked to the press, was extremely harsh. “My distress,” wrote Hussein, “is genuine and deep over the accumulating tragic actions which you have initiated as the head of the government of Israel, making peace — the worthiest objective of my life — appears more and more like a distant elusive mirage. I could remain aloof if the very lives of Arabs and Israelis and their future were not fast sliding towards an abyss of bloodshed and disaster, brought about by fear and despair. . . . I frankly cannot accept your repeated excuse of having to act the way you do under great duress and pressure. I cannot believe that the people of Israel seek bloodshed and disaster and oppose peace. . . . Your course of action seems bent on destroying all I believe in or have striven to achieve. . . .”

Days later, on March 13, a Jordanian soldier went on a murderous rampage at Naharayim on the Israeli-Jordanian border. Standing in a watchtower, he opened fire on a group of junior high school girls from the town of Beth Shemesh, then climbed down and chased the girls, still firing at them, until he was overpowered by his fellow Jordanians. Two girls died immediately; five more were pronounced dead on arrival at a nearby Jordanian hospital. Israeli medical teams were held back for a full 40 minutes by the Jordanians, before being allowed access to the scene of the attack.
Ironically, the 200-acre enclave had been referred to as the "Island of Peace," and was returned to Jordanian sovereignty when the peace accord was signed in 1994. Crown Prince Hassan strenuously condemned the attack, calling it a "black day" for Jordan, and a joint Israeli-Jordanian inquiry was set up. Foreign Minister David Levy, however, linked the incident to the king's irate letter, saying that comments of the kind included in the communiqué "created a psychological atmosphere that could lead to such tragic acts."

The killings resulted in a remarkable and highly moving visit by King Hussein to Israel. The monarch flew into Israel to visit the bereaved families in Beit Shemesh; in unprecedented scenes broadcast live on Israel television, he entered the homes of the families—wearing his traditional red keffiyeh—held their hands, embraced some of them, and offered his condolences. "I feel as if my daughters have been killed," he told one family. "I know there is nothing that is equal to your mourning," he told another, "but, believe me, I mourn with you."

But the tragic event failed to heal the diplomatic wounds. A joint Israeli-Jordanian memorial ceremony for the seven schoolgirls was canceled after a dispute broke out between the two countries in early May over water allocations to Jordan under the peace treaty between the two countries. Relations were strained further in early August when King Hussein canceled a planned meeting with Netanyahu and sent his brother, Prince Hassan, instead. On August 13 the two leaders did meet in Aqaba in an attempt to smooth relations. On September 20, however, two guards at the Israeli embassy in Amman were shot and lightly wounded in an attack for which the Islamic Opposition Front claimed responsibility. A week later, the Mashaal affair brought relations to an all-time low.

**The Mashaal Affair**

The events that took place in broad daylight on an Amman street on September 25, 1997, were to trigger one of the worst diplomatic and intelligence debacles in Israeli history. At 10:35 A.M., two Israeli Mossad agents brushed past Khaled Mashaal, the head of the Hamas political bureau in Amman, as he was on his way to his office, and pressed a device to his ear that unleashed a fatal, untraceable chemical poison. The Mossad agents quickly climbed into a getaway car, but Mashaal's bodyguard gave chase in a taxi and collared the two men as they tried to switch cars. Jordanian police appeared on the scene as the agents struggled with the bodyguard, and the two Mossad men were taken into custody. The captured agents were carrying Canadian passports, but when the Canadian ambassador was summoned, it soon became clear they were not citizens of his country. Mashaal, who had begun to feel ill, was admitted to a hospital.

News of the failed operation quickly reached Mossad chief Danny Yatom, who immediately informed the prime minister, who in turn telephoned King Hussein to tell him that "we have a problem." Livid at Israel's attempt to carry out an assassination on Jordanian soil, the king threatened to cut off diplomatic ties. If
Mashaal died, he warned, the two Mossad agents would be tried and hanged. Yatom was hastily dispatched to Amman with the antidote for the poison injected into Mashaal, and his life was saved.

But it soon became clear that Israel would have to pay a heavy price for the bungled operation. In exchange for the release of its agents, Israel agreed to the release of Sheikh Ahmad Yassin, the spiritual leader of Hamas, as well as the release of dozens of Palestinian and Jordanian security prisoners in its jails. Canada condemned Israel for using its passports and recalled its ambassador.

On October 1, Netanyahu ordered the release of Yassin, and the Hamas spiritual mentor was immediately flown to Amman for medical treatment. Five days later he flew into Gaza where he was welcomed by over 10,000 ecstatic supporters. The same day, the two interned Mossad hit men were returned to Israel. (Among those security prisoners released in the embarrassing aftermath of the bungled operation were members of a terror squad who had landed on an Israeli beach in 1990 with plans to kill Jews in Tel Aviv.)

When opposition Labor politicians and leading political columnists called on Netanyahu and Yatom to resign, citing the huge damage to Israel's image and to its intelligence services, Netanyahu skillfully deflected attention from the negative fallout of the botched assassination, insisting that such operations were vital in what was a "just" war on terror. He also announced the creation of a commission of inquiry, but gave it no real judicial powers. (By the end of the year the commission was still deliberating.)

National Infrastructure Minister Ariel Sharon, highly regarded for his security credentials by many on the right, rallied behind Netanyahu. He described Mashaal as the "number one" figure in Hamas and also took over much of the behind-the-scenes negotiations with the Jordanians. Likud MK and former Shin Bet deputy chief Gidon Ezra justified the attempted hit on the grounds that there was no way of knowing that the Hamas suicide attacks in July and September in Jerusalem, in which 20 Israelis were killed, were the last. Israel, said Ezra, was acting "to stop the next terror attacks."

In the weeks following the debacle, more embarrassing operational blunders emerged. One of the most glaring was the failure by the Mossad operatives planning the hit to detect that Mashaal's driver doubled as a bodyguard and was trained in self-defense. More worrying was the negative fallout of the ill-fated mission, which had to be seen against the backdrop of the deadlocked peace process, Israel's shaky ties with its Arab neighbors, and frayed relations with the United States. The blow dealt to the country's once-vaunted Mossad agency and to the battle against terror also could not be ignored.

The release of the quadriplegic Yassin, who exerted a curious charisma despite his poor sight and hearing, created a new source of authority in the Gaza Strip, just when Yasir Arafat could least afford it. Yassin's release served to boost Hamas's prestige at a time when Arafat's image was already battered—by the
floundering peace process, revelations of widespread corruption among his ministers, and rumors of his failing health.

The immediate anxiety over the threat from a strengthened Hamas momentarily threw Netanyahu and Arafat together, and the two leaders met on October 8 to discuss their mutual predicament, their first meeting in eight months. The two men reportedly discussed ways to improve security cooperation to contend with the new developments. Some hailed the meeting as a boost for the paralyzed peace process, but it proved to be no more than a short time-out in the ongoing deadlock. It was not long before Netanyahu was again accusing Arafat of not clamping down on terror and insisting that he would make no further concessions until he did so.

Around the time of Yassin's release, Arafat actually seemed to have begun to clamp down on Islamic militants and their institutions. But after the failed assassination attempt, he eased up again, releasing some of the new Hamas activists he had ordered arrested. The Mashaal affair and Yassin's release, observers said, had made it more difficult for an already reluctant Arafat to move against the Islamic fundamentalists. "If this was an action designed to fight terrorism, it has been damaging to that struggle," remarked Prof. Asher Susser, a Tel Aviv University expert on Jordan and the Palestinians. "For Arafat to crush Hamas when there is nothing in the offering for him—in terms of territorial and economic gains—turns him into a collaborator with Israel in his people's eyes."

In the weeks after his release, Sheikh Yassin spoke of the possibility of a ten-year cease-fire with the Jewish state—if Israel agreed to withdraw from all the territories it had conquered in 1967, made Jerusalem a Palestinian capital, and dismantled all the Jewish settlements. He also issued a number of uncompromising statements, such as "Israel as a Jewish state has to disappear from the map," in an October interview. He did add, however, that when "Israel stops killing us and conquering our land . . . we can stop the suicide attacks." (In a unique overture to the Hamas leader, in late October Israel's Sephardic chief rabbi, Eliyahu Bakshi-Doron, sent Rabbi Menachem Froman of the West Bank settlement of Tekoa to meet with Yassin in Gaza and present him with a letter. "We have to do whatever we can to stop violence," Bakshi-Doron wrote in the letter, "and the only way to do that is through dialogue. I am full of hope that Sheikh Yassin can solve this problem. I call on him as a [fellow] believer in God.")

For Jordan's King Hussein, the fact that Israel had tried to carry out an assassination on Jordanian soil was shocking evidence of Netanyahu's disregard for the special relationship between Amman and Jerusalem: the close intelligence understanding between the two countries—the only one of its kind Israel had with an Arab state, the carefully constructed strategic alliance that provided Israel with a security buffer on its eastern border and Jordan with security in the face of a threat from Iraq or Syria, as well as the prospect of economic benefits. What is more, the hit could not have been timed more badly in terms of internal Jordan-
ian politics, coming just as the king was battling the influence of the Islamists in
the campaign for parliamentary elections which they were set to boycott. "Israel
showed no recognition of [King Hussein's] domestic sensitivity," observed Susser.
"That was shocking for the King. . . . He feared that Jordanians would think he
was conniving with Israel."

In the diplomatic community, some accused Israel of engaging in state terror.
President Clinton, already frustrated by what he perceived as Netanyahu's foot-
dragging in the peace process, in a telephone conversation with King Hussein at
the height of the affair reportedly referred to the Israeli prime minister as "im-
possible."

For U.S. administration officials dealing with the Middle East, observed ter-
ror expert Ehud Sprinzak, the fiasco was "another indication of [Netanyahu's]
poor judgement. They don't buy into the argument that you have to chase ter-
rorists wherever." But Sprinzak also pointed out that Clinton could not ignore
Congress, which was much more supportive of Netanyahu's "gung-ho" approach
to fighting terror. "They buy into Netanyahu's line that the only way to fight ter-
ror is tooth and nail," he said.

Relations with Other Regional States

With the peace process frozen, there were few encouraging developments in Is-
rael's relations with other Arab states. Following the tunnel opening and the en-
suing gun battles, King Hassan of Morocco announced that his country would
downgrade its ties with Israel.

Concerns also grew in Israel over Iran's efforts to obtain a nuclear capability,
with the help of Russian scientists, and expert predictions that by the end of the
decade Iran would have long-range surface-to-surface missiles capable of reaching
Israel. There were also reports that Iran was trying to purchase technologi-
cal know-how from South Africa's nuclear program, as well as some of its
portable elements. (South Africa's nuclear program had been developed in the
1970s and 1980s under a partnership between Israel and the white South African
government.)

When tension rose in the Persian Gulf region again in November 1997 over Sad-
dam Hussein's refusal to allow the American members of the UN inspection team
in his country entry to certain sites, Israelis began to wonder whether they were
in for another Saddam missile fest. Most experts, though, predicted that Saddam
would not strike at Israel. Western intelligence sources estimated that the Iraqi
leader had engineered the crisis in an effort to safeguard his nonconventional
weapons systems, which were important to him as a deterrent against Iran. Nev-
ertheless, the IDF's gas-mask distribution stations registered a threefold increase
in the number of people coming to renew their masks.

Once again the annual Middle East economic conference proved to be a dis-
appointment as most Arab governments boycotted the mid-November event held
in Doha, Qatar. Israel tried in vain to moderate the conference closing statement, which declared that peace between Israel and the Palestinians must be based on the land-for-peace formula.

Despite the stalled peace talks, Israel’s Manufacturers’ Association announced that trade with Arab states had grown in the first nine months of 1997. Exports were up by 23 percent to $59.5 million compared with the same period the previous year, and imports grew by 62.5 percent to $36.5 million. Most of the trade was with Egypt and Jordan.

Relations with the United States

U.S.-Israeli relations became increasingly chilly in the period under review as Netanyahu appeared to retreat from the obligations of the Oslo accords signed by his predecessors. When he arrived in the United States for his first meeting as prime minister with President Clinton in July 1996, the Americans were hoping that his hard-line pre-election rhetoric would be replaced by a more flexible, pragmatic approach. But they were quickly disappointed as Netanyahu refused to commit to dates for both the Hebron redeployment and a meeting with Arafat. Moreover, the personal disharmony between Netanyahu and Clinton was reflected in the post-summit press conference. Asked why he had supported Shimon Peres so energetically during the Israeli election campaign, a slightly embarrassed Clinton replied that he did not think “it needed much explaining”—a clear reference to Netanyahu’s strong criticism of Oslo. The prime minister had a much warmer reception when he addressed a joint meeting of the two houses of Congress. Promising that Jerusalem would remain forever the united capital of Israel, and pledging to do everything in his power to cut U.S. civilian aid to Israel, Netanyahu brought the audience to its feet on several occasions.

But the prime minister’s repeated statements about settlement expansion, his delay in meeting with Arafat, and ultimately the tunnel opening fed the administration’s suspicion. Clinton was careful, however, not to pressure the Israeli leader, for fear of alienating Jewish voters in the November U.S. presidential election, and the president’s special envoy to the Middle East, Dennis Ross, was intensively involved in brokering the Hebron deal in January.

December saw the appointment of Madeleine Albright as the new U.S. secretary of state, and there was much speculation over whether she would choose to play a hands-on role in the peace process, or sit back and let the two sides stew for a while. In the first part of 1997, Albright appeared to have adopted the latter approach, but with the Hamas suicide bombings in the second half of the year, the Americans were forced to step in and play the role of active mediator once again.

Worrying signs of the increasing strain in U.S.-Israeli relations were evident in the second half of 1997. In the space of a few weeks, between September and October, the chairman of the Appropriations Committee, Rep. Bob Livingston of
Louisiana, twice held up aid to Israel over relatively minor misunderstandings. The first hold on aid came in late September and was sparked by Israel's failure to extradite a U.S.-born teenage boy accused of the brutal murder of a Hispanic youth in Silver Spring, Maryland. The boy had fled to Israel with the hope of being tried there for the crime, insisting that since his father was born in Israel, he was an Israeli citizen and so could not be extradited. U.S. officials, including Albright, pushed hard to convince Israel to send him back to Maryland for trial.

In late October, Livingston again suspended aid, this time over Israel's failure to produce the paperwork needed to process a months-old deal to shift $50 million in U.S. aid from Israel's $3-billion account to cash-strapped Jordan. Ultimately, both issues were resolved: Israel did provide the paperwork, and Israeli attorney general Elyakim Rubinstein ruled in late October that the teenager could legally be extradited to the United States.

While minor hiccups in U.S.-Israel relations were certainly not uncommon over the years, a suspension in aid—even if only temporary—certainly was. Veteran observers of U.S.-Israeli relations pointed to the two incidents as proof of the erosion in the special relationship between the two countries resulting from the stalled peace process. But beyond the policy differences, there was another problem—a growing mistrust of Netanyahu in the Clinton administration. After returning from his four-day visit to Washington in October, President Ezer Weizman told reporters that he was shocked by the extent of the hostility he observed.

A further sign of the tension was President Clinton's refusal to meet with Netanyahu during the prime minister's November visit to the United States. While the White House claimed that the president had "scheduling problems," at one point his plane and that of the Israeli leader were parked close to one another at Indianapolis airport, and Clinton did find time to meet with Shimon Peres, who was in the country to give talks to various groups. Back in Israel after his trip, Netanyahu, during a private meeting, alluded to Clinton's refusal to meet him, saying, "The Americans believe there is a Saddam of the East—the one in Iraq—and a Saddam of the West—me." An aide to the prime minister later said he had been joking.

The erosion in relations, diplomatic observers said, had to be seen not only against the backdrop of the ailing peace process, but also in light of the growing unwillingness of U.S. Jews to automatically spring to Israel's defense, this because of the conflict over the issue of religious pluralism. "The 'Who is a Jew?' issue is important because it has a potential to alienate much of the American Jewish community over this core issue of their identity," explained Richard Haass, a former Bush administration strategist and director of foreign policy studies at the Brookings Institution. "And that has the potential to do lasting damage to the relationship."

But not all viewed the bilateral relations in crisis terms. "People who say this is a crisis have very short memories," observed Samuel Lewis, a former U.S. am-
bassador to Israel. "Think about the strains during the latter days of the Shamir government, when the Bush administration was holding up loan guarantees. Think about relations between the Reagan administration and the Israelis at the time of the Lebanon war."

Toward the end of the year, Secretary of State Albright met with Netanyahu in Paris on two occasions (December 7 and 18), in an effort to get the prime minister to give her a commitment regarding a date for the second redeployment as well as the amount of West Bank territory he intended handing over to Arafat. By the end of the year, the Americans were still waiting for Netanyahu's reply, having given him a short reprieve so that he could get his budget passed before having to deal with the highly explosive issue of withdrawal.

One constant source of quiet, low-level friction was the ongoing saga of Jonathan Pollard, the naval intelligence officer serving a life term in a U.S. jail for spying for Israel. Pollard was back in the news in late April 1997, when he petitioned the Israeli Supreme Court demanding to know why the government refused to recognize him as an Israeli agent. Toward the end of the year, Pollard received separate jail visits from two high-level Israelis—Absorption Minister Yuli Edelstein and Communications Minister Limor Livnat.

Israel and American Jews

Once again the highly volatile "Who is a Jew?" issue put Israeli-Diaspora relations to the test. Toward the end of 1996 the ultra-Orthodox Sephardic Shas Party submitted a bill in the Knesset stipulating that conversions to Judaism performed anywhere in the world would have no legal validity in Israel unless they had the stamp of approval of the Orthodox-controlled Chief Rabbinate in Israel. For Conservative and Reform Jews—especially in the United States, where they constituted a majority, as opposed to Israel where they were a small minority—the bill was nothing less than a declaration of war. Essentially, if the law passed, it would render Conservative, Reform, or other non-Orthodox conversions performed in Israel or abroad invalid under Israeli civil law. The significance of that for the non-Orthodox was potentially devastating: Their converts would not be eligible for automatic citizenship under the Law of Return.

Netanyahu tried to allay the fears of American Jews by promising to oppose the proposed legislation that would change the status quo (in which non-Orthodox conversions performed abroad were recognized in Israel). But the prime minister's reassurances could not assuage the deep sense of insult felt by non-Orthodox Jews in America. In their eyes, the bill had a clear message: The country they supported politically and financially as the legitimate Jewish homeland was labeling their brands of Judaism invalid in that very homeland.

Netanyahu angered American Jews when he canceled a planned address to the Reform movement's annual public policy conference in Washington during a visit in early May 1997, but managed to keep a speaking engagement with a
group of Christian evangelists. "If he could find the time to meet with a fundamentalist Christian group that gathered here," said Rabbi David Saperstein, head of Reform's Religious Action Center, "could he not find the time to meet with key leaders and representatives of the largest segment of the American Jewish community? To many of our people it makes the whole thing even more astonishing." Netanyahu did later meet with a group of Reform and Conservative rabbis in his hotel, but they came away unimpressed by what they heard. Speaking later in Washington, Netanyahu remarked ruefully that it was "probably easier to make peace with the Palestinians than to resolve this issue satisfactorily."

Reform and Conservative leaders across the United States began urging their congregants and the local federations to donate their money directly to non-Orthodox institutions in Israel, rather than placing it in the general United Jewish Appeal (UJA) pot. In an attempt to limit the damage to its campaign, the UJA began discussions in mid-May with Reform and Conservative leaders on a proposal to jointly raise $20 million for the movements' institutions in Israel. A week earlier the UJA had run a full-page advertisement in the New York Times beseeching donors to separate between the pluralism debate and their support for Israel. "Wherever you stand on the debate about religion in Israel . . .", the ad read, "don't make your federation and UJA the battlefield."

With the conversion issue still unresolved, toward the end of the year the leaders of the non-Orthodox communities in the United States began discussing a massive lobbying campaign to defeat the Knesset legislation. Ideas included a massive airlift of 500 to 1,000 American Jewish leaders to Israel to meet with ministers, Knesset members, and the chief rabbis, as well as a reverse airlift to the United States of the whole Knesset, at UJA expense, so that they could hear firsthand from American Jews how they felt about the issue.

At the mid-November 1997 meeting of the Council of Jewish Federations, Netanyahu was given a distinctly lukewarm reception and received only polite applause — in stark contrast to the enthusiastic ovations afforded every other prime minister from Menachem Begin to Yitzhak Rabin. During his address Netanyahu expressed empathy with the American Jewish position, telling the audience that he was "a friend who is deeply and acutely aware of your pain."

The disenchantment of U.S. Jews with Israel was fueled further by their discomfort with the Israeli government's hard-line approach to the peace process. A poll of 700 American Jews, conducted by the Israel Policy Forum, revealed that a full two-thirds of the respondents had supported the Hebron deal, while only 14 percent opposed it.

Other Foreign Relations

The flood of diplomatic visitors to Israel that had characterized the Rabin-Peres period dried up under Netanyahu, largely because of the ailing peace process. There were, however, a number of high-profile visitors who arrived in the
second half of 1996 and in the course of 1997. Japanese foreign minister Yuki-
hiko Ikeda came in late August 1996, visiting Israeli sites and the Palestinian areas,
where he announced that his country would transfer $12 million in aid to the
Palestinian Authority. When French president Jacques Chirac visited Israel in late
October, he traveled to Ramallah, where he became the first foreign leader to ad-
dress the Palestinian Legislative Council. Chirac, who was seeking an increased
role in the peace process, expressed support for the creation of a Palestinian
state.

Despite the general deterioration in Israel's international standing, Niger re-
newed diplomatic ties with Jerusalem on November 28. The African state had cut
off relations during the 1973 Yom Kippur War. And in late December, President
Ezer Weizman made the first-ever official visit by an Israeli head of state to
India.

Industry and Trade Minister and former dissident Natan Sharansky made a
dramatic return trip to Russia starting January 26, 1997—his first since being re-
leased from a Soviet prison in 1986. During his five-day trip, Sharansky visited
the grave of human-rights activist Andrei Sakharov and toured the Christopol
prison, where he had been interned for more than eight years.

On February 3, 1997, Prime Minister Netanyahu and his wife, Sara, visited the
Vatican, where they met with Pope John Paul II, who accepted an invitation from
the prime minister to visit Israel before the year 2000. In late February, Ezer Weiz-
man became the first Israeli president to make a state visit to Britain. Weizman,
who met with the royal family, had served as a Royal Air Force pilot in World
War II. His visit came 80 years after Chaim Weizmann, his uncle, helped bring
about the Balfour Declaration, which represented the British government's agree-
ment in principle to a Jewish homeland in Palestine. Foreign Minister David
Levy was also abroad in late February, visiting China to discuss both the Mideast
peace process and the status of the Israeli embassy in Hong Kong during the
handover of the city to Chinese rule.

Israel moved to disrupt a potential arms deal between South Africa and Syria
in the first half of 1997, which entailed the sale of $641 million in arms to Dam-
ascus, including tank fire-control systems. Israel hoped that American pressure
on South Africa would sink the deal.

Israel-Turkey relations improved dramatically in the course of 1997. The two
countries signed an economic agreement on April 4, to expand the volume of
trade between the two countries from $500 million to around $2 billion. A few
days later, in Ankara, Foreign Minister Levy became the first Israeli minister to
meet with Turkey's prime minister, Necmetin Erbekan, the head of the Islamic
Welfare Party. But the most dramatic developments were on the military front,
causing analysts to observe that the improved relations between the two coun-
tries represented the emergence of a new strategic alliance in the region. During
his mid-December visit to Ankara, Defense Minister Mordechai was warmly
welcomed. The strength of the emerging alliance was underlined by the fact that
Mordechai’s visit took place at the same time as the Islamic summit was being held in Teheran.

As part of the new military agreements, Israeli fighter planes and helicopters began conducting training exercises in Turkey. On December 31, Ankara once again ignored criticism from the Arab world and awarded Israel with a second contract, worth $75 million, for the upgrading of its jets. It was also announced that Israel and Turkey had decided to hold their first joint naval exercise, with U.S. participation, in the Mediterranean Sea off the Israeli coast, in January 1998.

In early May 1997, President Ernesto Samper became the first Colombian head of state to visit Israel, despite requests from American diplomats that Israel not invite him because of his alleged links to the drug trade in his country.

In late August, Prime Minister Netanyahu flew to the Far East, where he visited Japan and South Korea in an effort to increase trade and boost diplomatic relations. Speaking to 35 heads of major Japanese companies, Netanyahu tried to convince his audience that peace was on the way and that they should invest in Israel. “It’s true that the stock exchange of peace is on a downward trend,” he noted, “but I have insider information I can reveal to you that we’re going to make peace, and it’s in your interest to invest now so you don’t miss the boat.” But the Japanese were not buying, and officials made it clear that their big companies would not invest in Israel as long as the diplomatic situation remained unstable. During a short stop in Beijing, Netanyahu also tried to persuade Chinese officials to stop supplying material to Iran for the building of a nuclear reactor.

In September Israel and Croatia announced that they would establish diplomatic ties, this after Croatian president Franjo Tuđman issued an apology for having questioned whether six million Jews had actually perished in the Holocaust, in a book he published in 1989. There were suggestions that Israel’s eagerness to establish ties with Croatia was motivated by the potential for lucrative arms sales to the Baltic state.

Israel received a surprise visitor on December 14 when Nation of Islam leader Louis Farrakhan crossed the Allenby Bridge from Jordan on a tourist visa, with the Foreign Ministry still deliberating whether to allow him in or not. He headed for the Palestinian-controlled areas where he met with Yasir Arafat. Farrakhan announced that he would pray at Jerusalem’s Al-Aqsa Mosque, but he abandoned his plans and departed after claiming that the Israeli government would not offer him security guarantees.

DOMESTIC AFFAIRS

Netanyahu’s First 18 Months

Netanyahu’s first 18 months in office were littered with crises, confrontations with many of his ministers, and increasing criticism and disillusionment with him
inside his own party. A growing number of Likud members also began to question the prime minister’s credibility and trustworthiness. So frequent were the controversies and so loud the criticism of the decision-making process in the prime minister’s office, even from within the ruling coalition, that the British *Economist* magazine ran an October 1997 cover shot of Netanyahu with the headline “Israel’s Serial Bungler.” Even as political commentators often panned Netanyahu and his penchant for stumbling into crises, they marveled at his Houdini-like ability to extract himself from seemingly impossible situations and survive.

Already in the process of putting together his government, in June 1996, Netanyahu experienced his first crisis, when designated foreign minister David Levy threatened to reject the post if Ariel Sharon was not included in the cabinet. The mini-crisis dragged on for two weeks, and in early July, Levy issued an ultimatum. During a joint appearance in front of the TV cameras, Levy warned a stony-faced Netanyahu that if Sharon was not made a minister, he would resign. Within a few days Sharon was sworn in as head of the Ministry of National Infrastructure—a ministry created just to accommodate him.

The team of aides Netanyahu put together was largely inexperienced, and questions were raised about the wisdom of his choices when several of his appointments were forced to resign or left of their own volition during his first six months at the helm. By August the first minister in the cabinet had resigned. After Attorney General Michael Ben-Yair announced an investigation into allegations against Justice Minister Ya’akov Ne’eman for suborning a witness in the Deri case, Ne’eman resigned. (In November, Ne’eman was charged, but with having given false testimony to the Supreme Court regarding the matter.) Tsachi Hanegbi, a Netanyahu loyalist, replaced Ne’eman.

Throughout his first 18 months, Netanyahu clashed with various segments of the Israeli establishment, including the media, the judiciary, and the military. When the daily *Ma’ariv* reported that Oren Shehor, the military head of government activities in the territories, who was in charge of one of the negotiating teams with the Palestinians, had been meeting secretly with opposition leaders, including Shimon Peres, Likud leaders were outraged. Army regulations clearly stipulated that a uniformed officer who wanted to meet with a politician first had to obtain the permission of the defense minister. In early November, Netanyahu and Defense Minister Yitzhak Mordechai suspended Shehor from any further involvement in talks with the Palestinians. In late December, Shehor handed in his resignation.

The same month, relations between Netanyahu and the head of the General Security Services, Ami Ayalon, came to a head when the prime minister hinted in a TV interview that Ayalon was responsible for the decision to open the controversial tunnel in Jerusalem. Ayalon acknowledged that he had agreed to the tunnel opening, but had advised that it be done only if there was concrete progress in the deadlocked peace process. There were reports that Ayalon was on the verge of resigning, but he did not leave his post.
Netanyahu was also at loggerheads with the media, which became ever more critical as the crises mounted. In the 1996 national election campaign, the right had accused the press of being left-leaning; after his victory, the media-savvy Netanyahu continued to use the antipathy toward the press in some segments of the public to galvanize his supporters.

As if the political and diplomatic crises that dogged him were not enough, Netanyahu was also forced to contend with a number of embarrassing personal incidents connected to his wife, Sara. Toward the end of 1996, a 21-year-old South African immigrant named Tania Shaw, who had worked in the Netanyahu's home as a nanny, claimed she had been mistreated by Sara Netanyahu and that she had been unfairly dismissed and was owed money by the first family. She filed a $25,000 civil suit against the Netanyahus.

On the political front, Netanyahu was having a tough time with his ministers and his own party. After Benny (Binyamin) Begin resigned in January 1997 over the signing of the Hebron deal, he quickly became Netanyahu's most vocal critic within the Likud, attacking him for continuing with the Oslo process and for government impropriety over the Bar-On affair (see below). In May Deputy Finance Minister David Magen, a member of the Gesher Party, resigned over what he said was the prime minister's incompetence and poor leadership.

Within weeks it was the chance of the finance minister himself, when Netanyahu effectively engineered the resignation of Dan Meridor on June 18, ostensibly over a relatively minor alteration to foreign exchange-rate policy. The chemistry between the two men had never been good, and Meridor was one of Netanyahu's more vocal critics over the Bar-On affair. What is more, during the 1996 election campaign, when Netanyahu was trailing badly in the polls, reports emerged of a possible putsch being organized within the party, with Meridor as the leader of the rebellion.

Netanyahu's ousting of the highly regarded Meridor sparked criticism within the Likud and among coalition allies. Former Likud prime minister Yitzhak Shamir announced in a radio interview that he had lost faith in Netanyahu. But the prime minister was clearly counting on the matter soon disappearing from the headlines and on his coalition partners not wanting to bring him down for fear of new elections. "They can all scream their heads off, but they know that when they destroy Netanyahu, they'll destroy themselves," said Likud MK Reuven Rivlin.

Ya'akov Ne'eman, who had been acquitted on May 15 of giving false testimony to the Supreme Court, was sworn in as Meridor's replacement; Michael Eitan joined the cabinet as science minister. But the cabinet reshuffle left Likud powerhouse Ariel Sharon seething, since he had been Netanyahu's initial preference for the post of finance minister. A planned reconciliation meeting between the two lasted three minutes, ending when Sharon abruptly up and left.

One sign of the trouble within the ruling coalition was a July 21 no-confidence vote, which the opposition won 49-44. Still, the outcome was little more than a
moral victory for the Labor-led opposition, since under the new election law an absolute majority of 61 MKs was required to bring down the government in a vote of no confidence. Shas spiritual mentor Rabbi Ovadia Yosef found his own way to express his dissatisfaction with the prime minister. “The Gemara gives a parable,” he said during a July sermon. “When a shepherd is angry at his flock, when they cause him grief or trouble, don’t walk straight, what does he do? He puts as their leader a little, blind nannygoat, who walks and falls. And they walk and fall. A blind nannygoat. Why does he do this? Because they are not right. . . . If we have as a prime minister someone who is not suited, it is our fault, not his.” When the rabbi’s implied criticism of Netanyahu became public, Shas politicians tried to explain that Rabbi Yosef’s words were merely a parable, that he had not been criticizing Netanyahu himself.

Criticism in the Likud was also growing as party members became increasingly frustrated and disillusioned with the prime minister, whom they began to view as both incompetent and untrustworthy. “The Israeli people,” Meridor said in the weeks after his resignation, “deserve more than a choice between Netanyahu and Labor.” After the Mashaal debacle in late September (see above), the criticism got louder. “Every morning people turn on the radio asking what catastrophe is coming next,” said David Re’em, a Likud MK and one of Netanyahu’s most outspoken critics in the party. After Netanyahu delivered his opening speech at the start of the Knesset’s winter term, none of his ministers came forward to offer the traditional congratulatory handshake.

Netanyahu’s ability to survive was not only due to his political instincts or his skilled use of the media, but was also the result of the new direct election law, which required an absolute majority of 61 in a vote to bring down both the prime minister and the Knesset. With Knesset members not eager to risk their seats, it was difficult to find 61 who would be willing to vote no-confidence in the government. To bring about direct elections just for prime minister, but not for the Knesset, 80 members of parliament were required, also a seemingly unlikely prospect. Some observers did speculate, though, that the moment 61 votes could be found to support a no-confidence motion, it would only be a matter of hours before enough Knesset members — fearful of new general elections — came forward to complete the required 80.

There was also much speculation over a possible challenge to Netanyahu by Jerusalem mayor Ehud Olmert. Olmert, along with the American philanthropist Irving Moskowitz, had pressured Netanyahu over the tunnel opening and embarrassed the prime minister with the Ras al-Amud housing affair. After a compromise was reached over Ras al-Amud, political observers wondered where the Olmert-Moskowitz duo would strike next. They also wondered whether Olmert, with the financial backing of Moskowitz, was trying to outflank Netanyahu from the right in a bid to challenge him for leadership of the Likud and ultimately the prime ministership.

In late October, Netanyahu was in hot water again after reporters recorded him
loudly whispering into the ear of Rabbi Yitzhak Kadourie, an elderly kabbalistic sage with strong influence among Sephardic Israelis, that the left had "forgotten what it means to be Jewish" and was willing to place the country's security in the hands of the Arabs. After Ashkenazic chief rabbi Yisrael Lau criticized the remarks for being divisive, the prime minister issued a "half-hearted" apology.

Netanyahu faced possibly the biggest threat to his tenure when his efforts to cement his control over the Likud sparked a mutiny. At the party convention in November, Netanyahu engineered the canceling of party primaries, all the while denying that he was behind the move. Many Likud ministers and Knesset members saw the change back to the previous system of picking the party Knesset list as a direct threat to them. No longer would they be elected by 200,000 Likud members, but rather by 2,700 central committee members, many of them Netanyahu loyalists. For them, the message was clear: Reverting to the old system was a way for Netanyahu to get rid of potential rivals within the party.

Likud leaders were also outraged by what they viewed as antidemocratic tactics at the convention. Before the vote over abolishing the system of primaries was held, ballot papers were handed out that had X-es preprinted on them in the appropriate boxes. After the convention, a freelance cameraman told the press that he had been hired by party hacks loyal to Netanyahu and his right-hand man, Avigdor Lieberman, to film those party members who opposed doing away with primaries. Even a Netanyahu loyalist, Silvan Shalom, said that it reminded him of "dark regimes."

With Netanyahu visiting the United States in mid-November, the rebellion gained momentum. The mutineers, including Meridor, Begin, Olmert, Tel Aviv mayor Ronni Milo, and Communications Minister Limor Livnat, reportedly met to coordinate moves to replace Netanyahu. The question was whether they could garner enough Likud members to support them. At a November 17 meeting of the Likud Knesset faction, speaker after speaker lambasted the prime minister and his party henchmen. Even Defense Minister Mordechai, whom some viewed as a potential rival to Netanyahu and who until then had tried to remain above party politics, announced that he was "considering his future."

But the rebellion petered out as quickly as it had sprung up. Olmert, Milo, and Meridor could not reach agreement on which of them would assume the leadership role, nor on how best to oust Netanyahu. There were also clear ideological differences between members of the rebel group, with Milo, for example, supporting Oslo and Limor Livnat much more hard-line. Many of the remaining Knesset members also feared that if new elections were held, the Labor Party might well sweep to power.

Milo fueled the rumor mill further when he announced in mid-November that "major changes" were about to take place in the traditional Israeli party structure. He was apparently referring to what political commentators had termed the
"Big Bang"—a fundamental reordering of the Israeli political map that would be brought about by the creation of a centrist party made up of politicians from both Labor and Likud.

When Netanyahu returned from abroad, he immediately set about to appease his critics in the party. He promised to hold a referendum among the 200,000 Likud members over the issue of primaries, and he also set up a committee to investigate any irregularities at the Likud convention. (By the end of the year, the committee had disbanded and talk of a referendum had receded.) Most significant was the November 23 resignation of Avigdor Lieberman as director-general of the Prime Minister's Office—the man who had helped Netanyahu conquer the Likud, had overseen the rebuilding of the party, and had helped engineer Netanyahu's win in the 1996 elections. Likud leaders had fingered Lieberman as the one who put Netanyahu's plan to do away with primaries into action and who had worked behind the scenes to insure the vote went his boss's way at the party convention. Netanyahu, political analysts observed, had now lost his closest and most loyal aide and had become even more isolated.

There was much speculation over Lieberman's future, some suggesting that he would continue to help Netanyahu from outside the Prime Minister's Office. There was even conjecture over whether the former Russian émigré would go into politics himself, using his popularity among Jews from the former Soviet Union as a springboard. In mid-December, Lieberman ended the speculation when he announced that he was entering the race for head of the World Likud—the party's international body—against the incumbent, Ronni Milo. Realizing that he had little chance of reelection because of his dovish views, Milo stood aside only days before the vote, and the more hard-line Livnat, an ally of his, stepped in. The scenes at the party convention became ugly when voting got under way, with members of the French Likud delegation, who were identified with Lieberman, physically blocking members from reaching the ballot boxes. After punches were thrown and several journalists and cameramen were beaten, the vote was called off. Netanyahu, realizing that the chaotic scenes were doing damage to him and the party, rushed to the convention to cool tempers. In overnight negotiations, the two camps agreed to back down and to elect a compromise candidate, Zalman Shoval, a former ambassador to the United States.

Already battered by the internal Likud wrangling, Netanyahu had to face yet another embarrassing episode concerning his wife. In December the daily *Yediot Aharonot* printed a lengthy article revealing that Sara Netanyahu maintained a private staff and two secretaries to which she was not entitled. The article also chronicled her abusive behavior toward those working for her. In one instance, the article alleged, she ordered bodyguards to clean up after her children. In another, she allegedly forced a staff member to taste a bottle of wine she had received as a gift to make sure it was not poisoned. And in yet another embarrassing encounter, she allegedly tossed her husband's shoes at a cleaning woman.
whom she felt had not polished them sufficiently. The Netanyahus did not file a libel suit against Yediot, but they did announce that they were canceling their subscription to the paper.

The 1998 budget debate provided Netanyahu with yet another bout of coalition worries. While he seemed to have secured the support of most of his coalition partners ahead of the December 31 vote, there were reports that Foreign Minister Levy was unhappy—both with the government’s slowness on the peace front and what he said was the budget’s lack of sensitivity with regard to social concerns and the poor. There were also reports that hard-line coalition members were making their support for the budget contingent on Netanyahu agreeing to put off the West Bank redeployment. Benny Begin had already announced that he would not support the budget because of Netanyahu’s agreement to go ahead with the pullback. As it happened, the budget debate ran into 1998. (See “Economic Developments,” below.)

The Bar-On Affair

On January 10, 1997, Jerusalem lawyer Ronni Bar-On was appointed attorney general. Bar-On’s appointment to the country’s top prosecutorial job had been brought to the cabinet meeting without prior warning and hurriedly pushed through by Netanyahu, who refused to accept his ministers’ requests for a delay so that they could learn more about the candidate—a somewhat inconspicuous Jerusalem lawyer and a Likud party activist. The decision sparked an immediate wave of criticism. Law professors attacked the appointment ferociously, stressing not only Bar-On’s close party affiliation, but, more importantly, his limited experience and the fact that he simply did not meet the accepted criterion for the office of attorney general—mainly the qualifications needed to become a Supreme Court justice. It also soon emerged that Chief Justice Aharon Barak had not given his approval to Bar-On’s appointment when consulted by Justice Minister Tsachi Hanegbi.

When the appointment was challenged in the Supreme Court, Bar-On announced that he was resigning—after only 24 hours on the job and never having even entered his office. Netanyahu had reportedly asked Bar-On to stand down and end the embarrassment the appointment was causing the government. Hanegbi complained that Bar-On had been the victim of “a baseless witch-hunt.” Bar-On was equally incensed: “The unjustified personal attack on me,” he fumed, “has created an injustice toward me, the government and the person who stands at its head.”

On the night of January 22, 1997, Israel Television’s Mabat news program dropped a bombshell. Ayala Hasson, a relatively inexperienced reporter, revealed an incredible tale. According to information that she uncovered, Bar-On had been appointed as part of an influence-peddling scam that included some of the country’s leading politicians. Reportedly, once he occupied the senior legal post, Bar-
On would accept a plea bargain for Arye Deri, the leader of the ultra-Orthodox Shas Party, who was facing corruption charges. In return, said Hasson, Deri promised to provide Netanyahu with the votes he needed in the cabinet to push through the Hebron agreement. (Hence, the scandal became known as the “Bar-On–Hebron Affair.” The press also nicknamed the affair “Bibigate,” and there were many columnists who drew comparisons with Watergate.)

All the protagonists in the story, including Netanyahu, Hanegbi, Deri, Avigdor Lieberman, and David Appel, a building contractor and Likud activist with close ties to Lieberman and Deri, strenuously denied any involvement, and some threatened legal action against Israel TV. Netanyahu, who initially dismissed the report as a “complete fabrication,” soon became a little more cautious, saying it was “inconceivable” that any of his aides could have been involved in such a scam. His aides attacked the media, especially Israel TV, insinuating that it was biased toward the left and was out to topple the prime minister.

Israel TV stood by its story, insisting that the accusations in its report were “rooted in concrete.” Several ministers expressed shock at the revelations and their potential ramifications, if proven accurate, and most of Netanyahu’s cabinet colleagues refused to give him unequivocal public backing. Former Science Minister Benny Begin, the only one who had voted against Bar-On’s appointment, called for Justice Minister Hanegbi to be fired for having allegedly misled the government when he presented Bar-On’s candidacy. Yisrael B’Aliyah leader Natan Sharansky, a Netanyahu loyalist, announced that if there was “even 10 percent of truth in Israel TV’s story, this government has no place in continuing to govern.” There was much speculation over Hasson’s sources. Most reports pointed to Deri’s attorney, Dan Avi-Yitzhak, who at one point had been on Netanyahu’s short list for the attorney general post. The suspicions were strengthened when Avi-Yitzhak resigned as Deri’s lawyer and withdrew from the corruption case.

The upshot of Bar-On’s resignation was that Netanyahu was ultimately forced to appoint the man who many had felt all along was the obvious choice for the job—Elyakim Rubinstein, who had served as cabinet secretary in both the Shamir and Rabin governments and was a sitting district court judge. Some suggested that Netanyahu had intentionally overlooked Rubinstein because he apparently viewed him as less pliant and as part of the legal establishment, which, along with many of the country’s elites, he regarded as hostile to him. On January 29, Rubinstein, who had also participated in peace talks with Egypt, Jordan, and the Palestinians, was approved by the cabinet.

Under growing pressure, Netanyahu announced that the police would investigate the matter, and State Attorney Edna Arbel officially ordered one of the most sensitive police investigations the country had ever known. A somewhat dismayed public then watched as a procession of senior political figures, including Deri, Hanegbi, and Netanyahu himself, were questioned by the police.

Despite Israel TV’s insistence when it initially broke the story that it had no evidence of Netanyahu’s complicity in the scam, the prime minister was ques-
tioned in his office by police for four hours on February 18. It soon leaked out that Netanyahu had been cautioned by his interrogators that he might ultimately face criminal charges, making him the first Israeli prime minister ever to be questioned as a suspect. It also emerged that the prime minister had been evasive when questioned, answering "I don't know," or "I don't remember," to many of the questions put to him.

The day after he was questioned by police, Netanyahu appointed Ya'acov Weinroth, a leading criminal lawyer, to represent him. As much as giving Netanyahu private advice, Weinroth quickly mounted his client's public defense, giving a string of TV, radio, and newspaper interviews in which he strongly protested Netanyahu's innocence and rejected opposition calls for the prime minister to suspend himself until the investigation was over. In one interview he declared that Netanyahu would emerge completely unstained by "so much as a particle of a criminal act."

After weeks of investigation the affair reached another climax when it was leaked to the papers that the police had recommended to State Attorney Arbel that Netanyahu, Hanegbi, Deri, and Lieberman all be indicted for their roles in the Bar-On scandal. The country, and Netanyahu, waited with bated breath as Arbel and Rubinstein deliberated. On April 20 they gave their answer—and Netanyahu breathed freely again. Due to insufficient evidence, they announced at a televised news conference, the prime minister would not be indicted. Hanegbi, they said, would not be charged either. The only one who would face charges was Shas leader Arye Deri. But Arbel and Rubinstein's 75-page report was sharply critical of the prime minister and spoke of a "real suspicion" of criminal behavior at the highest political echelons.

Netanyahu was unbowed. In a carefully crafted six-minute address on television, he conceded that mistakes had been made regarding Bar-On's appointment but denied that there had been any illegalities. He also attacked the opposition parties and what he said were "leftists in the media" who were out to get him. "At the root of the whole affair," he continued, was not an attempt to subvert the country's legal system, but a campaign by "people who don't like me and want to delegitimize me as prime minister. . . . Some people, especially at Channel 1, are still not prepared to accept the voters' choice in the last elections. And almost every evening they try to undermine the legitimacy of the government."

Clearly Netanyahu was counting on the public not sifting through the whole report, much of it phrased in technical legal language. But the report in fact confirmed that much of what the press had revealed was correct. "Our conclusion," stated Arbel, "is that there is indeed a real suspicion that the prime minister proposed to his cabinet the appointment of attorney Bar-On as government attorney general only, or among other things, to please MK Deri, while aware of, or turning a blind eye to, the possibility of an improper connection between Deri and Bar-On." But, she concluded, she did not think that it would be possible to prove this "beyond reasonable doubt." Arbel noted that several members of her
team had been in favor of charging both Netanyahu and Hanegbi. For his part, Rubinstein wrote that there had been "a real threat to the rule of law."

Netanyahu's coalition partners, some of whom had made far-reaching statements when the story first broke, heaved a sigh of relief when Arbel and Rubinstein announced they were not pressing charges against the prime minister. Avigdor Kahalani, the head of the centrist Third Way, had little difficulty in persuading the more militant members of his party to remain in the coalition. Sharansky, who had said that even if "10 percent" of the Bar-On story was true the government had no right to exist, made certain demands of Netanyahu—that he consult ministers more frequently and change the decision-making process in the government—but quickly made it clear that his party was not leaving the coalition.

Some leading Likud figures, like Finance Minister Dan Meridor, were openly critical of Netanyahu. "Instead of attacking the media, the police and the state prosecution," he said, "those involved would do better to ask themselves how this terrible failure occurred." But Meridor did not resign (he would do that a short time later, in June; see above). Members of the Labor Party, the left-wing Meretz, and the Movement for Quality Government all appealed to the Supreme Court in an effort to have the attorney general's decision not to indict overturned, but they were ultimately all overruled on June 15.

The fact that the Moroccan-born Deri, the head of the Sephardic Shas Party, was the only one singled out for likely prosecution evoked a wave of ethnic tension. In the eyes of Shas supporters, the decision was yet another sign of the prejudice toward Sephardim, in this instance by the Ashkenazi-dominated state prosecution. At a rally in a Jerusalem stadium attended by thousands of Shas supporters, Deri was lifted up and carried around like a conquering hero. "All the Ashkenazis got off. Only the Sephardi was blamed," railed Rabbi Ovadia Yosef, the spiritual leader of Shas. His son, David, charged that the country's legal system had lost its legitimacy, and Sephardic politicians on both the left and the right said the decision to single out Deri alone for indictment indicated a high degree of social insensitivity.

The Labor Party—Ehud Barak Takes Over

Even though Netanyahu appeared to be stumbling from one crisis to the next, the Labor opposition remained largely ineffective. This was due in no small measure to the fact that Shimon Peres, who had lost the 1996 election, remained at the party helm. Peres's criticism of the Netanyahu government was muted, maybe because he still harbored hopes that Netanyahu might invite him to join a national unity government. The fact that the party was gearing up for leadership primaries also limited Labor's effectiveness, as the various candidates invested time in their own personal campaigns. It was not until June 1997, a full year after Labor's defeat, that a new leader was chosen to head the party.
Four candidates put themselves up for election ahead of the June 3 party primary. The clear favorite was Ehud Barak, the former chief of staff who had served as foreign minister in the previous Labor government. With his military background—he headed Israel's elite Sayeret Matkal commando unit during his army career and was head of military intelligence before ultimately reaching the top post—Barak saw himself as the natural successor to Yitzhak Rabin, whose own military career and security credentials had enabled him to garner enough of the centrist vote in the 1992 elections to oust then prime minister Yitzhak Shamir. Barak, who had been Netanyahu's commander in Sayeret Matkal, focused his campaign largely on the issue of peace and security, a fact that led some in his own party to label him a "Bibi clone." The only candidate considered a remote threat to Barak was Yossi Beilin, a minister in the former Labor government and one of the architects of the Oslo accords. The only candidate who focused his campaign almost exclusively on social issues was Shlomo Ben-Ami, a former ambassador to Spain and a history professor. The Moroccan-born Ben-Ami argued that the Israeli-Palestinian conflict was in the process of being resolved and that the real issues on the agenda were now social ones. Only someone with his background, he insisted, could attract traditional Likud voters, many of them of Sephardi origin and from Israel's poorer areas. The dark horse was Ephraim Sneh, a former health minister and commander of Israeli forces in Lebanon and the West Bank.

In the months before the party primary, Barak was dogged by an episode from his past, the 1992 Tze'elim affair. As chief of staff, he was present when a fatal training accident occurred at the Tze'elim base: five members of the elite Sayeret Matkal commando unit were killed when a missile was accidentally fired at their position. A newspaper report in 1995 claimed that Barak had failed to assist the victims and had hastily left the scene in his helicopter before the injured were evacuated—all allegations he vehemently denied. Barak was concerned that State Comptroller Miriam Ben-Porat, who had been working for almost two years on a report on the incident, would make her findings public just ahead of the party election. (In early July the state comptroller finally announced that she would not be investigating Barak's behavior with regard to the evacuation of the injured. She explained that she had encountered conflicting testimonies and did not have the tools to undertake such an inquiry.)

In mid-May Barak and Peres clashed over the role that the latter would continue to play in the party. Peres was prepared to accept what would be a newly created role of party president, if the position was vested with certain powers. Barak was also willing to accept the creation of a new post, but only so long as it was an honorary one, devoid of any real power. When the two went head-to-head at the May 13 party convention, Barak easily won a vote on the issue, and the idea of a party president was buried. For Peres the snub was humiliating. So was the reaction of the party members during his speech. "They call me a loser. I ask you, am I a loser?" he shouted from the podium. The answer was a deafening "Yes! Yes!"
As expected, Barak won an easy victory in early June, garnering just over 50 percent of the vote. Beilin placed second with a creditable 28 percent; Ben-Ami also did better than many had expected with 15 percent; Sneh got a mere 4 percent of the vote. Shortly after his election, Barak visited the Western Wall where he was jeered by some of the ultra-Orthodox worshipers. He then headed for the working-class Tel Aviv neighborhood of Kfar Shalem where he met with residents. The choice of locations for the two visits was not coincidental. In the May 1996 general election, Netanyahu had won almost wall-to-wall support in the religious community as well as massive support from the largely Sephardic working class. To have any chance of winning the next election, Barak knew that these were two of the key constituencies where he would have to chip away at Netanyahu’s support.

In line with this strategy, Barak took the Labor Party convention to the Sephardic working-class town of Netivot in the Negev in late September—the first ever outside of Tel Aviv. Barak then did something no Labor leader before him had ever done. He asked the Sephardim for forgiveness for the “mistakes” made in absorbing immigrants from North Africa and Middle Eastern countries in the early years of the state. He apologized for the condescending treatment they had received, for the fact that the immigrants and their children had been dispatched to remote desert towns like Netivot, and for the fact that their culture had been shunned and their descendants made to feel embarrassed about their own traditions and roots. “Entire communities were uprooted,” said Barak, “tradition was broken, the fabric of the family damaged. It wasn’t done maliciously, but the result was a great deal of suffering. We didn’t always know how to respect the wealth of the [Jewish] sources from which we draw. In my name and in the name of the Labor Party—I ask for forgiveness.”

Some party old-timers were angered by the apology, but Barak’s strategy was clear: not only was he asking for forgiveness, but he was also saying that he represented a new generation in the party, that since he had been a child in the early years of the state, he bore no direct responsibility for the humiliations for which he was apologizing. The apology, clearly part of Barak’s strategy to break the right wing’s hold on Sephardic voters, was also meant to distance Labor from the left-wing and ultra-secular Meretz Party, which many of the traditional Sephardim viewed as hostile to religion and as the ultimate representative of the Ashkenazi elite. Barak’s remarks were met with some skepticism, especially in the press, but also among the general public. Some Sephardim, though, saw Barak’s apology as a possible opening to a new relationship, but said they would take a wait-and-see approach.

Barak was criticized by his supporters in his first few months at the helm for being too stately in his criticism of the government and Netanyahu. But he adopted a more militant tone in his address to the Knesset at the opening session of the winter term, calling on Netanyahu to resign and accusing the prime minister of having “no judgement, no insight or ability, to lead us away from the tragedy he’s pushing us into.” In his first six months as party leader, however,
Barak did not seem to be winning over disillusioned Likud voters, despite the prime minister’s many blunders. He struggled to find the right message and the right tone and, unlike Netanyahu, his television appearances were often awkward. Some senior Labor members also began to express dissatisfaction with the way Barak was running the party, and he was criticized for being too dictatorial at a late-November party convention. He also drew fire when he hinted that if early elections were called, there might not be sufficient time to have full party primaries for the Knesset list.

Barak continued to hold a healthy lead in the polls, hovering around the low-to-middle forties as opposed to Netanyahu’s low thirties. Still, around 25 percent of the voters remained undecided, a crucial factor, since previous elections had shown that two-thirds of the floating vote traditionally went to the right.

Religion

THE CONVERSION BATTLE

The ongoing battle between the Orthodox and non-Orthodox denominations focused in this period on the issue of conversion to Judaism. The Knesset was considering legislation that would formalize the status quo, which gives the state-run Orthodox Chief Rabbinate exclusive jurisdiction over all conversions performed in Israel, thereby denying the legitimacy of conversions performed by non-Orthodox bodies. The conflict heated up on April 1, 1997, when the bill passed a first reading in the Knesset by a vote of 51–32. The vote sparked immediate recrimination between the Reform and Conservative movements, both of which had long been seeking recognition in Israel, and the Orthodox establishment, bent on denying them any legitimacy. Delighted with their victory, ultra-Orthodox Knesset members announced that their next mission would be to end state recognition of non-Orthodox conversions performed abroad. (The bill did not concern itself with conversions performed outside Israel.)

While a Knesset committee was given the task of searching for a compromise solution before the bill was brought for a final vote, religious politicians made it clear that if Netanyahu did not back the legislation, his political career would come to an abrupt end. “If Netanyahu wants to stay in power he has to keep his promises,” said ultra-Orthodox Shas Knesset member Shlomo Benizri, referring to the coalition agreement the prime minister had signed with his party. “The Reform don’t have any voting power in Israel.”

The Conservative and Reform movements did however make progress on another front in their battle for recognition in Israel when the Supreme Court passed a ruling in mid-April that effectively forced the religious council in Netanya to accept a Reform representative as a member. The decision was a major blow for the Orthodox establishment, which held exclusive control over the councils and
the hundreds of millions of shekels in government funds they received to build synagogues, supervise kashrut, operate ritual baths, and provide other religious services in their areas.

The person at the center of the controversy was Dr. Joyce Rosman Brenner, a member of the Reform movement who had spent two years battling to get onto the Netanya council. Despite a landmark 1994 Supreme Court decision that barred religious councils from disqualifying candidates because they were Conservative or Reform adherents, the Orthodox establishment had employed a series of delaying tactics in an effort to put off implementation of the ruling. (Hence the repeat ruling in April.)

Religious politicians, frantic to find a way to circumvent the ruling, suggested new legislation, or even dissolving the councils altogether. "Anything is better than having Reform and Conservative," remarked ultra-Orthodox MK Avraham Ravitz. On August 10, Netanyahu, acting as religious affairs minister (because the serving minister, Eli Suissa of Shas, refused to sign), was left with no choice but to sign the order making Rosman Brenner a member of the Netanya religious council. When she arrived for the meeting, the council head angrily refused to start and demanded that she leave. When Rosman Brenner refused, he summoned the police. After much wrangling, she agreed to leave but vowed that she would be back the next time the council met.

Meanwhile, on the conversion front, there were attempts to broker a compromise. Conservative and Reform leaders did agree to freeze a petition to the Supreme Court demanding recognition of non-Orthodox conversions in Israel, as long as the Knesset legislation was frozen too. But the chances of a compromise looked remote, especially with ultra-Orthodox politicians refusing to budge. After Reform and Conservative leaders attended a session of the Knesset Law Committee in which compromises on the conversion bill were discussed, Moshe Gafni, a Knesset member of the ultra-Orthodox United Torah Judaism Party, said that sitting "in the same room as them is like watching a Torah being burned."

In an effort to find a way out of the conversion imbroglio, in June Netanyahu appointed prominent lawyer and former Justice Minister Ya'akov Ne'eman (he would become Finance Minister in July; see above) to head a committee to try and find a compromise on the conversion issue. Most observers thought that Ne'eman, an Orthodox Jew, would try to find a technical solution to the sensitive issue. But he went much further, endeavoring to shape a compromise of historic proportions—one that would accommodate Reform and Conservative Judaism within the halakhic framework. Ne'eman hoped that the compromise would prevent a major split between Orthodox and non-Orthodox, as well as between Israel and the Diaspora.

The seven-man committee—comprising five Orthodox members, one Reform member, and one Conservative member—held 40 sessions before reaching a compromise solution on both conversion and marriage that was acceptable to all but one of the members—a remarkable feat. The committee recommended set-
ting up a conversion school to be attended by all potential converts, in which rabbis from all three denominations would lecture, but with the final conversion court being made up only of Orthodox rabbis. With regard to marriage, the committee recommended that the state also recognize marriages performed by Conservative and Reform rabbis, as long as they adhered to Halakhah and there were two representatives of the Chief Rabbinate present at the ceremony as witnesses. The key to the committee’s approach was to offer the sides what they desired most—halakhic primacy for the Orthodox and recognition for the non-Orthodox.

But everything went sour in mid-October when Ne’eman met with Rabbi Ovadia Yosef, the spiritual mentor of the ultra-Orthodox Shas Party, to present the emerging compromise. Shas Knesset members were present at what Ne’eman hoped would be a private discussion, and the details of the compromise were leaked to the media. Arye Deri immediately denounced it as “horrific.” The rest of the Orthodox establishment—including the modern-Orthodox National Religious Party, which had always viewed Jewish unity as a primary value—followed suit, denouncing any compromise that would lend legitimacy to Conservative and Reform rabbis in Israel. Sephardic chief rabbi Eliyahu Bakshi-Doron, who had labeled Reform rabbis “clowns,” referred to Reform Judaism as a fabricated religion (although he did say he might be willing to deal with Conservative leaders). Ironically, his comments came as he was trying to initiate a dialogue with the Islamic fundamentalist Hamas movement. “I’m ready to negotiate with any Jew as a Jew,” he said. “As a brother. And the Reform are our brothers. But to negotiate with Reform leaders as rabbis, absolutely not! They got angry when I said that a Reform rabbi who conducts a marriage between two women is a clown. I repeat: One can negotiate even with Sheikh Yassin. He has his faith, I have mine. But if there are Reform rabbis who say they don’t believe in God, isn’t it absurd that these people head temples and lead prayers? As rabbis, they’re clowns. The leader of the lesbian [Reform] community in San Francisco is also called a Reform rabbi. Does anyone think we can recognize her as a rabbi? We’d make a joke out of Torah.”

In mid-October Shas officials met with Netanyahu to protest the recommendations of the Ne’eman committee, and the prime minister quickly announced that he would back the law effectively barring state recognition of non-Orthodox conversions carried out in Israel. The prime minister was in a bind, trapped between threats by the religious parties to bring down the government if he did not support their bill, and demands by the secular Third Way, Yisrael B’Aliyah, and Tsomet that he block the legislation. Not that Labor leader Ehud Barak had it any easier—having to choose between supporting the bill and losing face with his secular electorate as well as with American Jewry, and opposing the bill and endangering a possible future coalition with the religious parties.

Conservative and Reform leaders were incensed and threatened to return to the Supreme Court. But just as the sides appeared to have reached a dead end, the
non-Orthodox were persuaded to reconsider, to accept a three-month time-out during which Ne’eman was supposed to find a way out of the morass.

Back in August, passions had reached the boiling point over another issue of disagreement between the two sides—the right to hold mixed prayer services at the Western Wall. On August 11, the Jerusalem police evicted a group of about 200 male and female members of the Conservative movement who had arrived at the Western Wall Plaza, on the eve of Tisha B’Av, to hold a joint prayer service. Police said they were acting to protect the Conservative worshipers from angry ultra-Orthodox Jews opposed to the gathering. Conservative members complained about police brutality and vowed to return to the Wall to hold mixed prayer services.

Religious-Secular Showdown

The dramatic rise in the power of the religious parties in the 1996 general elections—they garnered more than a fifth of all Jewish votes—set the scene for a religious-secular showdown, and particularly a confrontation between large sections of the religious community and the liberal-leaning Supreme Court. One of the major battlegrounds was the issue of Shabbat—whether streets, shops, stores, and restaurants should remain open on the Sabbath. The first heated clash was over the ultra-Orthodox demand that Bar-Ilan Street, a major Jerusalem road passing largely through ultra-Orthodox areas, be closed on the Sabbath and on Jewish holidays. The Bar-Ilan standoff became violent in 1996 when ultra-Orthodox demonstrators gathered along the road during the Sabbath and hurled rocks and other projectiles at police and passing motorists. Activists of the secular left-wing Meretz Party also demonstrated, organizing convoys of cars to travel along the disputed road during the Sabbath.

When Transport Minister Yitzhak Levy of the National Religious Party decreed that the road would be closed on the Sabbath, secular activists petitioned the Supreme Court, which ruled in mid-August that the street should remain open and that a committee should be appointed by the government to investigate the matter. The decision was met by a furious ultra-Orthodox assault on the court. Chief Justice Aharon Barak was placed under 24-hour guard by the General Security Services after he was vilified in the ultra-Orthodox media. One newspaper described Barak as “a great danger to democracy and freedom,” while another described a coup-like scenario in which Barak dissolved the government and instituted martial law. In mid-April 1997, when the Supreme Court ruled 6–1 again to keep the road open, the six affirmative judges were given round-the-clock protection. Passions finally cooled after a compromise solution was imposed whereby the road would be closed during prayer hours.

The secular neighborhood of Ramat Aviv Gimel in north Tel Aviv provided another flashpoint early in 1997, when Lev Leviev, the new ultra-Orthodox owner of the Africa-Israel Real Estate and Development Company, announced that a
mall his company was constructing in the area would be closed on the Sabbath and all its restaurants would be kosher. (Construction on the mall had started before Leviev took over, and contracts had already been signed with restaurants.) Tel Aviv mayor Ronni Milo called on residents to boycott the mall if it closed on Saturdays and to organize a "Shabbat caravan" of vehicles to drive through the nearby ultra-Orthodox neighborhood of Bnei Brak. Ultra-Orthodox leaders jumped to Leviev's defense. One denounced his critics as "Nazis," and the ultra-Orthodox paper *Hamodia* began printing a blacklist of places that were open on the Sabbath and charged admission fees, calling on its readers to boycott them.

Under Shas labor minister Eli Yishai, Druze members of his ministry's Sabbath enforcement squad, which had ceased operating under the Labor government, began making rounds again. They handed out dozens of fines to stores doing business on Saturday.

There were other local conflicts between religious and secular Jews. The most severe confrontation, in Pardes Hannah, began in mid-1997 when a group of secular residents, who had recently moved into a town-house project in the area, discovered that mobile homes had been illegally erected on a nearby site to serve as an ultra-Orthodox learning center. The ultra-Orthodox also rented 30 apartments in the neighborhood and set up a synagogue in one of them. It was not long before the two sides were at loggerheads. The secular residents claimed that the ultra-Orthodox had cursed them, attacked them, and threatened their lives. The ultra-Orthodox residents, in turn, accused their secular neighbors of being intentionally provocative by playing loud music near the synagogue on the Sabbath. Both sides lodged complaints with the police.

On December 30, gasoline bombs were tossed into two of the ultra-Orthodox trailers that were being used as classrooms, leaving them badly damaged. Despite attempts by politicians from the ultra-Orthodox Shas Party and the secular Meretz Party to negotiate a compromise, at year's end the two sides were still refusing to budge.

**The Maccabiah Bridge Disaster**

The 15th Maccabiah Games in the summer of 1997 had been planned as a celebration of Zionism's 100th anniversary, but they turned into a nightmare even before the events got under way. As the Australian delegation made its way across a temporary bridge constructed over the Yarkon River to carry the athletes into the Ramat Gan National Stadium for the opening ceremony, the bridge gave way. Dozens of athletes were trapped in the twisted wooden planks and metal rods of the collapsed structure, while others were pushed under water. Soldiers and police nearby rushed into the river and dragged people to safety. Two Australian athletes were killed; others were rushed to hospital with broken limbs. In the days that followed, another two athletes died. In total, more than 60 were injured.

From their hospital beds, athletes related the horror of their experience. One
thought he was "about to die" when he was pushed under the water and trapped by flailing limbs, before forcing himself to the surface. For viewers sitting at home watching the opening ceremony live on television, the scenes were bizarre. The camera panned back and forth between the festivities in the stadium, where spectators were unaware of the tragedy taking place just a short distance away, and the collapsed bridge, where divers were scouring the river bed, hunting for bodies.

After a day of mourning, the organizing committee decided to proceed with the games, and the Australian delegation decided to stay and compete. Recriminations began almost immediately, with questions raised over why the opening ceremony had not been called off once the extent of the disaster became clear. That argument quickly gave way to the more serious issue of why the bridge had not been sturdy enough to support the athletes. The Ministry of Education and Sport set up a commission of inquiry, which produced its report as the games closed. The findings revealed a scandalous picture of negligence—from faulty planning to incompetent execution in the building of the bridge—and laid the blame on the bridge designer and engineer, Micha Bar-Ilan, the construction company and its subcontractor, and the Maccabiah organizing committee. The commission cited failure to comply with the required standards for bridge building, the use of inferior materials, and a dismal lack of coordination between the construction companies and the organizing bodies. Moreover, they noted, the builders did not possess the required permit for constructing bridges.

It also soon emerged that the two athletes who died after the event were poisoned by the waters of the Yarkon, which were found to be highly contaminated. Many of the athletes fell ill after their immersion in the water, and a 15-year-old tennis player, Sasha Elterman, contracted meningitis. In December she was still in serious condition in a Sydney hospital.

The commission's findings were handed over to the police, who initiated a criminal investigation. Each of the parties cited in the report, however, denied blame for the disaster. The remarks sparked anger and frustration among the Australians, and those feelings grew as the investigation dragged on. Fears soon began to arise that the guilty parties would never be punished and that the athletes would not receive reparations or be compensated for medical expenses. Israel did set up a $500,000 fund in late August to provide compensation to the families of the athletes killed and injured in the disaster, with the money to be advanced as loans and returned once insurance claims were settled. But that did little to reduce the growing disillusionment. "As we see it, the Israeli system of justice is being tested, and we are worried that responsibility for the deaths and injuries will be whitewashed," said Colin Elterman, the father of Sasha. He was equally critical of the games' organizers: "We think the Maccabi World Union played a major role in what happened and we are fearful that the people who are really responsible will get away."

When the investigation had still not produced any concrete results by early No-
vember, some of the Australians, in desperation, suggested that the Australian government bar Israel from participating in the Sydney 2000 Olympics, unless those responsible for the disaster were brought to justice. Tom Goldman, the president of Maccabi Australia, who traveled to Israel in November to press the case, said that the whole affair had soured Australian Jews' view of Israel. "I wish that this tragedy had not impacted on Australian Jewry's love of Israel," he remarked, "but the cold, hard fact is that it has, and it will continue to do so until the questions are answered."

In mid-December the families of the four victims publicly called on the Israeli government to undertake a full public inquiry into the Maccabi World Union (MWU). If that did not happen, they threatened in a letter to sports minister Moshe Peled, "the pressure from ourselves and the Israeli people, together with years of litigation, will cripple the MWU, and Israel will be the big loser." In December the State Attorney's Office announced that five people, including the engineer, heads of the construction companies, and the head of the Maccabiah organizing committee, Yoram Eyal, would be indicted on charges of criminal negligence.

The Yehudah Gil Affair

The Mossad was still trying to recover from the Khaled Mashaal fiasco of September 1997 when it took another profound blow a few months later. This was the revelation in December that one of its veteran field agents, Yehudah Gil, had been feeding the organization fabricated intelligence material for almost two decades. The false information, it emerged, had almost plunged Israel into war with Syria on two separate occasions—and might have undermined chances for peace during the Rabin-Peres regime.

After Gil's longtime source, a senior officer in the Syrian military, retired, Gil allegedly began to deceive his superiors by providing them with information he thought they wanted to hear and that confirmed their own assessments. In this way, Gil reportedly reinforced the suspicions among some of his superiors and also army intelligence that Syria's intentions were warlike. The deception almost had disastrous consequences. IDF intelligence chief Moshe Ya'alon had warned Netanyahu in mid-1996 that Syria might strike. In August the Syrians moved their 14th Division to the Mount Hermon area, and Gil presented a report that supported the hypothesis of a surprise Syrian strike.

Fortunately, Defense Minister Mordechai did not rely on the intelligence assessments and decided against mobilizing the reserves. "A different defense minister and we could have been in trouble," said Meretz MK Ran Cohen. It was after this near miss that serious suspicion fell on Gil. He was indicted both for endangering state security and for theft, since money transferred to him to pay his Syrian source was missing. His trial began in late December.

There was much speculation over Gil's motives. Some pointed to his right-wing views—he served briefly as the secretary-general of the far-right Moledet Party—
while others suggested he may have been corrupted by the money. Gil's Mossad colleagues believed that he became desperate after his source dried up and acted out of a desire to safeguard his status in the organization.

**Rabin Assassination Aftermath**

The second anniversary of the assassination of Yitzhak Rabin, in November 1997, was marked by a renewed round of mutual recrimination between left and right over the responsibility for the murder. Attention was also focused on a spate of conspiracy theories that had been circulating since the assassination, including one claiming that Shimon Peres was involved in a plot against Rabin.

Much of the controversy centered around the role played by Avishai Raviv, a friend of assassin Yigal Amir and an informer for the General Security Services (GSS). The right claimed that Raviv was an agent provocateur, used by the GSS to blacken their name, and demanded that a secret annex dealing with Raviv in the report of the Shamgar Commission of Inquiry into the murder should be made public. Left-wing politicians argued that Raviv was a largely irrelevant factor in the assassination and that the right was trying to divert attention from its responsibility for the atmosphere of incitement that existed at the time of the murder.

When the government allowed the secret annex to be publicized, in November, it emerged that Raviv had been involved in numerous acts of violence and provocation during his eight years in the pay of the Shin Bet (GSS). The report described Raviv as a close friend of Amir's and said it was "astonishing that Raviv did not inform his handlers of Amir's bragging about his plans to kill the prime minister." But the Shamgar Commission report did make it clear that it had found no basis whatsoever for any of the conspiracy claims. Nevertheless, right-wing leaders called for Raviv and his handlers to be indicted. The Justice Ministry was still looking into the matter at year's end.

Margalit Har-Shefi, a friend of Yigal Amir, was charged on February 11, 1997, for failing to report that Amir had spoken to her of his assassination plans and for directing him to an arms store in the Beit El settlement where she lived. Her trial was still in progress at year's end.

A mass rally held the evening of November 8, in Tel Aviv's Rabin Square, to commemorate the slain prime minister, was an indication that the nation was still deeply divided. Two hundred thousand people poured into the square for one of the biggest rallies in Israel's history, but it was as much a protest against Netanyahu as a commemoration of Rabin. The crowd was predominantly left-wing and secular, and Meretz MK Yossi Sarid was loudly cheered when he lambasted the prime minister. "Go, go home!" he shouted. "We are fed up with the lying, the charlatanism and the running away from responsibility." By contrast, when Natan Sharansky — the only government representative present — stood up to speak, he was greeted with a chorus of boos.
Economic Developments

By the end of 1996 the economic indicators all pointed in the direction of a serious slowdown, and some observers were even suggesting that Israel could be headed for a recession in 1997. The increase in gross domestic product was 4.5 percent in 1996, as opposed to 7.1 percent in 1995; growth in industrial output dropped from 8.5 percent in 1995 to 5.5 percent in 1996, and the business GDP from 8.8 percent in 1995 to 5.2 percent in 1996. Export growth halved, rising only 5.0 percent in 1996, compared to 10.1 percent the previous year. The trade deficit (excluding ships, planes, and diamonds) was up to $10.4 billion, an increase of 3.8 percent. The increase in import growth was the lowest in the 1990s, and private consumption fell off as well, dropping to 5.2 percent versus 7.4 percent in 1995.

Inflation was up in 1996 as well. While it had been 8.1 percent in 1995, it again reached double-digit proportions, up to 10.6 percent for the year. The Bank of Israel (BOI) adopted a monetary policy of high interest rates in order to put the brakes on what, at one stage, looked like spiraling inflation. While the Treasury and the country's industrialists put heavy pressure on BOI governor Jacob Frenkel to lower the rates, he refused to bend and continued to use interest rates as a key anti-inflationary measure.

While the targeted deficit for the year had been 2.5 percent of GDP, the domestic budget deficit amounted to 15 billion shekels in 1996, or 4.9 percent of GDP. Most economic observers agreed that the economy had become overheated under the previous Labor government, that Labor finance minister Avraham Shohat had been too loose, and that collective measures would be required to rein in the deficit. In late July 1996 Netanyahu announced that his government would cut the budget for the coming year in order to reduce government expenditure, which was running ahead of budgeted figures. When the budget was finally passed at the end of December, seven billion shekels were slashed.

Frenkel did depart momentarily from his high interest rate policy in mid-June 1997, when he lowered rates by 1.2 percent. But when the consumer price index for June rose by a sharp 1.1 percent, he reverted to his old policy of keeping rates high. Despite pressure from the prime minister to lower the rates, Frenkel raised them by 0.7 percent on August 25. A disappointed Netanyahu insisted that the governor's high-interest-rate policy would serve to stymie new growth, and there were reports that the prime minister's aides might propose legislation to remove the setting of interest rates from the hands of the BOI governor. While Frenkel's conservative monetary policies prevented a devaluation of the shekel and kept inflation down, they had the adverse effect of depressing growth and pushing up unemployment.

While the economic slowdown continued in 1997, it was a year of contrasting economic developments. Inflation rose by only 7 percent, the lowest since 1969. What is more, the current account deficit fell by around $2 billion to $3.5 billion.
On the other hand, in 1997 there was a significant drop in the GDP growth rate—to 2.1 percent, compared with 4.5 percent the previous year. Unemployment was also up to around the 8 percent mark.

The marked slowdown in the economy was reflected by the balance of payments in 1997. Imports of goods and services grew by a mere 2.4 percent, while exports increased by 7.5 percent. The rate of increase in private consumption dropped appreciably in 1997, with per capita consumption increasing by only 0.9 percent. Experts attributed the slower rate of increase in per capita consumption to a fall in per capita disposable income.

The issue of budget cuts was back on the agenda in early September 1997 when the cabinet voted 11-6 in favor of a 2.3-billion-shekel ($660 million) Finance Ministry budget-reduction package, which included a 400-million-shekel ($114 million) cut in the defense budget and a 250-million-shekel ($72 million) cut in education. Economic observers predicted, however, that the cuts would not get ultimate Knesset approval later in the year.

When Netanyahu came to power in 1996, he promised to free Israel of the shackles of an over-centralized economy and introduce an unfettered free-market system through a program of widespread privatization. After his first 18 months in office he could point to some impressive sell-offs of government companies and state-owned monopolies, and many economic observers commended him for being ahead of schedule in his privatization plans. In 1997 alone, the government sold shares in Israel Chemicals, the Bezeq telecommunications company, and the Israel National Oil Corporation and collected over $2 billion from the sale of shares in three banks. Bank Hapoalim was sold to a group headed by Ted Arison, which paid $1.37 billion for a controlling interest in the bank.

Unemployment took on ominous proportions in 1997. The previous Labor government had succeeded in reducing it to around 6 percent, but by the end of 1996 the trend of declining unemployment was starting to reverse, with the jobless figure at 6.7 percent. In 1997 it continued to rise, reaching 7 percent by midyear and 8 percent at the end of the year, with no fewer than 15 towns registering an unemployment rate of over 10 percent.

The Negev town of Ofakim, with a jobless rate of over 14 percent, dominated the news in mid-December. With many of the residents on strike, demonstrating in the streets, and burning tires, politicians set out on the traditional pilgrimage southward to the unemployment hot spot. First it was the turn of opposition Labor party head Ehud Barak, who traveled to Ofakim—a traditional Likud stronghold—to meet with bitter residents. He was followed by the prime minister, who swept into town with several of his ministers, as well as with a list of 300 jobs that were being made available for the town’s residents and promises of more to come. It soon became clear that fewer than 200 jobs were available, and the more than 2,000 unemployed in the town were left with few long-term answers. Economic observers pointed to structural changes in the economy, growing privatization, and the out-sourcing of textile production by Israeli companies to
places like Jordan and Egypt, where labor costs were much lower, as the major reasons for the growing jobless rate. They predicted that the pool of unemployed was likely to expand further.

The 1998 budget debate provided Netanyahu with a major headache. By Wednesday, December 31, 1997—the technical deadline for the vote—Netanyahu appeared to have secured a slim majority for passing the 207-billion-shekel ($58 billion) budget after promising massive funding to West Bank settlers and ultra-Orthodox Jews. But the wrangling continued, and the budget debate spilled over into 1998.

State budgets had often resulted in embarrassing bouts of horse trading, but this time around the wrangling was particularly feverish because of the numerous special-interest groups in Netanyahu's coalition. The prime minister's pledges were thought to have won the support of coalition partners Yisrael B'Aliyah, representing Russian immigrants, as well as the various religious parties. The far-right Moledet Party, which was not part of the coalition, agreed to support the budget after Netanyahu promised funds for West Bank settlement and the establishment of a settler radio station.

While the Finance Ministry insisted that the price tag on the prime minister's pledges was below a billion shekels, opposition legislators put the figure at more than two billion shekels. The figure was particularly significant since the budget was intended to shave 2.3 billion shekels ($657 million) off state spending in 1998. The cuts, which were needed because of the economic slowdown, included some 400 million shekels ($110 million) from the defense budget and 200 million shekels ($55 million) from the education budget.

**Other Economic Developments**

At the beginning of 1997, Israel's status was upgraded by the International Monetary Fund from that of developing country to that of industrialized nation, a move that was expected to help the country's credit rating.

In late July 1997, Claridge Israel—part of the Canadian-based Claridge group headed by Charles Bronfman—announced a $370-million deal for the purchase of a controlling interest in Koor, Israel's largest industrial holding company, with an annual turnover of $3.5 billion. The sale of Koor, by the U.S.-based Shamrock holdings, was one of the biggest in the country's history.

International telephone service was opened to competition in 1997 with two companies, Barak and Golden Lines, launching low-cost services.

Israel's tax authorities launched an investigation into Rupert Murdoch's News Datacom Israel, on suspicion of tax evasion to the tune of tens of millions of dollars.

Lev Leviev, a Tashkent-born ultra-Orthodox diamond dealer, paid $190 million to Bank Leumi for a 54-percent share of Africa-Israel Investments, the country's biggest real-estate company; he caused an uproar when he announced that
a mall his company was building in the ultra-secular north Tel Aviv suburb of Ramat Aviv Gimmel would be closed on Saturdays (see above).

The Strauss dairy firm paid $62 million for control of Elite, the coffee and chocolate manufacturer.

Welfare statistics published in the course of 1997 revealed that 693,000 people were living below the poverty line in Israel; 301,000 of them were children.

According to statistics released in mid-1997, Israeli men earned 1.9 times more than Israeli women. While the average gross monthly salary for men was 6,113 shekels ($1,798), for women it was 3,225 shekels ($949).

The Histadrut Labor Federation

The Histadrut Labor Federation had undergone major restructuring between 1994 and 1996. Many of its huge assets had been sold off, ridding the union of a major conflict of interest, the fact that it both employed workers as well as represented them. But its membership had shrunk, as a result, from 1.8 million to 770,000 at the end of 1996, and it remained in deep financial crisis. It was not surprising, then, that when it launched a major strike in late December 1996, at the height of the budget debate and arguments over social-welfare cuts, many predicted that it was the union's swan song.

But they were to be proved wrong. The strike was initially sparked by a government plan to eliminate a tax break for working women. Already furious over government plans for rampant privatization, workers at the ports and at other major state-owned enterprises put down their tools. When the unions ignored a government-obtained court order banning the strike at the ports, the police arrested Shlomo Shani, the Histadrut's number two man. Standing next to Shani in a police station, union head Amir Peretz made a single call on his cellular phone, and public-sector workers across the country went on strike.

The strike ended, though, with what appeared to be a victory for the ailing Histadrut and for Peretz. Not only was Shani released without being charged, but the Knesset buried the proposed women's tax change. The strike also went some way toward resurrecting the Histadrut's battered image among its members. But Shani was cautious, pointing out that one strike was not enough to prove that the Histadrut was again a force to be reckoned with. "We mustn't get carried away," he said. "If we don't prove ourselves tomorrow, then yesterday is worth nothing."

Public-sector workers were on strike again six months later, on July 24, when the Histadrut called for a nationwide walkout in sympathy with workers from Bezeq telecommunications who were protesting the sale of 12.5 percent of the company's shares to Merrill Lynch. The Bezeq workers were back on the job the next day after being promised that they would get a share of the proceeds of the privatization sale.

The major showdown between the Histadrut and the government came in early December 1997, when Peretz ordered a strike over the government's refusal to
honor an election eve promise made by the Labor government with regard to workers' pension schemes. The immediate catalyst for the nationwide strike was a comment by Finance Minister Ne'eman, who attacked Histadrut workers already on strike. "We don't need outside enemies anymore. We don't have ticking bombs, we have homemade, exploding bombs," he said.

"He declared war and we have no choice but to fight back," declared Peretz in response, and 700,000 public-sector workers walked off the job. Planes were grounded at Ben-Gurion Airport, some areas of the country were without water, government offices were closed, as were banks, and telephone service was disrupted. As the strike dragged on, attempts were made to find a compromise, and President Weizman tried to mediate between Peretz and Ne'eman. The standoff finally ended after five days—with another victory for Peretz, as Ne'eman agreed to stick to the pension agreement.

The tourist industry showed decline in the period under review: In 1996, 2.36 million tourists visited Israel, compared with 2.22 million in 1995. In 1997 the number was 2.28 million. A clear indicator of the tourism crisis was the fact that the average occupancy in Jerusalem hotels over the High Holy Days was a mere 50 percent.

The Yemenite Babies Saga

The issue of the missing Yemenite babies moved in and out of the public eye in 1996–97, but conclusive proof regarding the claims by Yemenite activists that thousands of Yemenite babies were kidnapped in the early years of the state and sold for adoption, some of them to American Jews, remained elusive. (According to the authorities, children had not been kidnapped, but in the confusion and chaos of the state's early years, had died in hospitals and been buried without their parents' knowledge.)

The story hit the headlines at the end of December 1996, when four graves were opened which were said to contain the remains of missing children who, government authorities said, had died of natural causes. When opened, three of the graves appeared to be empty, though officials insisted that the procedure of digging up the graves had not been done professionally and that soil shifting may have made it difficult to find the remains. For those demanding answers to the mystery, the explanations were yet another example of an official cover-up.

The second, more dramatic, development was the case of Tsila Levine and Margalit Omessi. Levine, who had been adopted by kibbutzniks in the late 1940s and later settled in the United States, tracked down a woman named Margalit Omessi whom she believed to be her mother. In late August 1997, DNA testing confirmed that Omessi was in fact Levine's biological mother, and it seemed that for the first time there was incontrovertible proof that a Yemenite baby had been taken from her parents and illegally given away for adoption. "I dreamed of finding my daughter," Omessi exclaimed after the test results were revealed. "I was sure she
was alive... people thought I was making it up." But the emotion-filled reunion was dampened when results of a second round of genetic testing were released on October 8, contradicting the earlier tests.

Crime

Crime rose sharply in the period under review, with worrying increases in both violent crime and theft. In the period from January to August 1997, crime rose overall by almost 14 percent compared with the same period the previous year. Murders were up by 13.4 percent to a total of 110 in the first eight months of the year; rape was up by 7.7 percent (350 cases); apartment break-ins increased by a staggering 32.1 percent; and car theft went up a full 26.5 percent (120 cars per day). The number of cases of husbands murdering their wives rose alarmingly. Crime experts did provide one comforting statistic, that the murder rate in Israel was still a fifth of that in the United States.

The spiraling number of car thefts was due in part to the withdrawal of the Israeli army from the Gaza Strip and areas of the West Bank. The Israeli cities that suffered the most were those close to the Green Line, the pre-1967 border. Palestinian thieves, sometimes working in tandem with Israeli felons, smuggled the cars into the autonomous areas for dismantling at chop shops, and Israeli police could no longer pursue them. Experts also attributed the increase in car theft to the rise in the standard of living in Israel over the past decade and the resulting growth in the number of cars on the road.

Demography

Israel's population stood at 5.9 million at the end of 1997, as opposed to 5.75 million at the end of 1996. The Central Bureau of Statistics (CBS) announced that the country's population would pass the six-million mark in 1998, its 50th year of independence. The CBS also announced that Israel's population growth was a remarkable 2.5 percent, far higher than that of most other developed nations, where growth was usually around 0.3 percent. About 60 percent of the population growth was due to natural increase, which was particularly high among Israeli Arabs and the ultra-Orthodox. The remainder was the result of immigration.

Immigration

The total number of immigrants to Israel in 1996 was 70,919, a drop of a full 8 percent compared with the previous year. In 1997 immigration was down again, to 65,982, a drop of around 7 percent, most of it due to the decline of immigration from the former Soviet Union. Immigration from the former Soviet Union dropped in 1996 to 58,900 and dropped even further in 1997, to 54,600.
Russian immigrants, who numbered some 700,000 by the end of 1997, continued to make their way in Israeli society, although many lived in a ghetto-like world with its own shops, theater groups, and Russian-language newspapers. By 1997 a full 80 percent owned their own homes, 90 percent had washing machines and TVs, and 50 percent had their own cars. Emigration was no more than 8 percent.

Not everyone, though, had succeeded. While the national unemployment rate reached just over 8 percent in 1997, among Russian immigrants it was around 10 percent. Significantly, about 43,000 Russian immigrant families (19.4 percent of all immigrants) were living below the poverty line in 1997.

Immigrant women, in particular, continued to suffer from certain social stigmas. In a poll published in 1997, 65 percent of the respondents (502 Israelis were polled) said that, overall, they had a negative impression of immigrant women; 44 percent said they believed many immigrant women were involved in prostitution. More than half of the respondents said they based their views on media reports.

A case that captured the media spotlight was that of Zvi Ben-Ari, the Hebrew name of Gregory Lerner, an immigrant millionaire who was accused of fraud, embezzlement, and bribery. Lerner, who was kept in jail for months without being charged, as police struggled to piece together a case against him, became a hero among some immigrants and placed fourth in a poll of the most popular immigrants in the Russian-language daily Vesty. He was indicted in September 1997.

A proposal in August 1997 by Avraham Ravitz of the ultra-Orthodox United Torah Judaism Party to amend the Law of Return angered members of Yisrael B'Aliyah. Ravitz moved to rescind a clause that granted eligibility for Israeli citizenship not only to those with a Jewish mother, but to anyone with a Jewish father, grandparent, or spouse as well. Ravitz was motivated by an article in the daily Ha'aretz which claimed that over half of the immigrants from the former Soviet Union who arrived in Israel in the 18-month period between January 1996 and mid-1997 were not Jewish. Ravitz said his aim was to block cases in which a “100 percent kosher goy, who has no intention of being anything else, discovers somewhere that he has a Jewish grandparent and exploits it to get into a Western country.”

Yisrael B'Aliyah politicians, including Absorption Minister Yuli Edelstein, made it clear they would not countenance any tampering with the Law of Return. Any attempt by religious politicians to limit the number of Russian immigrants who did not meet the criteria of Jewish law from entering the country, warned Yisrael B'Aliyah's Roman Bronfman, would seriously jeopardize the coalition's future.

Environment

The Trans-Israel Highway was at the heart of a major debate involving conservationists, politicians, and planners in 1997. The environmentalists complained
that the mega-highway, planned to run from Rosh Hanikra in the north to Beer-
sheva in the south, would slice through Israel and gobble up vast sections of the
country’s scarce land reserves. The first 90-kilometer phase alone was expected
to use up around 3,250 acres, with a projected price tag of $700 million. In mid-
April, the highway’s first interchange, at Ben Shemen, was completed. By midyear,
bids from four separate international companies for the 90-kilometer stretch had
also been received.

Opponents of the huge scheme, which had received the go-ahead after Yitzhak
Rabin’s election in 1992, argued that it would harm agriculture and was unlikely
to relieve traffic congestion in the long run. Rather than invest vast sums in a mas-
sive road project that would soon be outstripped by vehicle growth, they sug-
gested, the government should invest its resources in mass transit, in the form of
an extensive rail system.

But officials of the road company argued that, while a rail system was neces-
sary, the traffic situation would reach catastrophic proportions without a major
highway connecting northern and southern Israel—a development they claimed
would also bring industrial opportunities to Israel’s outlying regions. To justify
the project, they produced traffic growth statistics showing that in the previous
25 years the number of cars in Israel had increased eightfold. By the year 2000,
they estimated that around 1.7 million cars would be on the country’s roads, and
by the year 2010, Israel minus the sparsely populated Negev desert would have
more cars per square kilometer than any other country in the world except Sin-
gapore.

One continuing environmental eyesore—and danger—was Hiriyah, Israel’s
largest garbage dump, which had taken on mountainous proportions. The gov-
ernment ordered the 82-meter-high dump, situated not far from Ben-Gurion Air-
port, closed by December 31, 1997, after a similar order in December 1995 had
gone unheeded. Despite warnings that Hiriya’s height was resulting in a growing
number of collisions between birds hovering around it and planes entering and
leaving the airport, there was no guarantee that the year-end deadline would be
met. There were reports of planes being damaged by the impact of the birds, as
well as reports of planes having to change their landing paths at the last moment
in order to avoid collisions with the birds.

While Transport Minister Yitzhak Levy threatened to shut the airport if the
year-end deadline was not met, the local councils that unloaded their garbage at
Hiriyah demanded that the government foot the added cost of transporting the
waste down south to dumps in the Negev desert. But Environment Minister
Rafael Eitan said he would cover only 70 percent of the cost, and by December
31 the dump had not been closed.

**Sports**

The period under review was not filled with great Israeli accomplishments on
the world’s playing fields. Probably the most noteworthy achievements belonged
to Israel's swimmers, who turned in the best performance ever by an Israeli swim team at a major competition when they traveled to Seville, Spain, for the European Swimming Championships in August 1997. Eitan Orbach became the first Israeli swimmer to win a medal at a world-class competition when he took silver in the men's 100-meter backstroke event. The Israeli men's medley relay team also shone, placing fifth in the final, and two other Israeli swimmers also reached the finals in their events.

Once again Israel failed to reach the World Cup soccer finals, even though many observers believed the country had its best team ever and its best chance to qualify since Israel's only World Cup appearance in Mexico in 1970. Israel still had a chance of approaching the final qualifying games, after having beaten the powerful Bulgarian side at home and drawn with Russia. But the national team stumbled at the final hurdle, losing in Russia and Bulgaria, and the country's soccer fans were forced to put their World Cup dreams back in storage for another four years.

One sign of the improving standards, though, was the fact that a number of Israeli players were scooped up by foreign teams. The most notable was Eyal Berkowitz, who went to play in the English Premier Division for Southampton, and was then bought by West Ham United, another Premier Division team. By the middle of the 1997–98 season, Berkowitz had already been heralded by fans and observers alike as one of the leading midfielders in the English game.

An Israeli cricket team made an unprecedented trip to Malaysia, which had no diplomatic ties with Israel, to participate in a World Cup qualifying competition. Unhappy with the Israeli presence in their country, several hundred Islamic demonstrators turned out to protest. On the one occasion when demonstrators did manage to get inside a stadium and invade the pitch, it turned out they had picked the wrong venue, that the Israeli team was playing at another location across town.

**Legal Matters**

A number of high-profile legal cases involving white-collar or political crimes reached their conclusion in 1997.

Rafael (Raful) Eitan, the environment and agriculture minister, was acquitted on February 19 by a Haifa court; Eitan had been indicted for illegally obtaining information from a classified army data base and using it against a member of his Tsomet Party.

Israel announced on April 3 that it was dropping its request for the extradition of Hamas leader Mousa Abu Marzook from the United States; Israeli officials explained that putting Marzook on trial for involvement in terror attacks would have a negative impact on Israeli-Palestinian relations.

Hassan Salameh, 26, second-in-command of the Hamas military wing, was convicted by a military court on June 30 for planning three suicide attacks in 1996
that killed 46 people; Salameh told the judge he would not object to the death sentence.

Moshe Feiglin and Shmuel Sackett, heads of the extremist Zo Artzeinu group, were convicted of sedition in September for their protest activities against the Rabin government in 1995.

Ehud Olmert was acquitted by a Tel Aviv district court on September 28; the Jerusalem mayor and Likud MK had faced charges of financing fraud connected with the 1988 Knesset election campaign.

The conviction of former Jewish Agency head Simcha Dinitz for fraudulently charging thousands of dollars of personal purchases to Agency credit cards was overturned by the Supreme Court on October 14.

In November Ariel Sharon lost a libel suit against the daily Ha'aretz and journalist Uzi Benziman. A 1991 article in that paper claimed that the ex-defense minister had misled then prime minister Menachem Begin about the objectives of the 1982 Lebanon War.

Shas MK Raphael Pinhassi was given a 20,000-shekel ($5,700) fine and a one-year suspended sentence for conspiracy and making false statements regarding party finances, after he agreed to a plea bargain in December.

Rabbi Moshe Levinger of Hebron, one of the pioneers of the settler movement, was found guilty by a Jerusalem magistrate's court on December 14 of assaulting Arabs in the city and was sentenced to six months of community service and an 8,000-shekel ($2,300) fine.

Labor MK Avi Yehezkel, facing charges of breach of trust, fraud, and falsifying documents in the 1992 party primary elections while a Histadrut labor federation official, was acquitted in December.

Personalia

Among Israeli personalities who died in the second half of 1996 were Benjamin Halevy, 86, one of the judges who sentenced Nazi war criminal Adolf Eichmann to death in 1961; Yair Rosenbloom, 52, composer of the “Song of Peace,” which was sung by Yitzhak Rabin and the participants in the rally at which he was assassinated; Rabbi Rafael Soloveichik, 70, who headed a long and partially successful battle against performance of autopsies in Israel; Nahum Tim Gidal, 87, Munich-born photographer who was one of the century’s pioneer photojournalists and leading visual chronicler of the Zionist movement; Shmaria Guttmann, 87, archaeologist who discovered the ancient Jewish city of Gamla on the Golan Heights; Michael Stieglitz, 48, a former military attaché in Moscow and brother-in-law of Natan Sharansky; Shmuel Meir, 42, Jerusalem deputy mayor, killed in a car crash outside the capital; Yusuf Abu Ghosh, 77, an Arab member of the prestate Lehi underground who helped former right-wing Knesset member Geulah Cohen escape from a British prison in Abu Ghosh; Azaria Rapaport, 73, veteran journalist and broadcaster; Yosef Milo, 80, actor, director, and founder of
the Cameri and Haifa theaters, who won the Israel Prize in 1968; Rabbi Moshe Ze’ev Feldman, 67, former Knesset member and chairman of the ultra-Orthodox Agudath Yisrael; Manfred Klafter, 78, founder of Amcha, the Holocaust survivor support organization.

Former president of Israel Chaim Herzog died of pneumonia in Tel Aviv on April 17, 1997, at the age of 78. Herzog had spent much of his career in the military, first in the Haganah, then as an officer in British intelligence during World War II, and finally in the IDF, where he served in field commands, as the head of military intelligence, and as military governor of the West Bank after the Six Day War. The Belfast-born Herzog also served as Israel’s ambassador to the United Nations, where he was remembered for ripping up the document equating Zionism with racism in front of the General Assembly.

Other personalities who died in the course of 1997 included Shoul Eisenberg, 76, billionaire businessman with extensive and far-flung interests in the United States, China, Korea, India, Hungary, and Israel; Anat Elimelech, 23, a model and TV personality, and her boyfriend, David Afuta, 38, a celebrity hairdresser, both killed in Jerusalem in an apparent murder-suicide; Avraham Stern, 62, National Religious Party MK; Yitzhak Rager, 64, who served as mayor of Beersheba from 1989; Netanel Lorch, 72, veteran diplomat and Knesset secretary 1972–83; Chone Shmeruk, 76, Hebrew University Yiddish professor, Israel Prize winner, who died in Poland, where he taught Yiddish literature; Shmuel Ya’akobson, 68, Knesset secretary for 14 years; Moshe Etzioni, 89, former Supreme Court judge; Ada Sereni, 92, Rome-born leader of illegal aliyah from Italy after World War II and founding member of Kibbutz Givat Brenner; and Uzi Narkiss, 73, general who led the IDF’s capture of East Jerusalem and the West Bank in the Six Day War, later head of the Jewish Agency’s Aliyah and Information Departments, in Jerusalem.

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