Israel

In Israel during 2000 all eyes were focused on the complex interplay of diplomacy, politics, and violence. The government of Prime Minister Ehud Barak, who defeated incumbent Benjamin Netanyahu by a convincing 12-percentage-point margin in May 1999, began the year still optimistic about reaching a settlement with the Syrians over the Golan Heights as a first step toward a comprehensive Middle East peace. By year's end not only was peace with Syria as far away as ever, but, despite the far-reaching, unprecedented concessions offered by Barak, American-sponsored negotiations during the summer at Camp David with the Palestinians had broken down in recriminations, destruction, and death. And in December, after a year-and-a-half in power, Prime Minister Barak, deserted by erstwhile political allies and coalition partners and bereft of a majority in the Knesset, was forced to resign and call for a new election.

Diplomacy and Security

Syrian Talks

Prime Minister Ehud Barak's attempt to revive the broken-off peace talks with Syria fizzled in early 2000, largely because of Syrian insistence that the final border between the two countries be based on the lines that were in effect prior to June 4, 1967, before the Six-Day War in which Israel won the Golan Heights from Syria. Those lines would have given Syria territory along the northeastern coast of the Sea of Galilee (Lake Kinneret), Israel's main water reservoir.

The last round of Israel-Syrian talks was held at Shepherdstown, West Virginia, January 3–10, following up on a previous round of negotiations in December 1999. The delegations at Shepherdstown were headed by Israeli prime minister Barak and Syrian foreign minister Farouq a-Shara. Both sides were given a U.S. working paper which defined areas of agreement and differences between them, though the actual talks did not proceed much beyond procedural matters.

On the question of borders, the U.S. paper noted that Syria insisted on a return to the de facto border that existed on June 4, 1967, the eve of the 1967 Arab-Israeli war, while Israel demanded modifications based on security considerations and on the fact that the border at that time included territory that Syria had seized by force during the 1948 Arab-Israeli war. As to security arrangements, Israel sought the establishment of a demilitarized zone in all of the territory from
which it would withdraw, in addition to the existing demilitarized zone established in the 1974 disengagement agreement after the 1973 Arab-Israeli war. Syria, however, insisted that any demilitarized zone be of equal size on both sides of the border. Israel also called for retention of its early-warning capability on Mount Hermon, the highest point on the Golan plateau, but Syria wanted these facilities to be under the auspices of the United States and France. Israel wanted security arrangements to be monitored by both sides in cooperation with a multinational force, while Syria preferred an international peacekeeping force. As to the issue of water, since most of the Golan's waters drain into the Sea of Galilee—Israel's largest reservoir, which furnished roughly 30 percent of the country's water—Israel sought continued access to this water at its current level of use, with measures to prevent contamination, pollution, or depletion of water supplies. Syria maintained that such arrangements would have to be negotiated.

In addition to these procedural and substantive differences, the Israelis found that the Syrians were unwilling to build confidence through any public display of warmth towards their opposite numbers. Shara, for example, refused the shake hands with Barak, and would not talk to the Israelis unless President Clinton was in the room. This Syrian attitude reportedly prompted one unidentified Israeli negotiator to say that if peace were ever reached between the two countries, it would be the "mother of cold peaces."

At Shepherdstown, Israel also presented American officials with a formula to upgrade its relations with the United States. This reportedly included commitments by Washington to long-term military assistance for Israel, an emergency aid package to defray the costs of a redeployment of the Jewish state's forces once the Golan Heights returned to Syrian hands, U.S. guarantees that Israel would maintain its deterrent capacity against any possible attack from Arab countries, an intensified antiterror campaign combined with removal of the terrorist threat from Syria itself, and American guarantees of a continued flow of crude oil to meet Israel's energy needs. According to one report, Israel was also seeking at least $17 billion in direct military aid to finance the purchase of a new arsenal of weapons including state-of-the-art Apache helicopters and Tomahawk cruise missiles, as well as a ground station to collect information from U.S. spy satellites overflying the region.

Top U.S. leaders attended the Shepherdstown talks, including President Clinton, who visited Shepherdstown on five separate occasions, and Secretary of State Madeleine Albright. On January 9, in fact, Clinton prevailed on an angry Barak not to leave the talks. But the meeting broke up the following day without any formal conclusion. Barak—who had reportedly expressed willingness, in a final agreement, to give Syria sovereignty over all of the Golan up to the international border determined in the Sykes-Picot agreement at the end of World War I—returned home to mounting opposition over a Golan move. On January 10 an estimated 150,000 people, many of them bused in from the Golan itself and from settlements in the West Bank and Gaza, demonstrated in Tel Aviv's
Rabin Square against a withdrawal. And both Natan Sharansky, leader of the Russian immigrant party Yisrael ba'Aliya, who was interior minister, and Yitzhak Levy, leader of the National Religious Party and housing minister, said they would resign from the government if Israel agreed to give up the Golan.

The talks were to have resumed on January 19. But two days before, Syria said that it would not come back to the negotiating table without a firm Israeli commitment to a full withdrawal from the Golan Heights to the pre-June-4 line that had represented Israeli and Syrian positions before the start of the 1967 war. Secretary of State Albright said that the postponement came because each side “wants to have its needs decided first. And what we are trying to do is to develop some simultaneously, and try to move the whole package forward.’

U.S. efforts to get the talks back on track included an hour-long phone conversation on January 18 between Clinton and President Hafez al-Assad of Syria. But the Americans did not succeed, and the following day Shara announced that Syria would not rejoin the talks until the United States obtained a firm and unequivocal Israeli commitment for the return of the Golan to Syria.

The Americans continued their efforts—and the Syrians continued to rebuff them—for several months after the collapse of the Shepherdstown talks. Hopes were briefly raised when Clinton announced, during an Asian tour, that he would stop in Geneva on March 26 for new talks with Assad. Assad’s consent to make a rare trip abroad was certainly cause for optimism. But the three-hour meeting failed to achieve any tangible results, as both sides conceded afterward. Following the meeting, a White House spokesman said that the U.S. no longer believed it would be productive to resume the talks, as the gaps between the Israeli and Syrian positions had not narrowed. Syria tried to shift the blame onto Israel, claiming that Jerusalem had not given the U.S. president any new proposals, particularly concerning the northeastern shore of the Sea of Galilee. At their meeting in Geneva, Assad told Clinton: “[Lake Kinneret] is the place I know as the border between Syria and Israel. Until 1967, I would swim in Lake Kinneret, I had barbecues there and ate fish.’

Prospects for progress receded further when the Knesset approved a bill requiring that any return of the Golan be approved by 50 percent of all eligible voters (not actual voters) in a referendum, raising the number of votes needed to approve such an agreement to nearly 60 percent of those likely to vote in such a referendum. Even worse for Barak’s government, that bill was passed with the votes of three members of his already-shaky coalition—Shas, Yisrael ba’Aliya, and the National Religious Party.

In April, with peace prospects apparently left for dead by both sides, Barak lifted the freeze on the building of Israeli housing units on the Golan, which had been imposed when the Syrian talks resumed in December 1999. “As long as the Syrians continue to express their positions the way they have for the past few days,” Jerusalem Affairs Minister Haim Ramon said, explaining the move, “there is no point to negotiation.” Work began almost immediately on 200 new homes
in Katzrin, the informal Israeli “capital” of the Golan, which had a population of about 7,000.

During the period of negotiations, many Israelis had theorized that Hafez al-Assad had returned to the peace table in the hope of obtaining the Golan as part of a legacy that would stabilize the regime of his chosen successor, his 37-year-old son Bashar, who had been groomed for the presidency since the death of his oldest brother, Basil, in a 1994 automobile accident. Those hopes evaporated when the Syrian president died, at the age of 69, on June 10.

Early Israeli assessments were that Syria’s new president, who was formally elected to succeed his father on July 10, might be more modern and moderate, but would have neither the political muscle nor the solid support necessary to show any more flexibility than his father had on the Golan, at least in the short term. These predictions proved correct during the early months of the new Assad administration, as the successor son seemed to maintain a hard-line position similar to that of his late father.

Out of Lebanon

During the 1999 election campaign, Ehud Barak had promised to withdraw Israeli forces from Lebanon, in conjunction with reaching a peace agreement with Syria, within one year of taking office. But the fighting escalated in late January and early February, after a Hezbollah bomb killed Col. Aqel Hashem, second in command to Gen. Antoine Lahad, the leader of the South Lebanon Army (SLA), the pro-Israel Lebanese militia that Israel had set up in its “security zone.” Hashem’s death, at his home village of Dabel, near Tyre in the western part of South Lebanon, was followed by the killing of three Israeli soldiers—Tidhar Tempelhof, Lior Niv, and Tzachi Malcha—in a Hezbollah missile attack on the Galgalit outpost in South Lebanon. After these and other attacks, Barak vowed retaliation and said talks with Syria would not resume until Damascus reined in the Hezbollah, the Iranian-supported Shi’ite Muslim fundamentalist militia. Knesset opposition members railed against what they said was Barak’s policy of restraint. The time had come, said Ariel Sharon, leader of Likud, the main opposition party, “to leave Lebanon without an infrastructure.”

As Hezbollah kept on attacking, an Israeli helicopter, on February 4, rocketed the vehicle of Ibrahim Aql, Hezbollah’s military chief. On February 7, Israeli planes bombed several power-relay stations in Lebanon (at Baalbek in the Syrian-controlled Biqa’ valley, near the Syrian border, and near Beirut) hoping to pressure the government in Beirut into acting against Hezbollah. The next day, with the attacks against their troops continuing, Israeli planes hit a TV-relay station, Hezbollah bases, and a radar station located on the top floor of a building in the South Lebanese coastal city of Tyre. Lebanese sources estimated the damage from Israeli raids at about $200 million. Hezbollah retaliated with a Katyusha rocket attack on the security zone in which another soldier was killed, and Israel ordered
residents of the northern border area into shelters, fearing that the Katyushas would be launched on Israel proper. As tensions mounted on the border, Foreign Minister David Levy told the Knesset that if Katyushas rained down on Israel, Lebanese “soil will burn.” (A fortnight later, Levy spoke even more strongly, saying that Lebanon would pay “soul for soul, blood for blood, child for child” for any Hezbollah attack on northern Israel.)

Hezbollah attacks, and Israeli retaliation against suspected Hezbollah targets, continued. On February 16, in response to an appeal by Chief-of-Staff Shaul Mofaz for authorization to respond more quickly to Hezbollah attacks on populated areas, the security cabinet appointed a subcommittee consisting of Barak, who was both the prime minister and defense minister, Transport Minister Yitzhak Mordechai, and Foreign Minister Levy to authorize immediate retaliation. And, as anti-Israel and anti-U.S. demonstrations took place in Beirut, the Hezbollah leader, Sheikh Hassan Nasrallah, said that his forces had the capacity to launch heavy missile attacks on northern Israel.

On March 5, 2000, the Israeli cabinet unanimously voted to withdraw from Lebanon unilaterally, even without a Syrian deal, by July 7. The cabinet announcement stated that after the pullout the army would deploy on the northern border and secure the safety of Israeli towns and villages from new positions there. “It’s the end of the tragedy,” said Barak, speaking on Israel TV after the vote, “the return of the boys home and the end of the bleeding.”

But even after the announcement, Hezbollah attacks on Israeli and SLA positions inside the security zone continued virtually unabated, and, in response, Israeli planes struck at some new targets. On March 13 they bombed two camps of hard-line “rejectionist” Palestinian factions that opposed Yasir Arafat’s peace process with Israel, in the eastern part of Lebanon, which was under Syrian control. Some Lebanese sources viewed these raids as an Israeli response to an Arab League communiqué on March 11, following a meeting in Beirut, which warned that a unilateral Israeli pullout from Lebanon could trigger armed Palestinian attacks across the border. The Arab League said that this could happen if Israel did not agree to negotiations, at the time of the pullback, on the repatriation of well over 600,000 Palestinian refugees living in camps in Lebanon.

On April 17 Israel formally told the United Nations that it would withdraw its troops, “in one phase,” by July 7. And, Israeli ambassador Yehuda Lancry announced, Israel would take in about 4,000 SLA fighters and their families after the pullback. Prime Minister Selim al-Hoss of Lebanon hailed Israel’s statement as “a resounding victory” for Lebanon, and said his country would accept UN peacekeeping forces into the area to fill the power vacuum left by the withdrawing Israelis. At the same time, Syria quickly dissociated itself from a threat made by Lebanon’s defense minister, Ghazi Zuytar, who said that his country might ask Damascus to place its forces in the newly vacated border zone. That, Zuytar said, would “put Tel Aviv in the range of Syrian rockets.” (Israeli intelligence estimated that most of northern Israel, including the suburbs of Haifa, came within the
range of Katyushas possessed by Hezbollah. Prior to the pullback, the "Katyusha line" ran only as far south as the coastal resort town of Nahariya.)

In early May Israel began handing over some installations to members of the SLA, and Hezbollah responded by stepping up its attacks. Desertions from the pro-Israel militia increased as the Israeli withdrawal drew closer, and after several senior SLA commanders were killed in Hezbollah attacks. Israel responded, again, with more aerial bombings. After a chain of events triggered by the killing of seven Lebanese civilians in SLA-controlled territory and Israeli bombardments of two South Lebanese villages, Hezbollah fired Katyushas on Kiryat Shmona, the northern Israeli border city, and other Israeli villages. One soldier was killed in the attack. Almost immediately Israeli planes hit two more power-relay stations, at Deir Ammar and Besalim, on May 5, causing what the Lebanese said was $50 million in damage just as work was getting under way to repair the other power substations hit by Israel. Israeli planes also took out tanks belonging to the Popular Front for the Liberation of Palestine, which had been deployed in the Syrian-controlled Biq'a valley of eastern Lebanon.

It was still not clear when Israel would carry out its withdrawal, though signs that it would do so before the self-declared July 7 deadline were accumulating. In mid-May Israel began moving more and more troops in the direction of the international border, handing over fortified positions in the security zone to the SLA. With morale declining, the SLA found itself unable to hold many of these positions. On May 21, for example, members of the Shi'ite battalion of the Lebanese militia abandoned the key Taibeh outpost. After that, other outposts were stormed by unarmed civilians and overrun, as SLA fighters lay down their arms and fled. As the central sector collapsed, the security zone was divided into two halves, and became virtually indefensible. The eastern sector, manned largely by Christian fighters, collapsed on May 23; Hezbollah took over the SLA command center in the Christian town of Marjayoun and overran the al-Khiam prison, freeing almost 150 prisoners.

With the security zone in total collapse, it became clear that Israel had days, perhaps only hours, to effect its own withdrawal. With so little time left to move materiel and munitions across the border into Israel in an orderly fashion, Israeli troops began destroying them. Meanwhile, many SLA men and their families were gathering at various border crossings, seeking refuge. On the night of May 23–24, Israel moved all of its troops back into Israel. Opposition politicians criticized the government for staging a hasty, disorganized withdrawal, but army sources noted with obvious satisfaction that though the operation had been rushed because of the SLA's implosion, there had been no Israeli casualties on the final day.

The last Israeli soldier left Lebanon on the morning of May 24, 2000, about six weeks before the declared July 7 deadline and two weeks short of 18 years since Israel invaded the country. Thus ended an Israeli presence in South Lebanon that began in 1982, when Israeli troops moved all the way to the outskirts of Beirut in Operation Peace for Galilee, an attempt to set up a new order in Lebanon and
wipe out the PLO "state within a state" that had blossomed there since the start of the Lebanese civil war in 1975. Israeli troops had besieged Beirut, the PLO headquarters at the time, forcing Arafat and his operatives to withdraw from the Lebanese capital and to set up new headquarters in Tunis. Israel troops remained in the southern part of Lebanon for more than two years after that, until mounting international pressure—and a guerrilla war conducted by the Shi'ite al-Amal organization, later joined by the more fundamentalist Hezbollah—prompted a withdrawal to the South Lebanese security zone in 1985. A guerrilla war against the Hezbollah, which vowed to get Israel off Lebanese soil, was waged for much of the intervening 15 years, punctuated by larger outbreaks of violence. Israel responded to what it saw as continued Hezbollah provocations in July 1993 by launching the weeklong bombing campaign known as Operation Accountability, and in 1996, in Operation Grapes of Wrath, conducting a prolonged air, sea, and artillery bombardment of most of South Lebanon, in addition to hitting targets near Baalbek, in the Syrian-controlled Biq'a Valley, and in Beirut and the South Lebanese port city of Tyre.

In all, Israel lost more than 900 soldiers killed during its occupation of parts of Lebanon, including the security zone that it established in 1984 in a partial withdrawal from territory taken during the 1982 Lebanese offensive. Hundreds of members of the pro-Israel South Lebanese Army were also killed over the years, as were more than 1,000 fighters for Hezbollah.

After the pullback, Barak said that Israel was leaving every inch of Lebanese territory, and warned that any attack on Israeli territory would be considered an act of war. Within hours after the Israeli departure about 250,000 Lebanese civilians, together with Hezbollah fighters, marched into the zone. Despite predictions of anarchy, the takeover was orderly, with Hezbollah maintaining a low profile although it was the strongest force there at the time. The government in Beirut proclaimed May 25 as National Liberation Day. In the south, civilians began to gather at the former "Good Fence" crossing point opposite the Israeli town of Metulla, hurling insults, and sometimes stones or firebombs, at Israeli troops on the other side of the fence. The Israelis followed strict orders not to respond.

About 6,000 members of the former SLA and their families managed to make their way into Israel in the final few days of the Israeli presence, leaving all of their worldly possessions, including homes and cars, on the other side of the fence. Most were processed at Israeli transit camps, including a former vacation resort village on the northern shore of Lake Kinneret. Although the Lebanese government rejected SLA leader Gen. Antoine Lahad's call for a general amnesty for SLA members and SLA-linked civilians, about 1,500 of them remained in Lebanon and gave themselves up to government troops. The day after the pullback was completed Barak, addressing the Knesset, called on Lebanon to "exploit the moment and talk peace." Barak said that Israel "extends its hand toward peace out of a vision of a joint future, which will be better for the children of both peoples."

Not long after, UN teams, responding to a statement by the government in Beirut that Lebanon would not assume responsibility for the area until the Israeli pullback was complete, began a careful examination of the frontier. Lebanon continued to demand that Israel pull back from an area known as the Shebba farms, on the slopes of Mt. Hermon, which Israel had taken during its conquest of the Golan Heights in 1967. On June 18 the UN Security Council agreed to endorse Secretary General Kofi Annan's verification that Israel had, in fact, complied with Security Council Resolution 425, which called for its withdrawal from Lebanon. The Lebanese government, however, claimed that Israel held six positions on Lebanese land, and Hezbollah accused the international body of condoning Israel's continued violation of Lebanese territory.

In July UN peacekeeping troops from Ireland and Ghana were deployed in areas of the security zone vacated by Israel. Two of the disputed areas still remained unresolved. In August a combined unit of about 1,000 Lebanese army troops and Lebanese gendarmes deployed in the area, and took over the former SLA barracks at Marjayoun and Bint Jbail in the south-central part of the former zone. These troops were the first security personnel of the central government in Beirut to be present in the area since 1975, when the Lebanese civil war broke out. The Lebanese troops were charged with maintaining general security there, while leaving control of the border areas to the peacekeeping forces of UNIFIL (the UN Interim Force in Lebanon). Timur Göksel, spokesman for the UN and the 600-man UNIFIL, called the Lebanese deployment an important step towards stabilization. "It is a victory for Lebanon and for the UN," he said.

In the ensuing months, the Lebanese border was largely quiet. But while there were no major incidents except for the kidnapping of three Israeli soldiers in early October (see below), Lebanese and Palestinian civilians continued to gather at the former Metulla crossing point to toss stones and insults—and occasionally a firebomb as well—at Israeli soldiers across the border. And the Israeli army—as well as most of the border zone's residents—were in a waiting mode, since it would not take much for the frontier to heat up once again.

Prisoner Release and Kidnap Victims

Israel released 13 Lebanese prisoners who had been taken into custody in the 1980s and held between 11 and 13 years as bargaining chips against the possible release of Israeli navigator Ron Arad, missing since his plane went down over South Lebanon in 1986, and three soldiers missing since the 1982 battle of Sultan Yaakub, in the Bq’a valley of eastern Lebanon. Israel kept two other prisoners in custody—Sheikh Abdul Karam Obeid, taken from his home in the South Lebanese village of Jibshit in 1989, and Mustafa Dirani, abducted in 1994. The release took place on April 19, a week after the Supreme Court, in a historic 6-3 ruling, said that the continued holding of the men was not justified since
Israeli law did not give the Defense Ministry the right to detain individuals who did not pose a threat to state security. Obeid and Dirani had been convicted in Israel of membership in Hezballah and sentenced to jail for one-to-three years. When their jail terms had ended, however, they were kept in Israel under administrative detention, without charge. In convincing the court that Obeid and Dirani should be held, the government successfully argued that the pair—who, unlike the freed prisoners, were high-ranking members of the Hezballah infrastructure—did pose such a threat. The court turned down appeals to free Obeid and Dirani, although there were rumors late in the year that they might be freed as part of an exchange for Adi Avitan, Benny Avraham, and Omar Sueid, kidnapped by Hezballah near Har Dov (Jebel Ros) in the foothills of Mt. Hermon on October 7, and businessman Elhanan Tannenbaum, lured into Lebanon by Hezballah and taken into captivity little more than a week after the three soldiers were captured.

On December 10, rumors surfaced that German mediators had been in contact with Sheikh Hassan Nasrallah, the leader of Hezballah, about a possible exchange involving the four kidnapped Israelis. But after the initial reports—including one that acting foreign minister Shlomo Ben-Ami had flown to Europe for consultations on a possible prisoner exchange—hopes faded. On December 19 the daily Ha'aretz reported that Israel had offered bodies of Hezballah men killed in action during the occupation of the security zone in exchange for information about the kidnap victims. But Nasrallah, while admitting that there had been contacts through third parties, insisted that a deal was a long way off. Israel, the Hezballah leader repeated on numerous occasions, would have to pay a high price for the prisoners, or even for information about them. Nasrallah would not confirm reports that one or more of the soldiers had been wounded in the kidnap operation, and would not allow the Red Cross or other international bodies to visit them.

An independent Israeli committee, headed by former general Yossi Peled, was appointed in November to investigate the circumstances of the kidnapping. The committee reported, in early January 2001, that serious operational shortcomings were evident both prior to the kidnapping and in the army's failure to mount an immediate rescue operation. The report also rejected suggestions that the three soldiers had been involved in illegal activities, possibly including drug smuggling, at the time they were kidnapped.

On December 28 the International Committee of the Red Cross confirmed, in a report to the UN, that it was "acting as a neutral intermediary between the Israeli authorities and Hezballah, with a view to facilitating a solution based on humanitarian considerations. To this end, the ICRC is in regular contact with the parties involved." But an official of the Austrian Ministry of Defense said that his country was also involved in secret mediation efforts. According to these reports, Defense Minister Herbert Scheibner, a member of Jörg Haider's far-right Freedom Party, had been in the Middle East to meet representatives of the two
sides. Scheibner reportedly met with Ephraim Sneh, Israel's deputy defense minister, in November as well—despite the fact that Israel had no ambassador in Vienna, having frozen relations following the entry of the Freedom Party into the Austrian coalition. Peter Sichrovsky, a Jew serving as a deputy in the European Parliament for Haider's party, said that mediation began in both Israel and Syria on November 3.

In late December Hezbollah's deputy secretary general, Sheikh Na'eem Kassem, said that the Germans were "still involved in the mediation" and denied that there were any other mediators. "The German mediators are working to meet our demands, but as we said before, for every piece of information, there is a price," Kassem said. Nasrallah's previous public demands had included the release of all Lebanese and Arab prisoners from Israeli jails and the provision of maps of mines planted across southern Lebanon.

This was not the first time that Hezbollah had been involved in kidnapping. In the 1980s, operating under a different name but backed—as now—by Iran, it had kidnapped Westerners in Lebanon. But as Ha'aretz military commentator Ze'ev Schiff pointed out shortly after the October kidnappings, "Hezbollah excels in surprise operations, the majority of which have not been met with an Israeli response. The organization, with the help of Iranian intelligence agents, bombed Israeli and Jewish targets in Buenos Aires in the early 1990s. Hezbollah also surprised Israel and the South Lebanon Army when it used unarmed civilians to head military columns [in May, just before Israel pulled out of South Lebanon]. This move resulted in the rapid collapse of outposts in the security zone in southern Lebanon, since Israel did not fire at civilians." The Israeli army, Schiff wrote, "believes that Hezbollah will not cease its operations after the recent kidnappings. Iran is backing the organization's actions and Damascus is also not free from blame: It has failed to condemn these actions, and perhaps even indirectly encouraged them.'

On May 14 the Palestinian Authority said it had arrested Hamas bomb expert Muhammad Dief. The successor to Hamas "engineer" Yihya Ayash, killed in an Israeli booby trap in early 1996, Dief had been the target of a five-year manhunt. Although Israel sought the extradition of Dief, who was involved in the 1996 suicide bus bombings that cost more than 50 Israeli lives, he was placed under house arrest in Gaza. His arrest left Muhammad Abu Hanud as the most wanted Hamas terrorist still at large. More than three months later, on August 26, Abu Hanoud would walk out of an ambush by the elite Duvdevan antiterror army unit, in which three soldiers were shot and killed by their own comrades as they encircled Abu Hanoud's hideout in his home village, Assira al-Shamaliya. The wanted man then made his way into PA territory, where he gave himself up to Palestinian security forces. Later in the year, Palestinian sources denied that either Dief or Abu Hanoud was among the Hamas activists they released in mid-October, after Israeli retaliatory raids hit at key police and Fatah installations in the West Bank and Gaza.
Bumpy Road to Camp David

Israel and the Palestinian Authority began 2000 with efforts to implement the agreement they had signed at Sharm el-Sheikh, in Egyptian Sinai, in September 1999. That agreement provided for implementation of a transfer of land in the West Bank, the conclusion by February 2000 of a framework for a final-status agreement between the two parties, and the conclusion in September 2000 of the final-status agreement itself. At Sharm el-Sheikh, Prime Minister Barak and Chairman Arafat had agreed to implement an earlier agreement signed by Arafat and then prime minister Benjamin Netanyahu in October 1998, under which Israel would redeploy from 13 percent of the West Bank, transferring that land to Palestinian Authority control.

In early January, Israeli and Palestinian negotiators ended months of deadlocked talks by agreeing to a formula for the implementation of a 6.1-percent redeployment, actually a withdrawal. (Israel had completed an earlier redeployment, including a substantial “upgrade” of land designated as Area C, under full Israeli control, to Area B, under Palestinian civil control and Israeli military authority, in November 1999. The rest of the land was not transferred because the two sides found it impossible to agree on the details of the redeployment.) Under terms of the agreement, Israel implemented, on January 6–7, a redeployment from 2 percent of the area from Area B status to full Palestinian Authority control, as Area A. Also, an additional 3 percent was upgraded from Area C status to Area B.

Additional land, amounting to about 6 percent of the West Bank (5.1 percent from Area B to Area A status, and 1 percent from Area B to Area A status) was due to be transferred on January 16. But a few days before, Barak announced that he was delaying the transfer due to what he said was Palestinian “foot-dragging” in the final-status negotiations. Two days later, on January 17, at the Erez checkpoint on the northern end of the Gaza strip, the Israeli prime minister asked Arafat’s agreement to delay the February 13 deadline for the “framework” pact. Arafat rejected the military map presented by Barak, because, unlike previous maps, it failed to include the town of Abu Dis, northeast of Jerusalem, on the eastern slopes of the Mount of Olives. The Palestinian response to Barak’s unilateral decision was to denounce both the move and what they said was the Israeli leader’s “deliberate attitude of supremacy.”

On January 20 Arafat traveled to Washington for meetings with President Clinton; a few days later Foreign Ministry official Oded Eran, the former ambassador to Jordan who, at the time, headed the Israeli team for the final-status talks, expressed doubt that the February 13 deadline could be met, because of the wide differences between the parties on all major aspects of final-status—Jerusalem, water, refugees, borders and security arrangements, and the status of Israeli settlements in the West Bank and Gaza after a final-status agreement had been reached.
At about the same time, reports began to surface of warnings by Israeli security agencies about the possibility of new violence in the territories, which was likely to break out in late March, after the planned visit to Israel and the Palestinian Authority by Pope John Paul II. According to one report in the daily *Ha'aretz* newspaper, intelligence sources said that "the handwriting is already on the wall." The anonymous sources compared the situation to late 1987, before the start of the so-called Palestinian intifada, when Israel saw signs of what was brewing but did not react in time. The security sources said that Arafat, by accusing Israel of systematically violating agreements that had been reached between the two sides, including the unimplemented withdrawal agreements of Sharm el-Sheikh, was preparing his people for a crisis. In addition, they said that Arafat, through his operatives inside the PA, was accusing Israel of showing disdain for him and, through him, for the Palestinian people, and of creating unfounded disputes over lands that, in his view, were rightfully Palestinian.

As the February 13 deadline drew closer, it became more and more apparent that no agreement was going to be reached. A meeting between Barak and Arafat at the Erez checkpoint on February 3 ended with both sides leaving in anger. Three days later, on February 6, the Palestinians announced that contacts with Israel had been frozen. Negotiations remained in a state of suspension even after a visit to the region by U.S. peace envoy Dennis Ross, who met with both sides but failed to achieve a breakthrough.

On March 2 security forces acted to prevent what appeared to be a large-scale terrorist attack in central Israel. Acting on a tip, police and army units surrounded a dwelling in the Israeli Arab town of Taibeh, in the Sharon area, which had been rented a few days earlier by members of a Hamas terror squad who had slipped into the country. The police antiterror unit killed four terrorists—including two who came out of the building carrying an explosives-filled suitcase—and captured a fifth. PA security forces captured a sixth member of the team a few days later in the West Bank town of Tul Karm. One member of the police unit was injured in the shoot-out.

In early March, Ross arranged and attended two meetings between Barak and Arafat in the Palestinian town of Ramallah, north of Jerusalem, and on March 8 Ross announced that Israel and the Palestinians would resume the broken-off final-status talks in Washington later in the month. About a week afterward Oded Eran and Sa'eb Erakat, the Palestinian negotiator, announced that they had reached agreement on the transfer of the "remaining" 6.1 percent of West Bank land to PA control. Barak's inner cabinet approved the transfer plan on March 15, so that 6.1 percent of West Bank land was moved to full or partial Palestinian control on March 21. This transfer meant that almost 43 percent of the territory of the West Bank was under either full or partial PA control, as Area A or B. That included villages in the Hebron district, and others near Ramallah, Jericho, and the northern West Bank city of Jenin. But it did not include the Jerusalem suburb of Anata; Prime Minister Barak was forced to revise the trans-
fer map after right-wing members of his coalition, including the National Religious Party and Shas's Yisrael ba'Aliya, the Russian immigrant party, threatened to resign if Anata were included in the pull-out.

In mid-March Arafat, speaking to the PA Legislative Council in Ramallah, raised fears that, if final-status negotiations were not completed by the September 13 deadline set at Sharm el-Sheikh, he would assert Palestinian independence. "I declare," he told the Palestinian lawmakers, "that the year 2000 is the year of the Palestinian state, with al-Quds [Jerusalem] as its capital."

With the transfer of territory, Israeli-Palestinian talks resumed in late March at Bolling Air Force Base outside Washington, D.C. Just before the talks opened, an Egyptian official said that Israel could not expect a warm peace unless it consented to a Palestinian state and "dealt with Jerusalem." Speaking in Washington, Egyptian ambassador to the U.S. Nabil Fahmy said that Israelis "do not understand the frustration Arabs feel that there is still occupation." Two sessions of the talks were held between delegations headed by the Palestinians' Yasser Abd Rabbo and Israel's Oded Eran. Although the atmosphere was considered to be positive, U.S. national security adviser Samuel Berger said after the talks that progress had not been rapid. "Time is not the friend of peace in the Middle East," said Berger. "Any sense of urgency comes from [the Israeli and Palestinian] clocks and not our clocks."

Barak and Clinton met on April 11 in Washington, after which American officials said that Israel had agreed to an increased U.S. presence in future negotiations. According to a report in the daily Ha'aretz, however, there were several specific points of agreement reached at the Clinton-Barak summit: Barak agreed to accelerated talks on the Palestinian track, in the hope of finalizing a framework agreement by May and including the third pullback in it; American representatives would sit in on future talks between Israel and the Palestinians, which would continue outside Washington; Israel would ensure that the Palestinians would get contiguous territory in the West Bank in return for territories annexed to Israel; Israel would withdraw from Lebanon to the line set by the UN in 1978 and would not leave any outposts or security fences on the Lebanese side of the border, and the U.S. would muster international support for the implementation of UN resolution 425 calling for Israeli withdrawal from Lebanon and the posting of international security forces on the Lebanese side of the frontier; and the U.S. would suspend mediation efforts on the Syrian track and "wait for developments."

A few days after Barak's return to Israel, the prime minister reportedly raised with his ministers the probability of the establishment of a Palestinian state. Barak's office issued a statement saying that the prime minister had told the cabinet that "no serious person could imagine any future entity would be a protectorate or autonomous area not comprising contiguous territories, or would prevent the free movement of people." But Barak continued to insist that such a Palestinian entity must be demilitarized, and that an "absolute majority" of Jewish settlers in the West Bank and Gaza would remain under Israeli sovereignty.
Arafat and Barak met again in Ramallah on May 7, the first time they had met since March. At the Ramallah talks, the Palestinians agreed on the lapse of the revised May 13 "target date" for reaching a framework agreement, which had been set after the Palestinians and Israelis had failed to reach such an agreement by the original deadline of February 13.

On May 15, in a 16-6 vote, Barak's cabinet approved a plan to hand over the towns of Abu Dis, al-Azariya (Bethany), and Sawhara to the Palestinian Authority, a plan he said would avoid "stalemate and deterioration" in the peace process. He also said that the transfer of Abu Dis, which some Israelis thought at the time would satisfy the Palestinian demand for making Jerusalem the capital of their state-to-be, would assure the future of Jerusalem itself. (This assessment, widely held at the time, failed to recognize the adamant insistence of Arafat that he would accept no less than "a Palestinian state whose capital is al-Quds [Jerusalem].")

The Knesset approved the Abu Dis transfer, 56-48. After the vote the National Religious Party, led by Housing and Construction Minister Yitzhak Levy, threatened to resign from the government and the coalition if Abu Dis were actually handed over. But Barak delayed the transfer anyway because of rioting in the Palestinian territories on the 52nd anniversary of Israeli statehood, which Palestinians called al-Naqba (the disaster), by which they meant the displacement of hundreds of thousands of refugees during Israel's War of Independence. The violence, including shooting incidents, was the bloodiest seen in the territories since the tunnel riots of September 1996 when 15 Israelis and some 70 Palestinians were killed (see AJYB 1998, pp. 414–15). Israeli soldiers, usually responding with rubber bullets, were said to have killed seven Palestinians and wounded 1,000 in street fighting, which one observer said made the West Bank resemble "a huge battlefield.

Israel said that some Palestinian police officers and other members of Arafat's security forces had taken part in the fighting, using guns that had been provided to them under the Oslo agreements against Israeli troops. The Palestinians, who said that one of their police officers had been shot dead during the four days of fighting, claimed that officers had only used their weapons in self-defense, and only to return Israeli fire. There were no Israeli deaths, evidence of Israeli policies, adopted after the 1996 tunnel riots, which reduced the exposure of IDF troops.

The Israel Defense Force Central Command, which was responsible for the West Bank, said on May 16 that the events of al-Naqba had been "planned by the Palestinian Authority, which wanted to 'heat up' the populace and then lost control of events. The Palestinian police," it charged, "made no effort to calm the disturbances, while IDF soldiers used crowd-dispersal means in a calm and responsible manner, and live fire was used only after" fire was opened on Israeli troops. Some of those who had opened fire on Israeli soldiers at the Ayosh junction near Ramallah, said the IDF, were members of Tanzim, the Palestinian militia affiliated with Arafat's mainstream Fatah movement. "The PA," an army of-
A fire bomb was tossed into an Israeli car traveling through the Palestinian town of Jericho on May 21 and an Israeli girl was seriously hurt, prompting Prime Minister Barak to suspend a "secret track" of Israeli-Palestinian peace talks in Stockholm between Internal Security Minister Shlomo Ben-Ami and Abu Ala, speaker of the Palestinian Legislative Assembly, who had been the main Palestinian negotiator during the 1993 secret talks in Norway that led to the Oslo agreements. Disclosure that the talks had been going on irked both Foreign Minister David Levy and Yasir Abd Rabbo, the head of the PA team for final-status talks. Abd al-Rabbo called the Stockholm negotiations "an Israeli conspiracy aimed at extracting fundamental concessions" from the Palestinians.

The Americans again tried to revive the broken-off talks. Barak met with Clinton in Portugal on June 1, and the U.S. president subsequently dispatched Secretary of State Albright to the Middle East. During her visit to Israel and the Palestinian areas, Albright attempted to lay the groundwork for a tripartite summit between Clinton, Arafat, and Barak. In Cairo for meetings with Egyptian president Hosni Mubarak, Albright said that she and Clinton were ready "to roll up our sleeves and do everything to facilitate the process." Arafat later flew to Washington for additional talks with Clinton on June 15, but there was no firm plan, as yet, for a summit meeting.

Camp David

It was not till July 5, after weeks of uncertainty about the next step in the peace process, that Clinton announced he would host a make-or-break summit beginning July 11 at the Camp David presidential retreat in the Maryland hills. The PLO central committee, meeting in Gaza, had previously empowered Arafat to declare a Palestinian state on September 13, the deadline set at the 1999 Sharm el-Sheikh summit for concluding a final-status agreement. This empowering resolution was passed unanimously by the PLO delegates without a strong reaction from Hamas, the Islamic resistance movement in the territories, which had been responsible, over the years, for many of the suicide bomb attacks on Israeli soldiers and civilians.

But if Arafat had a relatively strong mandate going into Camp David, Barak's position was shaky. His governing coalition effectively collapsed on July 9 when Shas, the ultra-Orthodox party of Sephardi (Middle Eastern) Jews, the National Religious Party (NRP), and Yisrael ba'Aliya, the Russian immigrant party led by Natan Sharansky, withdrew their support for the government because Barak had refused to consult them on the Camp David summit. Eli Yishai, the Shas leader, said he had not been informed what "red lines," if any, Barak had set for himself at Camp David. At the same time the six ministers from these parties—
Shas's Yishai (labor and social affairs), Yitzhak Cohen (religious affairs), Shlomo Benizri (health), and Eliyahu Suissa (national infrastructure), the settler-supported NRP's Yitzhak Levy (housing and construction), and Interior Minister Sharansky—resigned. Barak was forced to delay his departure for Washington until a no-confidence vote was conducted in the Knesset on two motions by the opposition Likud. Barak lost the vote 54-52, but the opposition failed to get the 61-vote absolute majority necessary in the 120-member Knesset to bring down the government.

Barak suffered an additional blow when David Levy, his foreign minister and deputy prime minister, refused to accompany him to the summit. Levy, who had bolted the Likud to take his Gesher (Bridge) party into Barak's One Israel before the 1999 elections, said he was upset about positions Barak might take at the summit. In addition, Levy was thought to be peeved that Ben-Ami, and not he, had been given a senior role in peace negotiations with the Palestinians.

The Israeli prime minister, leaving for the summit with a political crisis behind him, said that he was facing an historic task. "The time has come," he said in his departure statement, "to take decisions and to bequeath a better future to our children, a different reality from that known by our and our parents' generations. This is the time to devote our best resources to education, to reducing unemployment, to bridging social gaps, to equal opportunity, and to taking advantage of the enormous talents of our young generation... This is the meaning of peace and security," Barak said, providing a hint of the far-reaching concessions he was about to offer the Palestinians: "There is no peace without a price, just as there is no peace at all costs."

The Camp David talks focused on five key areas that had been set aside for determination in final-status talks: the future status of Jerusalem, including the holy places in the Old City and on the Temple Mount (known to Muslims as Haram al-Sharif); delineation of final borders between the Palestinian and Israeli entities and security arrangements between them; the future of Israeli settlements in the West Bank and the Gaza Strip; the question of refugees and the Palestinian claim of the "right of return" to their homes, some of them in Israel proper, for people displaced in both the 1948 War of Independence and the 1967 Six-Day War; and the resolution of disputes over the division of water supplies. Even if no final agreement could be reached on these thorny issues, it was hoped that at least the two sides could agree on some kind of framework for the continuation of negotiations after Camp David.

In a move unprecedented in the history of Israeli diplomacy, Barak opted to strike out for a complete and final settlement of all issues, in exchange for a Palestinian agreement to the "end of the conflict." In doing so, he was willing to discuss not only the creation of a Palestinian state—an almost unthinkable notion a year earlier—but also the possibility of ceding much more territory to the Palestinians than had ever been mooted before, as much as 95 percent of the West Bank. Furthermore, Barak stepped back from the traditional Israeli position
that Jerusalem must remain the undivided and united capital of Israel, raising the possibility that Israel might recognize PA sovereignty over Palestinian neighborhoods in Jerusalem, including parts of the Old City.

Despite an official news blackout during the July 11-19 talks, reports leaked out about arguments between the two sides. Clinton, who was due to leave the summit for the three-day G-8 summit meetings in Okinawa on July 19 (when the talks were due to end), delayed his departure for 24 hours to keep the parties at the bargaining table. After some effort, both sides agreed to stay on, with Albright conducting the negotiations until Clinton’s return from Okinawa. But the optimism generated by the continuation of talks evaporated after Clinton came back to Camp David on July 25, and two days later the summit collapsed. Both Barak and Arafat left the United States for home on July 26.

At the end of the summit, the parties released the following joint statement:

> Between July 11 and 24, under the auspices of President Clinton, Prime Minister Barak and Chairman Arafat met at Camp David in an effort to reach an agreement on permanent status. While they were not able to bridge the gaps and reach an agreement, their negotiations were unprecedented in both scope and detail. Building on the progress achieved at Camp David, the two leaders agreed on the following principles to guide their negotiations:
>
> 1) The two sides agreed that the aim of their negotiations is to put an end to decades of conflict and achieve a just and lasting peace.
> 2) The two sides commit themselves to continue their efforts to conclude an agreement on all permanent status issues as soon as possible.
> 3) Both sides agree that negotiations based on UN Security Council Resolutions 242 and 338 are the only way to achieve such an agreement and they undertake to create an environment for negotiations free from pressure, intimidation and threats of violence.
> 4) The two sides understand the importance of avoiding unilateral actions that prejudge the outcome of negotiations and that their differences will be resolved only by good faith negotiations.
> 5) Both sides agree that the United States remains a vital partner in the search for peace and will continue to consult closely with President Clinton and Secretary Albright in the period ahead.

In the aftermath of Camp David, Clinton praised “the courageous actions that the prime minister and the Israeli team took at the summit,” and pledged a “comprehensive review of the U.S.-Israeli strategic relationship, with a view towards what we can do to ensure that Israel maintains its qualitative edge, modernizes the army and meets the new threats that Israel and the other countries will face in the 21st century.” He also promised that a memorandum of understanding on bilateral assistance would be formulated. While he gave most of the credit to Israel, Clinton added that “the Palestinians did make some moves at these talks that have never been made before. And while I made it clear in my statement, I thought that the prime minister [Barak] was more creative and more courageous. They did make some moves, and... the negotiating teams, for the first time in a formal setting where it counted, actually discussed these issues.”
In an extraordinary interview with Israel TV’s Ehud Ya’ari, Clinton stated that Barak “in no way ever compromised the vital interests of the security of the State of Israel.” He added that most of the progress in the talks were made in the area of security, and that, in his view, there was “a clear willingness to try to come to grips with what were very different positions on this issue when they met, and come together.” On the issue of Jerusalem, Clinton said that he had kept on telling the Palestinians “that you cannot make an agreement over something as important as a city that is the holiest place in the world—to the Jews, to the Christians, and one of the holiest places in the world to the Muslims—if it is required of one side to say, ‘I completely defeated the interest of the other side.’ If either side gets to say that at the end, there won’t be an agreement. There can’t be. There are legitimate interests on both sides, in Jerusalem, in such a way that they are met and honored and that the sanctity of the Holy City is uplifted. There has to be a way to do that.”

Barak spoke of his own efforts “to do everything possible to bring about an end to the conflict—but not at any price—while at the same time strengthening the State of Israel, and Jerusalem its capital. In the course of the negotiations,” he said, “we touched the most sensitive nerves, ours and the Palestinians, but regretfully—with no result.” Israel, he concluded, “was prepared to pay a painful price to bring about an end to the conflict, but not any price. In the past year, we have exhausted every possibility to bring an end to the 100-year-old conflict between us and the Palestinians, but regrettably the conditions were not yet ripe.”

After the summit, Arafat returned to a hero’s welcome in Gaza, and almost immediately departed on an international tour—including visits to France, South Africa, China, Egypt, Japan, Malaysia, Vietnam, and other countries—in an attempt to secure diplomatic support for his position and to fix the blame for the summit’s failure on Jerusalem. With Israeli officials following him on most of these stops and explaining their government’s views, he was largely unsuccessful. Many of the world leaders reportedly cautioned Arafat against unilaterally declaring Palestinian statehood on the September 13 deadline. Even the Jerusalem committee of the Organization of Islamic Conference, meeting on August 28, fell short of backing unilateral Palestinian statehood. Israel said that a unilateral Palestinian declaration of statehood would violate existing Israeli-PLO agreements, and would specifically break commitments enshrined in the trilateral Arafat-Barak-Clinton statement at the end of the unsuccessful Camp David summit. Clinton, for his part, sought to maintain the peace momentum by holding separate talks with the Israeli and Palestinian leaders in advance of the September 13 deadline.

Barak, back home, had to deal with David Levy, who on August 2 announced his resignation as foreign minister in protest over the far-reaching concessions Barak had offered at Camp David. Within a few days Barak named Ben-Ami, who had been deeply involved in peace negotiations with the Palestinians, as acting foreign minister. At about the same time he began allocating the portfolios of the
six ministers who had resigned earlier in the summer to other members of his cabinet on an "acting" basis: Communications Minister Binyamin Ben-Eliezer took charge of housing and construction as well, also assuming the vacated post of deputy prime minister; Minister for Jerusalem Affairs Haim Ramon took on responsibility for the interior; and Justice Minister Yossi Beilin added the religious affairs portfolio to his duties. (Somewhat later, Tourism Minister Amnon Lipkin-Shahak took over the transport post vacated by Yitzhak Mordechai, and former Tel Aviv mayor Roni Milo became the acting health minister.)

U.S. efforts to bring the two parties together continued, and Clinton met with both Barak and Arafat at the UN Millennium Summit in New York in early September. In his speech to the summit, Clinton repeated the theme his representatives and emissaries had been stressing—that both Israel and the Palestinians should take the "hard risks for peace." Pressure mounted on the Palestinians, who were generally viewed as principally responsible for the failure to reach agreement, but both sides failed to budge on the key issue of Jerusalem.

Talks between the parties did renew, briefly, in the United States on September 11, between delegations headed by Ben-Ami for Israel and Abu Ala for the Palestinians. But those negotiations broke off on September 19. A week later Arafat came to Barak's home at Kochav Yair, northeast of Tel Aviv, for the first meeting between them since Camp David. This get-together was described as "the best ever" between the two leaders, and both sides stressed the positive atmosphere of the meeting.

Nevertheless, the two sides remained at odds on the key issue of sovereignty over the Temple Mount, sacred to Jews as the site of both Solomon's and Herod's temples, and the third holiest site for Islam. Israel had made several proposals, but Arafat remained steadfast in his rejection of anything less than absolute Palestinian sovereignty over it and over the other non-Jewish holy places in the Old City. In late September Barak said that he saw no reason why, in the future, Jerusalem could not contain both a Palestinian and an Israeli entity, indicating that he thought the Temple Mount could be "dealt with under a time frame and a mutually agreed procedure." On September 27, Sgt. David Biri, 19, was killed near Netzarim, in Gaza. The next day, September 28, Ariel Sharon visited the Temple Mount.

The Explosion

Outside Israel, at least, it was assumed that Likud leader Ariel Sharon's visit to the Temple Mount triggered the armed Israeli-Palestinian conflict that raged throughout the West Bank and Gaza and spilled over into Israel proper during the last three months of 2000. However Sharon and his supporters—and other Israeli observers as well—insisted that the Sharon visit was no more than an excuse for the outburst of violence, which would have been set off even had the controversial Sharon not made his politically charged inspection of the site.
Accompanied by Likud Knesset members and hundreds of armed police who were deployed all over the Western Wall plaza and around him, Sharon arrived at the mount at 7:30 A.M. on Thursday, September 28. He entered the compound through the Moghrabi gate, and visited the area near Al-Aqsa and the underground area called Solomon Stables that, some years before, had been converted into a mosque. During the visit, an Israeli Arab member of the Knesset who was present, but not part of the delegation, called out to Sharon and accused him of being a “murderer.” Members of Sharon’s Likud entourage replied by charging that the heckler was inciting to violence. As the Likud group departed, police escorts prevented Palestinian youths shouting “Allahu akbar” from getting close to the politicians. The youths then began to throw stones and other objects at the police, but nothing further happened that day.

After Israel captured the Old City of Jerusalem in the 1967 Six-Day War, it left both the Al-Aqsa Mosque and the Dome of the Rock, located on the Temple Mount, under the control of the Wakf, the Muslim religious trust, which generally allowed Jews to visit there, but not to pray or do anything else that might suggest Jewish ownership. Commenting on the incident after he had left the scene, Sharon said that “the Temple Mount is under Israeli sovereignty and it is the right of every Jewish person to visit the site. There cannot exist a situation in which Jews cannot visit the holiest site in the world for Judaism.”

After Friday Muslim prayers on September 29 — the eve of the Jewish holiday of Rosh Hashanah — Palestinians rioted on the Temple Mount, throwing stones on Jewish worshipers at the Western Wall plaza below and clashing with police. Four Palestinians were killed and a reported 200 were wounded, as police fired both rubber bullets (rubber-coated steel pellets designed for use in riot control) and live ammunition at the mob.

In the ensuing days, demonstrations and violent clashes — with Palestinians firing automatic weapons at Israeli positions — erupted throughout the West Bank and Gaza to protest the killings on the Temple Mount. Israeli authorities claimed that the violence had been planned and orchestrated in advance of the Sharon incident. The clashes escalated over the weekend, particularly after TV broadcasts of the death of 12-year-old Muhammad al-Dura, who was caught in a cross fire between Israeli troops and Palestinian gunmen at the Netzarim junction in Gaza. Israeli investigations cast doubt on the generally accepted thesis that IDF bullets killed the boy, and suggested that the fatal shots may have come from Palestinian fire. But the impact of the case was beyond doubt: To the Palestinians and to much of the world, Muhammad al-Dura was a victim of “Israeli brutality.”

Palestinians declared a “day of rage” following the death of nine Palestinians in Gaza, the West Bank, and Jerusalem. On October 7 Palestinians — apparently including armed members of the Tanzim, the militia aligned with Arafat’s mainstream Fatah movement — stormed the army outpost at Joseph’s Tomb in Nablus. Yusuf Madhat, 19, a border police sergeant from the Israeli Druse town of Beit Jann, bled to death when a rescue force was unable to enter the besieged site. (Is-
raeli troops were careful about entering the site where, in the 1996 Hasmonean tunnel riots, a rescue force had been ambushed and six soldiers killed.) Among those who attempted to bring the injured Madhat out was Jibril Rajoub, head of the Palestinian Preventive Security Force in the West Bank. The tomb area, which served as a yeshivah, was later evacuated by Israeli forces. Noting that it was a recognized Jewish holy site, the Israeli army announced that the PA had violated provisions of the Oslo agreements, which required it to protect the tomb. According to the IDF, the PA had agreed to protect the site after its voluntary evacuation. “This pledge was brazenly violated,” an IDF statement said, “about two hours after the evacuation, when a Palestinian mob entered the tomb compound and began to systematically destroy everything in sight, including all remnants of the yeshivah, furniture, and [holy] books that were left behind.”

As the violence escalated, there were efforts to bring it under control. Arafat and Barak attended an October 4 meeting with Secretary Albright at the residence of the U.S. ambassador in Paris. Arafat, in sessions with the two others and in one-on-one talks with Albright, insisted that Israel agree to an international inquiry into the outbreak of the violence; Barak categorically rejected the effort to internationalize the conflict. At one point during the meeting Arafat walked out, and Albright, wearing high heels, had to chase the Palestinian leader across the cobblestoned courtyard and order embassy guards to close the gates so his car could not leave. No agreement was reached at the talks, but Albright said they constituted progress towards a cease-fire. According to some reports, Arafat then spoke to President Jacques Chirac at the Élysée Palace, who advised him not to close a cease-fire deal as long as the Israelis did not agree to an international inquiry. Albright, Arafat, and Barak were due to meet on the following day, October 5, with Egyptian president Hosni Mubarak at Sharm el-Sheikh. Barak, however, said there was no point in the meeting and returned home; following a session with Albright and Arafat, Mubarak called an emergency summit of Arab heads of state for October 21 in Cairo.

As fighting continued, Barak warned Arafat on October 7 that peace negotiations would be suspended if violence did not stop within 48 hours. That same day, the UN Security Council (with the United States abstaining rather than exercising its veto power to kill the proposal) voted to condemn “the excessive use of force against the Palestinians.” Israel’s ambassador to the UN, Yehuda Lancry, told the council: “We are not faced with peaceful demonstrators, but rather a coordinated escalation of the violent confrontation throughout the West Bank and Gaza. There have been numerous instances of live fire emanating from within rioting crowds. In all these cases, Israeli security forces returned fire only when absolutely necessary, and only when faced with an imminent threat to life and limb.” His assertion that Israelis only shot as a last resort was meant to answer Palestinian claims that Israeli troops had been given shoot-to-kill orders. (Other Israeli spokesmen would explain, in ensuing weeks, that the army had changed its tactics after the September 1996 tunnel riots, so that soldiers would not be ex-
posed to Palestinian fire. These changes apparently included the use of specially reinforced vehicles and the employment of snipers who had orders to fire at Palestinians about to use weapons against Israelis.)

Clashes and diplomatic efforts to end them continued, and it was unclear whether Arafat tacitly approved of the violence or whether the activities on the ground, including the actions of his own Tanzim militia, had spun out of his control. Then, on October 12, army reservists Vadim Nozich and Yosef Avrahami, on their way back from home leave to their base in the Ramallah area, mistakenly passed through Israeli checkpoints and ended up at a Palestinian roadblock. The two men were taken to the PA police station in Ramallah, where word of their presence reached a group of Palestinians dispersing from the funeral of two people killed the previous day. The mob besieged the police station, broke in, and beat both men severely, to death or the verge of death. One was tossed out of a window, where pictures taken by an Italian TV crew showed him being hit repeatedly by a man with a heavy metal window frame. The body of one man was dragged through the streets of the town. The Italian TV crew managed to get the videotape it had taken of the incident out of the West Bank, and the horrifying pictures were passed on to other networks as well and seen around the world. The two bodies were returned to Israel a few hours later.

Israel responded with selective bombing—using helicopter gunships—of Arafat's Fatah offices in Gaza and Ramallah, and the police station itself. Arafat condemned the attacks as a "declaration of war," acting Israeli foreign minister Ben-Ami said the peace process was "at an end," and Barak, announcing that he no longer considered Arafat a peace partner, began talks to bring the Likud and its leader, Ariel Sharon, into a national unity or emergency government. An ashen-faced Amnon Lipkin-Shahak, speaking for the Israeli government soon after the killings, said Israel would leave no stone unturned to bring the killers to justice. Identifying some of those responsible from the TV pictures, Israeli security forces acted within weeks, arresting about a dozen members of the lynching mob, including the man pictured standing in the second-floor window of the Ramallah police station displaying his bloody hands to the mob below. The arrests—or at least most of them—were made in Area B, under Israeli security control, and in Area C, under Israeli security and civil jurisdiction, under the terms of Oslo. On December 7 Muhammad Daoud Hamdan, of Arora, north of Ramallah, a village under full Palestinian Authority control, was indicted for his role in the gruesome killings.

Later in October, Ricardo Cristiani, the correspondent of RAI, the Italian government TV network, published an open letter in a Palestinian newspaper apologizing to the Palestinian Authority for the release of the lynching videotape—which had been taken, in fact, by a rival station owned by media mogul Silvio Berlusconi. In his letter, Cristiani said that he and his colleagues would "follow the rules" about the broadcast of sensitive material. As a result, the Israeli government press office lifted the credentials of the RAI broadcaster and his net-
work recalled him to Rome. After death threats were made against them, other Italian broadcasters also returned home.

As fighting escalated, Kofi Annan, King Abdullah of Jordan, and other foreign leaders again tried to broker a deal that would cool things down. After some jockeying, it was agreed that Mubarak would host an emergency summit at Sharm el-Sheikh on October 16–17, to be attended by Clinton, Barak, Arafat, King Abdullah, and Annan. The Sharm summit ended with a modicum of success. Barak and Arafat did not shake hands nor could they agree to a signed written statement at the conclusion of the meeting. Instead, President Clinton issued an oral statement at the end of the summit. He noted that both sides had agreed to call publicly and unequivocally for an end to the violence, and that they would take immediate concrete measures to end the confrontation, eliminate points of friction, and ensure an end to violence and incitement. Both sides also promised to act immediately to return the situation to the way it was prior to the current crisis. In addition, the president said, the United States, together with the Israelis and the Palestinians, and in consultation with Secretary General Annan, would set up a fact-finding committee to investigate the violence, its causes, and means to prevent its recurrence. Finally, the Clinton statement spoke of the need to find a pathway back to negotiations and the resumption of final-status talks, with both Israel and the PA agreeing to consult with the United States over the following two weeks on new ways to move the stalled process forward.

The Sharm meeting contained positive points for both leaders. For his part, Barak had gained a vague promise that Arafat would try to lower the level of violence, while the latter had secured Israel's agreement to begin pulling back its forces from the advanced positions they had taken during the fighting, and to lift the state of siege which Israel had placed over much of the Palestinian territory. Particularly important for Arafat was Israel's agreement to allow the reopening of the Gaza airport at Dehaniya. At the same time, Arafat managed to avoid being pushed into a public commitment to take back into custody several dozen key figures in the fundamentalist Islamic Jihad and Hamas movements, who had been released from PA jails after Israeli helicopter attacks a few weeks earlier.

Israel did pull back its forces—as it would do several more times during the period as quid pro quo for vague assurances from Arafat that he would rein in attacks against Israelis—but Arafat's promised public call for an end to violence did not materialize. Instead, more violence flared. Over the next weeks there were heavy shooting attacks on the settlement of Psagot, near Ramallah, and on the south Jerusalem neighborhood of Gilo from the Christian town of Beit Jala, in the Palestinian Authority's Area A, and from a nearby refugee camp. Israelis were horrified and shocked by the intermittent attacks on part of their capital, and public calls mounted to "let the army do its job" and launch heavy attacks on the Palestinians. Barak, however, followed a policy of restraint, fearing that massive retaliation would escalate and widen the crisis.

In late October, with the situation getting no better, Barak appointed a team...
to work on a blueprint for unilateral separation of Israel from the Palestinian-controlled territories. The plans, never formally put on the table, sought to minimize contact between the two populations by restricting the movement of Palestinians into Israel (as had happened, de facto, during the extended closure of the territories enforced during much of this period). In the short run, it was clearly impossible for Israel to cut many of the economic and infrastructure links between the two entities, which had been tightened as part of a deliberate Israeli policy after the 1967 Six-Day War. While it would not have been difficult to break apart the telephone networks (though the PA had its own 970 international calling code, calls still passed through Israeli switching stations), the electricity and water grids were completely interlinked, and, for security reasons, Israel would not give up control of the entry points between the PA and Jordan in the east, and Egypt in the south. While many Israelis were highly skeptical about the practicability of separation, the Palestinians were adamant in their opposition. It was, Sa’eb Erakat said, "a plan of occupation and suffocation."

The Arab summit took place in Cairo on October 21–22. It was the first meeting of Arab heads-of-state since June 1996, when they convened to discuss the impact of Benjamin Netanyahu’s election as Israel’s prime minister. While some of the more radical Arab states called for strong measures against Israel, President Mubarak of Egypt kept them at bay. The summit’s communiqué did, of course, condemn Israeli actions in the West Bank and Gaza, called for a downgrading of relations with Israel, and affirmed the leaders’ commitment to a just, lasting, and comprehensive peace in the region. It also recommended the establishment of an international tribunal to judge Israeli “war crimes.” But the only tangible measure taken was to set up two funds, totaling $1 billion, one to preserve the Arab identity of Jerusalem and the other to provide support to families of Palestinians killed in the violence. (In the wake of the summit, Oman, Morocco, and Tunisia downgraded the level of their diplomatic contacts with Israel; on November 21, Egypt recalled its ambassador to Israel, Mohammed Bassiouny, from Tel Aviv, but fell short of breaking diplomatic relations.)

The Prime Minister’s Office in Israel issued a statement “utterly rejecting” the conclusions of the Cairo summit and the “strong language” the communiqué contained. Israel, it said, “calls on the Palestinians to honor their commitments to halt the violence and incitement and immediately to restore calm and order before there is — Heaven forbid — an additional escalation.” It said that Israel would “uncompromisingly” defend its vital security interests and “continue to act to foster reconciliation between it and the Arab world, but not at any price and not under pressure of violence.” Barak announced that Israel would take a time-out from the peace process; Arafat’s response was to say, at a press conference, that anyone who sought to block the establishment of an independent Palestinian state in the West Bank and Gaza, with Jerusalem as its capital, “can go to hell.”

After yet another surge of Palestinian-initiated violence in late October, Israeli gunships attacked a number of Palestinian targets in the West Bank and Gaza,
particularly the headquarters of the Tanzim militia, whose members had been involved in many of the shooting incidents. The attacks were part of a new Israeli policy of taking the initiative and striking out against those it deemed responsible for the terror. Over the next few months that policy appeared to be behind the killings, in separate shooting incidents, of a number of leaders linked to Fatah and Tanzim in the territories, including the local boss thought to have been responsible for the firing on Gilo from Beit Jala, and Thabet Thabet, 49, the Fatah leader in the West Bank town of Tul Karm. Arafat’s response was a threat that the uprising would not cease until “a Palestinian boy or girl raises the flag of Palestine over Jerusalem, the capital of our Palestinian state.”

On November 7 Clinton announced the formation of the fact-finding committee that had been agreed on at Sharm el-Sheikh three weeks earlier. The committee, headed by former U.S. senator George Mitchell, had as members another former U.S. senator, Warren Rudman, former Turkish president Suleyman Demirel, the European Union’s security representative, Javier Solana, and Foreign Minister Thorbjörn Jagland of Norway. The committee began its work with a visit to the Middle East in late December; Roni Milo, the acting health minister, was liaison for the panel until the end of the year.

November saw several serious terrorist attacks inside Israel proper and on Israelis in the territories. On November 2 a car bomb exploded on a side street near Jerusalem’s busy Mahane Yehuda outdoor produce market, killing two passersby: Ayelet Hashahar Levy, the 28-year-old adopted daughter of NRP leader Yitzhak Levy, and Hanan Levi, a 33-year-old lawyer who was on his way back to his office after eating lunch in a restaurant in the market area. Police said that the explosive device—which the Islamic Jihad later said it had placed—was probably planned to go off closer to the market, where the damage and loss of life and limb would have been much greater.

On November 20 a roadside bomb exploded at 7:30 in the morning alongside a bus carrying children from Kfar Darom to school in Gush Katif, in the southern Gaza Strip. Two adults accompanying the children were killed, and nine others, including five children, were injured. The five seriously injured included three members of the Cohen family of Kfar Darom, each of whom lost parts of their legs. Defense officials told the emergency security cabinet meeting that the Palestinian Authority was completely responsible for the terror attack, which was carried out by the Fatah’s Tanzim forces.

At 5:30 P.M. on November 22, a car bomb was detonated just as a bus was passing it on the main street of the coastal town of Hadera, about 40 kilometers (25 miles) north of Tel Aviv. At the time of the blast the area was full of shoppers and people driving home from work. Shoshana Reis, 21, of Hadera, and Meir Bahrame, 35, of Givat Olga, were killed, and 60 Israelis were wounded in the blast—one of them critically and five seriously. Among those seriously injured was Thara Abu-Hussein, an 18-month-old Arab Israeli girl, who suffered burns over 15 percent of her body. Barak said that responsibility rested with the Pales-
tinian Authority, which had released terrorists, members of Hamas and Islamic Jihad, "and encourages and directs its people to carry out attacks. The State of Israel will settle accounts with the perpetrators and those who sent them."

The atmosphere remained bleak. In late November, speaking to a Finance Ministry budgeting session, former Shin Bet security service head Ami Ayalon said that at least some Palestinians had reverted to the old pre-Oslo assessment that they could gain statehood by violent means. The PLO's 1993 decision at Oslo to take the path of negotiation, he observed, was based on the assumption that a Palestinian state could be attained only through negotiations. "Now some Palestinians think that there is another alternative, and that what we are offering them is not honorable," Ayalon said. "As they see it, we . . . halted the process, and returned to it only under threat of violence." Ayalon recalled the 1996 Hasmonean tunnel incident, after which the prime minister at the time, Benjamin Netanyahu, "ran to Washington and gave them Hebron." The former Shin Bet chief also discussed the option of separation, which, he said, had profound implications for the future character of Israel as a state. He asked rhetorically, "Is the option of a Jewish democracy with apartheid acceptable?" And he answered: "In my view it is not."

As the year drew to an end, Israeli and Palestinian negotiating teams met in Washington on December 19–23. After the sessions concluded, President Clinton presented a series of bridging proposals to both sides that were subsequently accepted, with numerous reservations, by the Israelis and the Palestinians. These were to be discussed at future negotiations. According to the Hebrew daily Ha'aretz, the Clinton proposals included the following points:

Jerusalem: Arab neighborhoods will become part of Palestine, Jewish neighborhoods will remain part of Israel. On the Temple Mount, the Al-Aqsa Mosque, the Dome of the Rock, and the plaza between them will be under Palestinian sovereignty, but the Palestinians will be forbidden to conduct archaeological digs there and will have to acknowledge the Jewish connection to the site. The Western Wall, the Jewish Quarter of the Old City, and most of the Armenian Quarter will remain Israeli. The entire Old City will be open, with no border controls. Jerusalem will be the capital of both countries.

Refugees: Palestinian refugees will be granted the right to return to their "homeland," which will be defined in the agreement as the Palestinian state. There will be no right of return to Israel, but Israel will absorb tens of thousands of refugees on a humanitarian basis. An international framework, with Israel participating, will be set up for compensating and resettling the refugees. The agreement will recognize Israel as the historic homeland of the Jewish people.

Borders: The lines of June 4, 1967, will mark the borders between the two states, with minor adjustments for which Israel will compensate the Palestinians with territory in the Negev, around the Halutza dunes located on the Egyptian border south of the Gaza Strip. The Palestinians will control some 95 percent of the West Bank; about 80 percent of the settlers will be annexed to Israel, with terri-
torial contiguity between Israel and the annexed settlements. Israel will guarantee safe passage between Gaza and the West Bank, as had been provided in the earlier Oslo agreements.

Settlements: The Washington talks did not discuss evacuating settlements, but Ha'aretz said that, according to sources in Prime Minister Barak’s office, all settlements not annexed will be evacuated.

Finality: Upon signing the agreement, both sides will declare “an end to the conflict.” The agreement will be implemented in two stages, the first lasting three years and the second six years. When implementation is complete, the Palestinians will announce that they have no further claims against Israel.

A few days later, on December 28, Clinton told a Washington press conference: “I think that if it can be resolved at all, it can be resolved in the next three weeks . . . I don’t think the circumstances are going to get better. I think, that in all probability, they’ll get more difficult.”

**Israeli Soldiers and Jewish Civilians Killed, September 27 – December 31, 2000**

September 27—Sgt. David Biri, 19, of Jerusalem, fatally wounded in a bombing near Netzarim in Gaza.

September 29—Border Police Supt. Yossi Tabaja, 27, of Ramle, shot to death by his Palestinian counterpart on a joint patrol near Kalkilya.

October 1—Border Police Cpl. Yusuf Madhat, 19, of Beit Jann, at Joseph’s Tomb in Nablus.

October 2—Wichlav Zalsevsky, 24, of Ashdod, shot in the head when he went to a West Bank village to get his car fixed; Sgt. Max Hazan, 20, of Dimona, shot in a gunfight near Beit Sahur, in the vicinity of Bethlehem.

October 8—Hillel Lieberman, 36, of Elon Moreh, found dead near Nablus after he had walked into the Palestinian areas to protest the desecration of Joseph’s Tomb by a Palestinian mob.

October 10—Alon Zargari, 28, of Eli, north of Nablus, run over by a car driven by a Palestinian while he was standing at a hitchhiking station near the settlement.


October 19—Rabbi Binyamin Herling, 64, of Kedumim, killed in a gun battle after a group of settlers went on a tour to Mount Ebal near Nablus, and moved down the slopes of the mountain to vantage points where they could view Joseph’s Tomb.

October 28—The bullet-riddled body of Marik Gavrilov, 25, of Bene Ayish in the central part of the country, was found inside his burned-out car, between Bitunia and Ramallah on the West Bank. Apparently taken to Ramallah by a Palestinian friend, he was spotted by Palestinian gunmen and killed.
October 30—Esh-Kodesh Gilmore, 25, of Mevo Modi'in, the village in Israel largely populated by followers of the late Rabbi Shlomo Carlebach, shot to death by an anonymous gunman while he was working as a security guard at the National Insurance Institute branch on busy Salah al-Din Street, in East Jerusalem; Amos Machlouf, 30, of the Gilo neighborhood in Jerusalem, found murdered in a ravine near Beit Jala.

November 1—Lt. David-Hen Cohen, 21, of Karmiel, and Sgt. Shlomo Adshina, 20, of Kibbutz Tze'elim in the Negev, killed in a gun battle with Palestinians in the Al-Hader area, near Bethlehem; Maj. (res.) Amir Zohar, 34, of Jerusalem, killed in the Nahal Elisha settlement in the Jordan Valley while on active reserve duty.

November 2—Ayelet Hashahar Levy, 28, and Hanan Levi, 33, killed in a car-bomb explosion near the Mahane Yehuda market in Jerusalem. The Islamic Jihad claimed responsibility.

November 8—Noa Dahan, 25, of Moshav Mivtahim in the south, shot to death while driving to her job at the Rafah border crossing in Gaza.

November 10—Sgt. Shahar Vekret, 20, of Lod, fatally shot by a Palestinian sniper near Rachel's Tomb at the entrance to Bethlehem.

November 12—Sgt. Avner Shalom, 28, of Eilat, shot at the Gush Katif junction in the Gaza Strip.

November 13—Sarah Leisha, 42, of the Neveh Tzuf settlement, killed by gunfire from a passing car while travelling near Ofra, north of Ramallah. Ariel Sarel, who was driving, described the incident: “We were driving in the car and talking about how we're like sitting ducks at the funfair, that every day people are being injured here, and the army doesn't react. And then a light [colored] Fiat Uno approached us and the shots were fired that killed Sarah”; Cpl. Elad Wallenstein, 18, of Ashkelon, and Cpl. Amit Zanna, 19, of Netanya, killed by shots from a passing car as they were traveling in an unarmored military bus taking them to guard duty at settlements in the Ofra area, not far from Ramallah; Gabi Zaghouri, 36, of Netivot, killed by gunfire directed at the truck he was driving near the Kissufim junction in the southern part of Gaza.

November 18—Sgt. Baruch (Snir) Flum, 21, of Tel Aviv, shot by a Palestinian Preventive Security Service officer at the Kfar Darom greenhouses in southern Gaza. (Sgt. Sharon Shitoubi, 21, of Ramle, wounded in the same attack, died of his wounds on November 20. Shitoubi was one of the last soldiers to leave Lebanon in May, and was a central figure in a famous photograph of soldiers rejoicing at the end of the occupation of southern Lebanon.)

November 20—Miriam Amitai, 35, and Gavriel Biton, 34, both of Kfar Darom, killed by a roadside bomb attack on a bus carrying children from Kfar Darom to school in another part of the Gush Katif settlement bloc, in Gaza.

November 21—Itamar Yefet, 18, of Netzer Hazani, shot in the head by Palestinian sniper fire at the Gush Katif junction.

November 22—Shoshana Reis, 21, of Hadera, and Meir Bahrame, 35, of Givat Olga, killed by a powerful car bomb detonated alongside a passing bus
on Hadera's main street, when the area was packed with shoppers and people were driving home from work. Sixty people were wounded in the attack.

November 23 — Sgt. Samar Hussein, 19, of Hurfeish, killed by Palestinian sniper fire at a patrol near the Erez crossing point, at the northern end of the Gaza Strip; Lt. Edward Matchnik, 21, of Beersheba, killed in an explosion at the district coordination office near Gush Katif in Gaza. (The joint Israeli-Palestinian DCOs, responsible for security coordination, had been established at the borders of Palestinian-ruled areas under the Oslo interim peace accords.)

November 24 — Maj. Sharon Arameh, 25, of Ashkelon, killed by Palestinian sniper fire near Neve Dekalim in northern Gaza; Ariel Jeraffi, 40, of Petah Tikvah, a civilian employed by the IDF, killed by Palestinian fire in the West Bank.

December 8 — Rina Didovsky, 39, a Beit Hagai school teacher on her way to work, and Eliyahu Ben-Ami, 41, of Otneil, the driver of the van, killed by fire from a passing car near Kiryat Arba, in the Hebron sector of the West Bank; Sgt. Tal Gordon, 19, killed as he headed home on a Tiberias-Jerusalem bus, by fire from a passing car on the Jericho bypass road.

December 21 — Driving teacher Eliyahu Cohen, 29, of Modi'in, shot and killed by fire from an ambush a few kilometers west of Givat Ze'ev on Road 443, the secondary highway between Jerusalem and the coastal plain. After the incident and another shooting a week later, Israeli motorists stopped using the road, and the resulting increased traffic on the main Jerusalem-Tel Aviv highway caused massive traffic jams. Use of Road 443 remained low even after the army stationed tanks along the route.

December 28 — Capt. Gad Marasha, 30, of Kiryat Arba, and Border Police Sgt.-Maj. Yonatan Vermullen, 29, of Ben-Shemen, killed when called to dismantle a roadside bomb near the Sufa crossing in Gaza. The Islamic Jihad claimed responsibility.

December 31 — Binyamin Ze'ev Kahane, 34, son of the late right-wing leader Meir Kahane, and his wife, Talia, 31, killed by snipers on the Ramallah bypass road. Five of their children, aged two months to 10 years, were injured.

Investigation into Arab Deaths

During early October, Israeli Arabs in several northern towns blocked roads, threw stones, and burned tires to demonstrate solidarity with the actions of the Palestinians and to draw attention to what they viewed as Israel's discrimination against the country's Arab population. The protests came as a great shock to many Israeli Jews who had previously taken the loyalty of Israel's one million Arab citizens for granted. Police dealt with the situation by quickly resorting to their guns—in many instances eschewing the standard crowd-control responses of tear gas and water cannon—and killed 13 demonstrators. One of them was a young man from the town of Arabeh, who had been an activist in the "Seeds of Peace" youth movement that involved Israeli Arab and Jewish teenagers.
Almost immediately the families of the victims, Arab Knesset members, and some Israeli Jews as well charged the police with being too quick on the trigger. They pointed out that this was the first time that Israeli police had ever used large-scale firing of live ammunition against a protest by Israeli citizens, and, rather than reducing the violence, the police had caused it to escalate. Police officials, for their part, noted that the officers had been seriously outnumbered and, feeling that their lives were being threatened, they fired in self-defense.

The government initially launched a low-level probe of the killings. But it soon came to light that the police in the Northern District and their commander, Alik Ron, had previously been charged with excessive brutality against Israeli Arabs. Also, the performance of the police contrasted markedly with what happened in other locations where similar protests took place in October. In the Negev, there were major demonstrations by Bedouin in Rahat, Tel Sheva, and other towns. Although banks and other institutions were attacked and burned, no one was killed because the Southern District police commander worked with the local leadership of the towns in order to calm the demonstrators and restore order. In Haifa, Mayor Amram Mitzna went out into the streets beside the demonstrators, addressing the crowd and calling on the police not to use firearms.

The riots and the killings threatened to undermine the delicate fabric of Arab-Jewish coexistence in the Galilee, and, indeed, Arab-Jewish relations in the country as a whole. On November 8 the Barak government agreed to establish a formal commission of inquiry, to be chaired by Justice Theodor Or of the Supreme Court.

Other Developments

Phalcon Deal Canceled

The government of Israel announced on July 12 that it had canceled—under U.S. pressure—the sale of a $250-million AWACS-type aerial command post and reconnaissance plane to China. The U.S. government, and, most importantly, members of key congressional committees, had threatened to block U.S. aid to Israel if the sale of the aircraft, known as the Phalcon, was completed. The Americans claimed that the presence of such an advanced aircraft in Chinese hands would upset the balance of power in the China Straits, and might endanger U.S. forces involved in some future conflict between Taiwan and Beijing. Work on the aircraft had already been completed, and the plane—with sophisticated avionics from government-owned Israel Aircraft Industries (IAI), mounted on an Ilyushin airliner the Chinese had purchased from Russia—was parked in a corner of IAI's facilities at Ben-Gurion International Airport, waiting for a go-ahead. Also lost was the possible sale of another Phalcon to China, which would have represented an additional $250-million sale for IAI.
Barak had been under pressure for several months to cancel the Phalcon deal. But inside Israel there were sharp divisions over whether the delivery should go ahead. Those in favor said that the Americans had known about it for years, and were only raising objections now, when delivery was near, more for reasons of commercial rivalry than because of the plane’s strategic importance. Those favoring cancellation said that important as it might be to IAI or Israeli economic interests, the sale could do irreparable damage to Israeli-American relations.

The Chinese demanded a refund of the $250 million they had paid for the plane, but sources at IAI said there had been no decision on where the money would come from. IAI subsequently lost out—to American contractors—on contracts for Phalcon-type aircraft for Australia and Turkey; some sources suggested that the cancellation of the Phalcon deal had been a factor in the decisions by Ankara and Canberra to purchase American planes.

**Multilaterals Resume**

For the first time since they broke off in 1995, multilateral Middle East peace talks resumed in Moscow on February 1, with a meeting of the multinational steering committee. Members of the committee pledged to work for regional cooperation and to relaunch the four working groups dealing with development, the environment, Palestinian refugees, and water issues (only the water group had met, informally, during the more-than four years the talks had been suspended). There was no agreement, however, on whether to reconvene the fifth working group, the one on arms control.

Addressing the foreign ministers assembled at the session, U.S. secretary of state Albright said that world leaders “can sit on the sidelines and wait while opportunity after opportunity passes by the Middle East without stopping. We can watch this region of promise fall further behind and grow further apart. Or we can come together and do our part to assist the parties in building a comprehensive and lasting peace for the benefit of all.” President Clinton, Albright went on to say, “has made clear that the choice of the United States is to help build peace and bring opportunity.”

**Rau’s Declaration**

“I bow in humility before those murdered, before those who do not have graves where I can ask for forgiveness. I am asking for forgiveness for what Germans have done, for myself and my generation, for the sake of our children and grandchildren whose future I would like to see alongside the children of Israel.” With those words German president Johannes Rau addressed the Knesset on February 16, as part of a historic visit to Israel. The German leader spent five days in Israel, touring holy sites and meeting government leaders.
The Road to Early Elections

Ehud Barak, elected prime minister by a comfortable margin in May 1999, had based his peace plans on building a broad coalition, including traditionally right-wing and Orthodox elements, in the Knesset. Over the course of 2000, however, he saw his government slowly crumble. This gradual process of dissolution culminated on December 10 with the calling of early elections for prime minister.

Often during the year Barak displayed what was generally seen as weakness, making a series of contradictory moves that his opponents—and some of his colleagues and staunch supporters as well—saw as a path of zigs and zags. At the same time, Barak reinforced his reputation as an autocrat, an army commander who gave orders and expected them to be carried out, unable, either due to his military background or perhaps because of a temperamental impatience, to engage in the give-and-take of the political process.

In early May, for example, after several months of debate, Barak’s cabinet approved the recommendations of a committee headed by Avi Ben-Bassat, the director general of the Finance Ministry, for a major overhaul of the tax system. The goal was to ease the tax burden on the ordinary citizen while imposing levies on previously untaxed sources of income, such as earnings from the trading of shares on the stock market and gifts and inheritances, and closing the tax loopholes afforded by so-called “training funds” for employees, in which the employer deposits money allegedly for professional-advancement courses, but which can be withdrawn tax-free by the employee after seven years. Barak and Finance Minister Avraham Shochat enthusiastically backed the reform, launching a vigorous advertising campaign intended to convince the public that the changed tax rules would increase the average citizen’s monthly income while marginally increasing the burden on better-off Israelis.

The plan failed to gain public support. Under pressure from the Histadrut trade union federation, which sought to preserve the untaxed status of the training funds, and business and commercial groups opposed to the gift and capital-gains taxes, Barak and Shochat—who at one stage said he would resign if the tax plan were not adopted in toto—decided in early August to “suspend” efforts to implement it. The tax plan was to be the final item on the agenda of the Knesset summer session, but Shochat, who had also declined to present the draft budget to the Knesset, said that it would not be presented. The Finance Committee chairman, MK Eli Goldschmidt (One Israel) said there was no reason to bring laws for a first reading until there was a stable government, because otherwise there was no chance of passage in committee. In November another bid to get a diluted form of tax reform through the Knesset failed when Shas threatened to
make the measure a vote of no confidence in the government, and Shochat was forced to withdraw the proposal.

Over the first half of 2000—as had been the case for almost all of the first six months of his term in 1999—Barak was forced to mediate between two of his coalition partners. On the one hand was the left-leaning Meretz Party, led by Minister of Education Yossi Sarid, who insisted that funding for the Sephardi Orthodox Shas schools comply with all the standard requirements for governmental funding and allocation. Shas, on the other hand, wanted its deputy minister of education to have full authority over ultra-Orthodox education, a demand that Sarid refused.

On June 11 a bill to disband the Knesset and call early elections passed the Knesset. Among those voting for the bill were Shas, the National Religious Party and Yisrael ba'Aliya, all members of Barak's coalition. Barak declined to fire the four Shas ministers who violated coalition discipline by voting against the government (or, for that matter, the single ministers from each of the other two parties). Two days later, on June 13, the Shas Council of Sages, its governing body of rabbis, brought the simmering crisis to a head by deciding that the movement's ministers would tender their resignations at the cabinet meeting the following Sunday. The council's secretary, former MK Rabbi Rafael Pinhasi, said that his party did not feel it was a full partner in social and foreign policy, and expressed reservations over the financial recovery plan for the Shas education network, which needed 100 million shekels to cover accumulated debts. The Shas leader, Minister of Labor and Social Affairs Eli Yishai, took an even harder line, saying, "Shas has reached the end of the road in the coalition."

A little over a week later Barak made it clear that he would accede to Shas's demands even if it meant that Meretz—One Israel's natural ideological partner and ally in the election campaign—would leave the government. The difference, of course, was that unlike Shas, which was not ideologically committed to the government's peace policies, even if Meretz ministers Yossi Sarid (education), Haim Oron (agriculture), and Ran Cohen (industry and trade) would no longer hold portfolios, the party would have no choice but to continue to support the government in Knesset votes.

In late June, a few hours before their letters of resignation were due to take effect, the Shas ministers withdrew them under an agreement whereby Barak and Yossi Kucik, director general of the Prime Minister's Office, would supervise the Shas school network. Yishai said that Shas was not gloating over Meretz's departure from the cabinet. "The education of Jewish children is important to us. Security for the State of Israel is important to us. Social affairs are important to us. The fact that Sarid is not in the Ministry of Education is important for the Israeli nation and for the Jewish people," he said. Finance Minister Shochat justified the abandonment of Meretz. "In political life," he said, "there are moments when decisions must be taken. This is a difficult decision, that Meretz members are not to be in the government."

The breather, though, was short-lived. On July 8 Natan Sharansky resigned from the cabinet and took Yisrael ba’Aliya out of the coalition. Sharansky said he could no longer support Barak’s diplomatic efforts. From the very start of the Barak government in the summer of 1999, the immigrant leader said, he had not felt he was part of the diplomatic process. Immediately after his resignation Sharansky told a rally against Camp David that Barak was going to Washington without broad backing from the coalition, let alone from the nation. For this reason, Sharansky added, there was a danger of a rift in the nation. “I tried to use my influence from the inside to promote the establishment of a national unity government. Having exhausted all means at my disposal, I’m planning to fight for this cause from the outside,” Sharansky said.

On July 9, the next day, Shas and the National Religious Party left the coalition, with the five ministers of these two religious parties all handing in their resignations (see above, pp. 490–91). The NRP left because of Barak’s negotiating stance, while Shas said it did not feel part of the current diplomatic process. However Shas leader Eli Yishai said that though in opposition, Shas would back the government if a “good” agreement were reached at Camp David. At the last minute Barak sent Communications Minister Binyamin Ben-Eliezer as an emissary to Rabbi Ovadia Yosef, the Shas spiritual leader. Ben-Eliezer sought, unsuccessfully, to persuade Rabbi Yosef to wait until after the Camp David summit before ordering the ministers to quit.

Meanwhile, Minister of Foreign Affairs Levy—who for some months had been advocating the forging of a national unity government encompassing the Likud, the party he and his Gesher movement left to join Barak’s One Israel in 1999—said he would stay in Israel rather than accompany Barak to Camp David. Levy’s announcement was construed as an expression of no confidence in Barak’s handling of diplomatic matters. Thus when Barak left for Camp David on July 10 only a third of the 120-member Knesset supported his government. There was considerable talk of the possibility of a national unity government in the event that the summit failed.

On his return, Barak was hit by two serious political blows. First, the Knesset, in a surprise vote, defeated favored Labor/One Israel candidate Shimon Peres and elected the Likud’s Moshe Katzav as president to succeed Ezer Weizman, who had resigned (see below). And on August 2 Levy resigned from the cabinet and the coalition, and voted for a bill that, on preliminary reading, called for early elections. This was one of the last bills passed before the end of the Knesset’s summer session, and no further action could be taken on it until the parliament returned in October, after the High Holy Days.

On August 19 Barak drew the wrath of the already alienated religious and ultra-Orthodox parties by unveiling his blueprint for “civil reform” in Israel. The plan called for completion of Israel’s constitution by passing four “basic laws,” which, in the Israeli system, are equivalent to constitutional provisions. One spelled out the courts’ powers of judicial review, and the three others specified individual
rights, including the options of civil marriage and divorce, which would upset the status quo whereby matters of personal status were the domain of religious courts. Civil reform was also to include dismantling the Ministry of Religious Affairs, a stronghold of Shas in recent years and a vehicle for funding many projects of the Orthodox parties; universal national service for all Israelis, including both Israeli Arabs and ultra-Orthodox men and women; and requiring the teaching of English, mathematics, and civics in all government-funded schools, even the ultra-Orthodox ones where these subjects were not taught; and the operation of public transport—including El Al, the national air carrier—on the Sabbath and Jewish holidays.

Political observers saw these proposals as calculated to attract the support of the secular Russian voters of Sharansky's Yisrael ba'Aliya, an essential element in any possible coalition Barak might form in the absence of a peace breakthrough with the Palestinians. Ultra-Orthodox parties roundly condemned the initiative, seeing it as a threat to Israel's Jewishness. On September 25 Arye Deri, the former Shas leader, demonstrated the depth of ultra-Orthodox feeling against Barak's civil reform: "Barak is spreading hatred among the Israeli people. He is creating an atmosphere of hatred by secular Jews against us. He has broken all the rules that past prime ministers followed. We've never had a creature like this in Israel."

After beginning to dismantle the Religious Affairs Ministry, which was then under the jurisdiction of acting minister Haim Ramon, Barak backed down on his civil-reform plans in November as part of a deal in which Shas gave him a parliamentary "safety net" of support. The opposition painted the move as yet another of Barak's zigs and zags, and the public largely accepted this interpretation, which would gain even more credence at year's end when Barak resurrected civil reform to attract the Russian immigrant vote for the 2001 prime ministerial campaign.

Nor was Barak's cause helped by the resignations of two members of his inner circle. On August 21 Haim Mendel-Shaked, the prime minister's chief-of-staff, quit, just a few days after his deputy, Shimon Battat, left. Both men, longtime Barak associates from their army days, gave interviews to the press in which they criticized Barak for making too many decisions on his own, without consultation. During the course of the three months of violence that began after Sharon's visit to the Temple Mount, Barak drew sharp criticism for his alleged inconsistency—announcing that Israel would not negotiate with the Palestinians as long as there was widespread violence in the territories while maintaining diplomatic contacts with them, and pulling back troops from advanced positions before the violence had really subsided. As terror mounted and more Israelis were killed in the territories, he was also criticized by settlers and members of the political right wing who claimed that the army was being unnecessarily and unwisely restrained from taking forceful action.

Almost immediately after the outbreak, Barak called on the Likud to join a
government of national unity, or a limited-time emergency government. He launched talks with Likud opposition leader Sharon, which continued intermittently until early December. But while agreement seemed close on a number of issues, Barak steadfastly refused to give Sharon a veto over the government's negotiating positions. At the same time, most of the 19 Likud MKs were sharply critical of Sharon's participation in unity talks.

On November 29 Barak announced that he favored early elections but said that he would not resign. In reaction, Sharon voiced the view of many opposition members when he said: "We are witnessing an enormous effort by Barak, which will continue, to conclude a diplomatic document that he can flush out during the election campaign. The danger is that he may try to reach an agreement at all costs, and this will also affect the government's willingness to fight terrorism. Other Likud politicians, including former communications minister Limor Livnat, voiced a similar theme: Barak, they said, had no right to negotiate with the Palestinians because of his precarious political position and because his government was backed by little more than a quarter of the members of the Knesset. At a meeting of opposition MKs, Yosef (Tommy) Lapid, head of the anticlerical party Shinui (Change), who had often been courted by Barak for a "secular" coalition, suggested that the Knesset be dissolved before the December holiday of Hanukkah so that new elections could be held for both the Knesset and for prime minister. Referring to the raft of special-interest bills on the Knesset's agenda, Lapid declared that an election was needed "in order to put an end to the wasteful and populist legislation, which will only worsen in the coming weeks."

As opposition members sought to muster the 61 votes necessary to dissolve the Knesset, pressure for elections mounted. On Saturday night, December 9, Barak called a dramatic press conference to announce that he was resigning as prime minister. In such a case, under election law, a special election must be held for prime minister only, and not for the Knesset, within 60 days — and only sitting members of the Knesset were eligible to run. This would presumably exclude the candidacy of Benjamin Netanyahu, the former prime minister who had resigned his Knesset seat after losing the May 1999 election to Barak. Netanyahu, on a speaking tour in San Francisco, headed home to announce that he was a candidate anyway. "I am presenting my candidacy for the leadership of the Likud movement and for the leadership of the State of Israel," Netanyahu told a press conference at Jerusalem's King David Hotel a few hours after his plane had landed. He accused Barak of practicing "a transparent trick" by resigning. "When someone is afraid of a challenge, apparently he has a reason," said Netanyahu. At the time, opinion polls showed Barak running slightly ahead of Sharon, the Likud leader, but far behind Netanyahu. Netanyahu declared, though, that he would enter the race only on condition that there were elections for both the Knesset and the prime minister, and that would require the parliament to vote to dissolve itself. He noted the fractured state of the sitting Knesset, in which neither the Labor-led bloc nor the Likud could create an effective majority coalition.
Under those conditions, he said, no one elected in a special vote for prime minister only could hope to govern.

In response to Netanyahu’s initiative, political moves were launched in the Knesset to help him. Yair Peretz, the Knesset whip of Shas, initiated what was called the “Netanyahu law,” an amendment to Basic Law: Government, that would allow nonmembers of the Knesset to run in a special prime ministerial election. The bill was quickly pushed forward through parliamentary committee so that it could come up for a vote on December 18. At the same time Netanyahu supporters pressed the Knesset dissolution bill to meet Netanyahu’s condition for running. The Likud scheduled its primaries to choose a prime ministerial candidate — only Sharon, the sitting party leader, and Netanyahu were running — for December 19, the day after the Knesset vote. On the night of December 18, the two bills came up for a final vote. The “Netanyahu law” passed 65-40, with four abstentions. But, with the support of Shas and Labor, the Knesset voted down the bill to dissolve itself, 69-49. With only the prime minister’s position at stake in the election, Netanyahu, true to his promise, withdrew from the Likud leadership ballot, leaving Sharon as the sole candidate. At the same time, the former prime minister vowed to return to the political wars.

On December 21, after polls suggested that he could defeat Sharon in a race for prime minister, Shimon Peres sought to become a third candidate in the race, representing the left-wing Meretz party. Meretz, though, declined to sponsor a Peres candidacy. With only Barak and Sharon left in the running, public-opinion polls showed a widening gap in favor of the Likud challenger. At year’s end, most surveys showed Sharon leading Barak by around 20 percentage points.

A New President

Fifty-five-year-old Moshe Katzav was installed as Israel’s eighth president on August 1 after winning a surprise victory over former prime minister Shimon Peres in a special election by the Knesset. Born in Mashhad, Iran, Katzav became the first head of state from “the second Israel,” the immigrants from Middle Eastern countries who came to Israel in the early years of the state and who, by and large, had occupied the lower end of the socioeconomic scale through the country’s 52 years of statehood.

Katzav replaced Ezer Weizman, who resigned under pressure after it had been disclosed that he accepted illegal contributions from French Jewish businessman Edouard Saroussi. The Weizman affair came to light in early January, when investigative journalist Yoav Yitzhak, a gadfly known for his clashes with members of the Israeli establishment, called an unusual press conference. Yitzhak disclosed that between 1988 and 1993, when Weizman had been a member of the Knesset and a cabinet minister, he had received a total of about $450,000 in regular cash payments from Saroussi, who lived in France but was of Sudanese origin. Weizman responded that the payments were legitimate gifts from a personal
friend, unconnected to any business interests in Israel. It subsequently emerged, however, that Saroussi and Weizman had been partners in some lucrative arms deals, mainly in Latin America, in the early 1980s.

On January 20 the attorney general, Elyakim Rubinstein, ordered a full criminal inquiry into the Weizman affair, saying his office had found evidence of the business relationship between the two men. Weizman, in response, said he would "fight for the truth to the end" and would never resign the presidency. A police report released in early April concluded that Weizman had committed fraud and breach of trust by accepting unauthorized funds from both Saroussi and Israeli businessman Rami Ungar and not reporting them to the tax authorities. But it said that the president could not be indicted for the crimes because there was insufficient evidence to prove criminality and because the statute of limitations on some of the offenses had expired.

As public pressure continued to mount—including charges that Weizman, an Ashkenazi Jew, was being treated lightly for ethnic reasons, while the state had pushed forward with the prosecution and conviction of Arye Deri, the former leader of the ultra-Orthodox Sephardi Shas party—the president continued to insist that he would stay in office until the end of his term. But on May 28 Weizman said that he would step down as head of state on July 10. He explained that, because of the state of his health, he had long intended to leave office before his term was due to expire in 2003.

The Knesset scheduled an election for August 1 to name Weizman's successor. In the interim between Weizman's departure from office on July 10 and the installation of the new president, Knesset speaker Avraham Burg—who, under law, would have been in line to succeed the president—served as interim president. After some internal jockeying, the Likud's Moshe Katzav and Shimon Peres, of Prime Minister Barak's One Israel/Labor Party, emerged as the main candidates for the vacated presidency. At one stage there were efforts to convince Meir Shamgar, the retired president of Israel's Supreme Court, to stand for the traditionally nonpartisan office, largely because both Katzav and Peres were long-time political figures with clear partisan records. But the Shamgar candidacy fizzled as the former judge insisted that he would only put his hat into the ring if he were already assured a majority of the votes in the 120-member legislature.

Throughout the campaign Peres and his supporters maintained that they had been assured the support of more than 61 members of the 120-seat Knesset, and were therefore certain that the former prime minister and Nobel Peace Prize laureate, then serving as minister for regional cooperation in the Barak government, would be elected. But when the ballots were counted it was Katzav who emerged victorious, 63-57. After the surprise vote, angry Peres supporters and the press suggested that Peres, who had allegedly been promised at least five Shas votes, had been deliberately deceived by the 17-member Shas delegation in the Knesset, which had been given the freedom to vote for the candidate of their choice by both Rabbi Ovadia Yosef, the Shas spiritual leader, and by the movement's
Council of Torah Sages. Shas spokesmen insisted that their people had kept all of their promises in the secret ballot and suggested that Peres's defeat was due to defectors from Barak's ruling coalition, including the core Labor Party, who had voted for Katzav. Credit for Katzav's surprise victory was generally given to the new president himself, a veteran political figure who had launched his career in his early twenties as mayor of his hometown, Kiryat Malachi, and had served as a cabinet minister in successive Likud governments—most recently as tourism minister in Benjamin Netanyahu's 1996–99 cabinet. Meanwhile, Likud leader Ariel Sharon led members of his party in presenting the Katzav victory as an unofficial no-confidence vote against the Barak government.

During the election campaign Katzav had promised to be a nonpartisan president. But in the months after he took office the new president drew criticism from members of the Israeli left for statements they saw as having a partisan nature, including expressions of support for the continuation of the controversial Jewish settlement in the heart of the West Bank city of Hebron.

**Economic Developments**

**Rapid Growth, then Slowdown**

Despite a downturn in the fourth quarter, when the security situation began to deteriorate, 2000 was one of the best years in Israel's economic history. But as the year drew to an end, it became clear that the emergence from the 1997–99 recession was going to be short-lived, and that the country's economy was on the verge of slipping back into yet another recession.

In economic terms, 2000 consisted of two distinctive "years"—the nine-month period from January to September, which saw stunning growth rates averaging around 8 percent of the GDP (gross domestic product), and the three months October through December, which saw a sharp decline in almost all economic indicators. Third-quarter growth was 9 percent, the highest in the history of the Israeli economy, following growth rates of 6.5 percent in the first quarter and 8 percent in the second. In the fourth quarter, however, GDP declined by 8 percent, the largest decline, in percentage terms, since the Gulf War in 1991.

According to most estimates, the ongoing violence cost the economy as much as $750 million during the last three months of the year. When looked at as a whole, however, the statistics were deceptively positive. GDP for the year, according to the Central Bureau of Statistics, amounted to 448 billion shekels, or slightly more than $110 billion. Annual GDP stood at 5.9 percent, up from 1999's 2.3 percent. (The latter figure, it should be noted, probably represented negative economic growth, since Israel's population increased by 2–2.5 percent.) Even more impressive was the growth of the GDP of the business sector, which rose
by 7 percent in 2000 after increasing by only 2 percent in 1999. The acceleration in the business product, though, was due largely to the sale of Israeli companies to foreign companies, mainly in the high-tech sector, which contributed about 3 percent to business product growth.

Per capita GDP rose to a record $17,700, an increase of 3.4 percent, following two years of stagnation or worse in this key indicator. (In 1999 per capita GDP declined by 0.2 percent, after registering no change in 1998.)

The value of exports increased over 25 percent to about $28 billion. Some 40 percent of all exports came from the growing high-tech sector, with diamonds and agriculture also figuring prominently. Export figures included the proceeds of several sales of Israeli start-up companies to foreign buyers. The biggest of such sales was that of Chromatis, a maker of optical networking equipment, to international giant Lucent, in a share deal valued, at the time of the transaction in July, at $4.8 billion. The valuation of that deal declined sharply as the year progressed, as the price of Lucent shares went down.

Industrial product increased by 10.3 percent in 2000, after rising by only 1.2 percent in 1999. The continued stunning growth of the high-tech sector caused a 12-percent rise in the trade-and-commodities statistic, slightly better than the 10-percent increase for this indicator in the preceding year. The number of employed grew by 4.1 percent, amounting to nearly 100,000 new jobs. More importantly, this figure was higher than the rate of population increase for the year, which was 2.4 percent. As a consequence, the proportion of the total population in the work force grew from 53.8 percent in 1999 to 54.6 percent in 2000. But unemployment was 8.8 percent for the year, down only 0.1 percent from 1999.

According to the Finance Ministry's original projections, unemployment—a so-called "lagging indicator" that traditionally falls as much as a year after the economy begins to improve—should have begun dropping in the middle of 2000. Yet even though the economy, as noted above, produced new jobs at a higher rate than that of population increase, the sharp drop in unemployment failed to materialize because an increasing number of women, new immigrants, and non-Jews (Arabs and Druze) joined the labor force, attracted by the positive atmosphere of the first three quarters, and because of increases in productivity.

Declining Deficit

The government's deficit for 2000 was far lower than expected, due largely to unexpectedly large tax collections during the first three quarters, when there was a great deal of economic activity. (The tax burden for the country, including various levies and duties, rose to 41.5 percent of GDP in 2000, compared to 39 percent in 1999. This increase of 2.5 percent of GDP represented about 11 billion shekels [$2.2 billion] more in tax revenue.) The deficit amounted to 2.8 billion shekels (about $680 million), compared to original projections of 10.9 bil-
lion shekels ($2.7 billion). Thus the deficit amounted to 0.6 percent of GDP, as compared to the 2.5 percent target set when the budget was passed early in 2000. The total government deficit was even lower than the 2.25 percent posted in 1999, and put the government well ahead of the European Union's recommendations for gradual budget reduction, as enshrined in the EU's Maastricht agreement of the mid-1990s.

But the government deficit rose during the months of November and December as the economy showed increasing signs of slowing down, tax collections became smaller, and outlays for defense and security increased. The deficit for that two-month period was 3.25 billion shekels, and this prevented the government from enjoying a budget surplus for the year.

The unrest in the territories caused defense expenditures to rise by 3 billion shekels (about $750 million), of which 2 billion were spent to finance the withdrawal from Lebanon and the construction of a new security fence and other defenses along the northern border.

**Zero Inflation, Lower Interest**

Israel had zero inflation in 2000. The Consumer Price Index (CPI) declined by 0.1 percent in December, culminating a moderate decline that saw the CPI fall, in nominal terms, by 2 percent in the last four months of 2000. But despite the zero inflation—second lowest in the world after Japan, which had -7 percent as its consumer price index—it was not the lowest inflation in Israeli history. That distinction went to 1950, two years after the establishment of the state, when the CPI fell by 6.6 percent. The year with the highest inflation was 1984, when the CPI soared by 444.9 percent; in 1979–85, the hyperinflationary period before extensive economic reforms began the process of shaping Israel into a modern, Western-style, free-market economy, inflation reached a cumulative 1,298 percent.

The Bank of Israel continued to reduce the interest rate on its monetary loans during 2000. The rate went from 13.5 percent in December 1998 to 11.2 percent in December 1999 and to 8.2 percent in December 2000. Some industrialists and political figures said the reductions were too conservative and that more rapid lowering of interest rates would stimulate the slowing economy, but the central bank defended its incremental approach on the grounds that it was consistent with the achievement of the government's multiyear inflation target, which was 2–3 percent annually. The representative rate of the shekel on the last trading day of 2000 was 4.1726 against the currency basket, denoting an appreciation of 5.5 percent during the year, and 4.041 against the dollar, an annual appreciation of 2.7 percent, 9.8 percent against the euro, and 13.5 percent against the Japanese yen. Conversion of dollars, drawn by relatively high interest rates over the year, were a major reason for the currency's strength. Israel's foreign exchange reserves totaled $22.9 billion at the end of December, $1.2 billion more than at the end of
November, mainly due to the receipt of civilian aid from the U.S. government. Civilian aid, which was being phased out at the rate of $120 million a year, had been granted to Israel since the mid-1970s to service debts incurred during the period when the United States made foreign-aid loans to Israel, rather than direct grants, to finance the purchase of military equipment.

**Exports Up, Investment High**

Total exports reached the $28-billion level, with industrial exports (excluding diamonds) increasing by 32 percent to $20.9 billion in 2000. The growth rate of high-tech exports fell from 16 percent in the second quarter to 6 percent in the third quarter and 3.5 percent in the fourth quarter.

According to Bank of Israel figures, foreign residents' investments in shares of Israeli companies totaled a record $7 billion in 2000, continuing 1999's rapid growth. After the surge in overseas-share issues by Israeli companies in the first four months of 2000, particularly on U.S. stock exchanges, the volume of new issues declined in the United States as more Israeli companies sought to have their shares traded on one of the new European exchanges devoted to technology.

High-tech companies raised a record $3.1 billion for the whole of 2000, which was 207 percent higher than in 1999, when just over $1 billion was invested. But venture-capital investment in Israel fell in the last quarter of the year. From October through December investment was 18 percent lower than in the previous quarter, although it still totaled $845 million, invested in 193 companies. One worrying sign was that Israeli funds invested $343 million, or 41 percent of the total, in the fourth quarter, up from 30 percent in the third quarter. This signified a decline in foreign interest in Israeli companies. While one key factor was a change in investor attitude in the aftermath of several major declines in the value of all shares on NASDAQ, the New York exchange that had emerged as the main market for technology shares, it also reflected, albeit to a lesser extent, investor concern over the security situation in Israel.

The average amount of capital raised by an Israeli high-tech company in 2000 was $6 million, double the figure raised, on average, in 1999. Most remarkable in terms of investment in 2000 was the communications sector, which accounted for 40 percent of all capital raised, up from 29 percent in 1999. No less than 137 communications companies raised a total of $1.248 billion in 2000, at an average of $9.1 million per company, as compared to $4.6 million in 1999.

Another sector registering sharp growth was biotechnology, which many investors had ignored during the Internet investment boom years. A survey published by the Business Data Israel (BDI) research firm showed Israel in third place in the world in the number of biotechnology start-ups. The number of such start-ups reached a record 96 in 2000, while the total number of biotechnology companies in Israel grew from 135 in 1999 to 160 in 2000. In 1988 there had been only 25 such firms in Israel.
Tourism’s Woes

The good news for tourism in 2000, like that for the entire Israeli economy, was mixed with a very large dose of bad news. A record of 2.67 million visitors entered, 4 percent higher than 1999 when 2.4 million came. But this number was significantly lower than the 3–3.5 million tourists expected for what was, to the Christian world, the millennium year.

According to the Central Bureau of Statistics, there was a 25-percent increase in tourism from January to the end of September. But the final three months of the year brought only 314,000 tourists, down 54 percent from the 523,000 arrivals in the corresponding period in 1999. Tourist-nights in hotels showed a similar trend, rising by 7 percent for the year for a total of 9.7 million. However, average room occupancy declined 2 percent, according to figures released by the Israel Hotel Association’s economics department, because of an increase in the number of rooms available. The figures for 2000 also showed that prior to the outbreak of disturbances, tourist-nights at hotels rose sharply, by 32 percent, but that fourth-quarter figures were 51 percent below the figures for 1999. The declines were felt through most of the country, with the exceptions of the Dead Sea and Eilat, which posted more moderate declines.

At the same time, tourism by Israelis grew. Israeli tourist-nights increased by 13 percent for the year. The biggest rise was in Tel Aviv (30 percent), followed by Eilat (24 percent), Herzliya (17 percent), and the Dead Sea and Haifa (10 percent each). The Israel Hotel Association attributed the increase to sales campaigns and large discounts offered to Israelis.

But prospects for the tourism industry were not good. Preliminary Ministry of Tourism estimates projected that there would be only 1.8 million tourists in 2001, the lowest figure in a decade. As one indicator of the trend, industry sources noted that tourist-nights fell by 45 percent to only 336,000 in December. The sharpest decreases came in Tiberias, which had long been a popular northern winter tourist spot (-68 percent), followed by Jerusalem (-61 percent), and Nazareth (-58 percent). There were also reports of closings and staff cutbacks at as much as a third of the hotels in the country, and of employees working short workweeks in order to preserve some jobs. It was generally accepted, in late December, that even more layoffs could be expected and that some hotels would be forced to close down even if there were a dramatic improvement in the security situation. Industry sources pointed out that it takes several months, or even more, for tourist bookings to pick up, noting that the slump after the end of the 1991 Gulf War lasted more than a year.

Particularly hard hit were the hotels in East Jerusalem, run by Palestinians. The Israel Hotel Association reported in late December that 29 of the 31 hotels that were in the eastern part of town at the beginning of 2000 had closed down.

A relatively new form of tourism, Birthright Israel, was granted support by the government of Israel. Devised in 1998 by American Jewish philanthropists
Charles Bronfman and Michael Steinhardt, it brought North American Jewish teenagers on an all-expense-paid ten-day trip to Israel with the hope that these young people would return as more committed Jews and dedicated advocates for Israel. In a ceremony at the Knesset building on June 29, a five-year funding plan was announced: The main contributors—the government of Israel, American Jewish fund-raising organizations, and private donors headed by Bronfman and Steinhardt—would each contribute $70 million to the landmark project. More than 10,000 young Jews had already visited through Birthright Israel.

The Klein Appointment

David Klein was appointed governor of the Bank of Israel on January 9, 2000, a post carrying with it the responsibility of economic adviser to the government. Klein replaced Jacob Frenkel, the head of Israel's central bank since the early 1990s. Frenkel had come under sharp criticism from industrialists and economists who complained about his restrictive monetary policies and refusal to make significant reductions in the interest rate. Nevertheless, Prime Minister Barak and Finance Minister Shochat chose Klein, also known as a strict monetarist, to the governorship.

Klein surprised many observers by cutting the interest rate by 3.2 percent over the course of 2000, culminating in a 0.2-percent reduction at the end of January, the sixth consecutive month in which interest was cut. The reduction was possible, central bank sources emphasized, because inflationary expectations for 2001 remained low. But those same inflationary expectations meant that the real interest rate—the gap between basic interest, 8 percent in December, and the expectations for inflation—was still about 6.5 percent.

Assessing the state of the economy in a report to the Knesset at year's end, Klein indicated that a further fall in the world's capital markets could upset Israel's market and financial stability, and that therefore he would continue a cautious interest-rate policy. This went against recommendations from his critics to speed up the lowering of interest rates for either economic or political reasons, such as shocks in the world financial markets (particularly NASDAQ), the disturbances in the territories, domestic political instability, and early elections. "The gradual process of reducing the interest rate stems from the need to examine market response following each reduction, and prevent as much as possible sharp changes in the interest rate that could harm the functioning of the markets," he stated in the report.

One of the reasons Klein was able to persist in his moderate interest policy over the course of the year appears to have been the long-term stability of the risk premium for the country on international markets. The ten-year risk premium increased from 1.8 percent in September, before the outbreak of the disturbances in the West Bank and Gaza, to a very high 3.2 percent in October. But then it began to fall, reaching 1.9 percent in December. According to a Bank of Israel
review, "It is important to closely follow Israel's risk premium, since a sudden rise indicates a problem. A rise in the risk premium is likely to lead foreign investors to change the Israeli assets-and-components mix in their portfolios, which would immediately affect the exchange rate and price levels" in Israel itself.

RELIGION

Religion and State

The perennial questions revolving around the relationship between religion and state in Israel declined in relative importance in 2000 as attention focused on the Barak government's peace-process diplomacy, the outbreak of a new cycle of violence, and the call for new elections. The primary issue of religious interest during the year was the controversy over the Barak coalition's proposed civil reform program (see above), but other matters involving religion also made news.

In mid-July a Jerusalem rabbinical court accepted as converts to Judaism the first three graduates of a joint Orthodox-Reform-Conservative conversion institute. Many considered the willingness of the Orthodox court to recognize the Jewishness of converts not trained under strict Orthodox supervision to be a major breakthrough in the direction of loosening the Orthodox monopoly over the determination of Jewish identity in Israel. Prof. Benjamin Ish-Shalom, head of the institute, himself an Orthodox Jew, said: "We have proved that the rabbinic courts will convert our graduates... because for them the issue is the individual they are converting and not where the individual studied." In 1998 the Chief Rabbinate had rejected a package of proposals, including such a conversion institute, put forward by a committee headed by former finance minister Ya'akov Ne'eman. The proposals were designed to solve the problem of about 250,000 non-Jewish immigrants, mostly from the former Soviet Union and many of them married to Jews, who were living in Israel (see AJYB 1999, p. 469). Despite the cold shoulder from the Chief Rabbinate and doubts harbored by the non-Orthodox movements about whether the graduates would have their conversions accepted, the government had gone ahead anyway and established the institute to conduct conversion classes around the country.

As the year ended, the Supreme Court had not yet ruled on an appeal by Attorney General Elyakim Rubinstein to review a landmark ruling, handed down in May, allowing a group called the Women of the Wall to hold full prayer services, complete with Torah readings and the wearing of tallitot (prayer shawls), at the Western Wall plaza in Jerusalem's Old City. Over the years attempts by women to conduct such services there had triggered verbal and physical attacks by Orthodox Jews who considered these activities by women to be against Jewish law.
Another longstanding matter of controversy was the exemption of yeshivah students from military service. On July 3 the Knesset voted on the first reading of a bill that would set up procedures for drafting yeshivah students into the army. This legislation was based on the recommendations of the Tal Commission, which had been formed to devise a response to a Supreme Court decision declaring that the existing blanket exemptions of yeshivah students had no basis in law. Ultra-Orthodox elements were furious that the Likud and its leader, Ariel Sharon, allowed the party’s Knesset members freedom to vote as they pleased on the bill, and pledged revenge. Despite heavy pressure from the Orthodox and ultra-Orthodox, Prime Minister Ehud Barak’s One Israel voted for the bill, which passed on first reading by 52-43, with seven abstentions. But the law did not achieve final passage. On December 20 the Knesset voted simply to extend the existing system of draft deferments for yeshivah students, with Sharon voting to extend the exemption and Barak voting to end it.

The Ultra-Orthodox

Early in the year, Minister of Education Yossi Sarid antagonized the ultra-Orthodox by refusing to give his Shas deputy significant duties in the ministry and by insisting that schools in the Shas network follow the same financial and academic standards—including class size and teacher qualifications—as the rest of the state-funded schools, including those of the “state religious” Zionist Orthodox (see above). In his pre-Purim sermon in March, Shas spiritual mentor Rabbi Ovadia Yosef verbally attacked Sarid, the leader of the secular, left-leaning Meretz. Yosef declared: “Yossi Sarid is evil. The Holy One blessed be He will obliterate his name from the world. Yossi Sarid is Haman, may his name and memory be wiped out. . . . He is Satan. . . . God will destroy him as He destroyed Amalek.” After several months of investigation, Attorney General Rubinstein decided in September not to bring criminal charges against the rabbi for incitement to do bodily harm.

Even so, the very fact that the attorney general, himself a modern Orthodox Jew, had launched the investigation evoked strong criticism from Shas. “Rubinstein is a dangerous Jew who stabbed his rabbi and sold his religion for a seat on the Supreme Court,” charged Rabbi Moshe Maya, a member of Shas’s Council of Torah Sages. Despite the investigation and in the face of widespread criticism from those outside ultra-Orthodox circles, Rabbi Yosef continued making controversial statements, suggesting that those who died in the Holocaust had to pay for sins committed by their souls in previous incarnations, and commenting, on Barak’s concessions to the Palestinians at Camp David: “He doesn’t have any sense, this person. He is going to give them a part of the Old City. . . . The Ishmaelites are all cursed evil doers, Israel-haters. The Holy One, blessed be He, regrets having made these Ishmaelites.”
Three ultra-Orthodox men were arrested on July 27 in connection with the June arson at the Ya'ar Ramot Masorti (Conservative) congregation in the Ramot neighborhood of Jerusalem. Windows at the synagogue were broken and burning rags were thrown into the sanctuary, setting several chairs on fire. The blaze had been spotted and put out before it reached the Torah ark. A few days after the attack, Minister for Diaspora Affairs Michael Melchior visited the synagogue and rabbis of all the movements, including the Orthodox, denounced the attack. The arrested men had not yet gone to trial as the year ended.

Papal Visit

Pope John Paul II expressed his profound sorrow and apologized to Jews for "acts of persecution and anti-Semitism" against the Jews by Christians "at any time in any place," during a stop at the Yad Vashem Holocaust memorial on March 23. The visit was part of a six-day trip by the ailing pontiff to Israel and the Palestinian territories on March 20–26. Prime Minister Barak called the visit to Yad Vashem a "climax to this historic journey of healing."

The pontiff also prayed at the Western Wall and conducted a Mass for the thousands of pilgrims who came to the Holy Land from around the world to be there during his historic visit. He met with Yasir Arafat in Bethlehem, the traditional city of Jesus's birth, where the pontiff referred to the suffering of the Palestinians and told his audience that they had "a natural right to a homeland . . . " and that their "torment" had gone on too long.

There was little that was new in anything the Pope said about Jews and about Christianity's historical record. Nevertheless, the visits to the Western Wall and Yad Vashem served to communicate his message to millions of the Catholic faithful around the world and to the Jews of Israel. The pope drove home the Vatican's positive view of the Jewish people, referring to Jews as "the dearly beloved elder brothers of the original covenant, never revoked by God." Perhaps the most moving message was the one the pontiff left on a piece of paper he placed between the stones of the Western Wall on March 26: "God of our fathers. You chose Abraham and his descendants to bring Your name to the nations. We are deeply saddened by those who in the course of history have caused these children of Yours to suffer. And asking Your forgiveness, we wish to commit ourselves to genuine brotherhood with the people of the Covenant. Signed: John Paul II."

Even though almost a decade had passed since the establishment of diplomatic relations between Israel and the Vatican, many Israeli Jews had been unaware, before the visit, that the Roman Catholic Church had dropped its attitude of hostility towards Jews and Israel. Proof of the visit's impact came with the distribution of a Ministry of Education circular to all schools encouraging discussion of the changes that had taken place in the Roman Catholic-Jewish dialogue, particularly since John Paul II assumed the papacy.
OTHER DOMESTIC MATTERS

Demography

At the end of 2000 Israel had a population of 6,364,000, according to Central Bureau of Statistics estimates. Of these, 4,952,200, over 80 percent, were Jews. During the year there were 136,251 births — 92,021 Jews, 35,626 Muslims, 2,777 Christians, and 2,705 Druze. There were 37,596 deaths — 33,364 Jews, 4,232 Muslims, 2,661 Christians, and 732 Druze. The immigration figure for 2000, the lowest in 11 years, was 60,130, a 22-percent decrease from the 76,766 people who came in 1999. The drop was attributed to a decline in immigration from the former Soviet Union both because of a perception that the situation there was stabilizing and also because of the violence in Israel at the end of the year.

The number of road accidents fell from over 22,000 in 1999 to 19,925 in 2000. The number of fatal accidents, however, rose slightly from 1999’s 414 to 421 in 2000. Even so, the number of fatalities in those accidents (461) and the number of seriously injured (2,896), were down sharply from 1999, when the figures were, respectively, 471 and 3,111. The drop was even more impressive when compared to the peak year of 1998, when there were 548 dead and 3,374 seriously hurt.

Violence on the Rise

President Moshe Katzav said on December 14 that he would “never even discuss” the pardon of a man who had killed his wife or children. Katzav said that “this type of crime is so serious that it never deserves a pardon, under any circumstances.” He made the statement at the end of a week when three women were brutally murdered by the men in their lives: Tzahala Gelfand of Bene Beraq, strangled to death by her husband Roni, who in 1994 had been given a suspended sentence for beating her; Natalya Psimanyuk, stabbed to death with a shoemaker’s knife; and Shoshana Huta, battered to death in front of her three-year-old son.

Though horrifying, the week’s incidents were not exceptional, as both violent crime and domestic violence had been on the rise for a decade. From 1990 to late 2000, over 200 husbands had killed their wives or children. Violent domestic crime in 1999, the last year for which statistics were available, had reached some 4,000 reported cases, up from 3,000 for 1998 and 1,600 in both 1996 and 1997.

There were also other signs that Israel was becoming a more violent society. In 1999 police received reports of 35,465 violent crimes of all kinds — including murder and robbery — a figure that had been steadily increasing since 1990, when 13,300 violent crimes were reported. Some observers felt that much of the increase, particularly in domestic violence, was due to the new immigrant populations. However others suggested that a high level of violence in the family had
been present for decades, but that greater awareness and more publicity of earlier cases made the reporting of such incidents more likely now.

Knesset member Yael Dayan, long a leader in the fight for Israeli women’s rights, argued that the outbreak of Palestinian violence was no reason to turn a blind eye to increased domestic violence. “The political situation,” Dayan said, “is not reason to give murderers, rapists, and sex criminals a break.” President Katzav, for his part, called on the entire legal and law enforcement system “to think hard and concentrate efforts to deal with this horrible phenomenon.” He conceded the need for stiffer penalties for men who kill their wives or children, but declined to recommend capital punishment. At the end of the year, Na’amat, the women’s organization affiliated with the Histadrut trade union federation, pressed forward with a bill that would increase the penalty for stalking a woman or threatening her privacy, income, property, or reputation to a maximum of ten years in prison.

*Torture Report*

The Shin Bet internal security service had systematically tortured Palestinian prisoners and lied about the use of such extreme force from 1987 to 1993, according to the summary of a report by former state comptroller Miriam Ben-Porat. The report, presented to the Knesset in 1995, had been kept secret until February 9, 2000, when the Knesset subcommittee on intelligence released a nine-page summary.

One important specific determination was that in the Gaza Strip, then under Israeli control, the Shin Bet had carried out “severe and systematic violations” of the rules set up in 1987 by a commission headed by former Supreme Court justice Moshe Landau that allowed the use of only “moderate physical pressure,” and even that only against people suspected of being involved in imminent terror attacks against Israeli targets. The Supreme Court banned the use of even such moderate force in September 1999, when it ruled that the Landau standard was a violation of human rights.

*Land Sales to Arabs*

The Supreme Court ruled on March 8 that the state could not allocate land strictly to Jews on the basis of religion, or act to prevent the sale of land to Arab citizens because they were Arabs. The decision came in response to a petition by Adel Kadan and his wife Iman, who had applied for a building plot in the town of Katzir, in northern Israel, but were turned down by the Jewish Agency, the town’s developer. Kadan and his wife, both professionals, said that the standard of living and lifestyle of Jewish Katzir was closer to their own than what was available in the Arab town of Baka al-Gharbiya, where they lived. But the Jewish Agency rejected them, saying the town was only for Jews. Civil rights activists
hailed the decision as a landmark, an important step towards achieving equality for Israel's Arab citizens.

**Nuclear Debate**

The Knesset held its first-ever debate on Israel's nuclear-weapons program on February 2, after Issam Mahlul, a member from the mixed Arab-Jewish Hadash Party (Democratic Front for Peace and Equality), threatened to petition the Supreme Court. Twenty right-wing members walked out of the Knesset plenum in protest after Speaker Avraham Burg authorized the debate to take place.

Mahlul, speaking to the Knesset, charged that Israel—with the help of South Africa—had stockpiled as many as 300 nuclear bombs, planned to adapt some of its submarines to carry nuclear materials, and had exported nuclear waste to Mauritania. Israel, according to Mahlul, had established nuclear missile sites near Kfar Zecharia, a town not far from Jerusalem, and in the Galilee. He also accused Israel of producing biological weapons.

**NPO Inquiry**

On January 27 State Comptroller Eliezer Goldberg issued a strongly worded report accusing Ehud Barak's One Israel, and, to a lesser extent, other parties, of violating campaign-financing laws. According to the report—which in fact substantiated allegations made by Likud Knesset members, particularly former science minister Michael Eitan, since shortly after the May 1999 elections—Barak's campaign had funneled illegal foreign campaign donations through a number of nonprofit organizations (NPOs), which then used the funds for campaign purposes. Attorney General Elyakim Rubinstein ordered a police inquiry into the allegations, which involved several figures very close to Barak himself, including lawyer Yitzhak Herzog, the cabinet secretary during the Barak administration, and Barak's brother-in-law, Doron Cohen.

Barak said that he did not know NPOs had been involved in raising funds for his campaign, and that he was not involved, during the 1999 campaign, in the activities of any such organizations. Cohen refused to answer police questions during his interrogation, citing the right against self-incrimination. The state comptroller said that in January 1999 Cohen registered a not-for-profit organization, Our Israel-Our One Israel, which later became the basis for Barak to form his One Israel bloc out of the old Labor Party and other political elements, including David Levy's Gesher, and Meimad, a moderate modern Orthodox party whose main figures included both Barak's minister for diaspora affairs, Michael Melchior, and Hebrew University professor Avi Ravitzky.

Police also questioned Herzog under warning on two occasions, and he too refused to answer questions. In late December the police gave the results of their investigation to Attorney General Rubinstein and subsequently to Shmuel Hol-
lander, the civil service commissioner, to determine whether criminal charges could be filed against Herzog and whether he should be suspended from his post until the investigation was completed. According to press reports not officially confirmed, there was sufficient evidence to support allegations that Herzog raised millions of dollars from overseas donors prior to the 1999 campaign.

Deri Goes to Jail

About 10,000 demonstrators and supporters accompanied former Shas leader Arye Deri to Ma'asiyahu prison in the town of Ramle in central Israel on September 3 as Deri began his three-year sentence for bribery and fraud (see AJYB 2000, pp. 476–77). Speaking to the assembled multitude, Deri asked for forgiveness. But other Shas leaders who were there pressed the line that their party’s former strongman had been the victim of ethnic discrimination against Jews of Sephardi or Middle Eastern origin, pointing out that Deri was serving three years for allegedly accepting about $100,000, while former president Ezer Weizman, who had admitted to taking much more, had gone to his home in Caesarea rather than to prison.

The protests continued after Deri’s jailing as his supporters set up an impromptu yeshivah, Sha’agat Arye (the Lion’s Roar, a play on Deri’s first name), outside the prison. And in the political arena, calls for Deri’s pardon continued. In the Knesset, a private bill—which passed its preliminary reading—called for prisoners to become eligible for parole after completing half of their sentence, rather than the two-thirds previously required. This suggested change in the law, as understood in the political establishment and by the public, was aimed at obtaining Deri’s early release for good behavior, even though it would also make possible the early freedom of many other criminal offenders.

In July the Supreme Court had upheld the conviction of Deri, but reduced his original sentence, imposed by a Jerusalem district court in 1999, from four years to three.

Mordechai Case

Yitzhak Mordechai, the former leader of the Center Party and transport minister in the Barak government, was indicted in July on three charges of performing indecent acts against three different women. According to the charge sheet, Mordechai, while serving as head of the IDF’s Northern Command in the early 1990s, committed indecent acts against a female soldier including touching her, putting his outgoing mail in a lower desk drawer so that she would have to bend over next to him to get it, and forcing her to leave his car in a deserted area, at night, when she refused his sexual advances. Under the second count, as minister of defense in the Netanyahu government, Mordechai invited a woman to his home in Motza, outside Jerusalem, to discuss possible government employment,
and made sexual advances. And in the third count, it was alleged that in February 2000, while he was transport minister, Mordechai, alone in his Tel Aviv office with a 23-year-old female worker, forced her to lie down on a sofa and placed his hand under her blouse.

The last of these cases was the first to come to light, and members of the minister's staff allegedly attempted to dissuade the woman involved from formally complaining to the police. She decided to go public after consulting with Knesset speaker Avraham Burg and Zehava Gal-On, a female member of the Knesset from the Meretz Party. Mordechai denied the charge and, at one stage, reportedly suggested to police that the complainant had been planted in his office by former Tel Aviv mayor Roni Milo, a fellow member of Mordechai's Center Party. The female soldier and the would-be Defense Ministry employee came forward with their charges after the story about Mordechai's conduct in the Transport Ministry made the headlines, and he denied their allegations as well.

Mordechai resigned as leader of the Center Party and as transport minister. He was succeeded in both posts by Amnon Lipkin-Shahak, the former chief-of-staff, who also retained his previous post as tourism minister. But Mordechai retained his seat as one of the Center Party's five Knesset members. In October the Knesset House Committee scheduled hearings on lifting Mordechai's parliamentary immunity so that he could stand trial. Mordechai first obtained a month's delay in order to prepare his defense before the committee, and then, in November, on the eve of the rescheduled hearing, he lifted his objections to the removal of immunity, enabling court proceedings to go forward. They began on November 21.

Netanyahu Case

On September 27 Attorney General Rubinstein announced that there was insufficient evidence to indict former prime minister Benjamin Netanyahu and his wife, Sara, for bribery and unauthorized taking of state gifts. The decision came even though both the police and State's Attorney Edna Arbel had recommended prosecution. Moving contractor Avner Amedi, a central figure in the case, had disclosed that he had performed unpaid services for the Netanyahus—and it had been alleged that these were given in exchange for expected business favors from the prime minister. Amedi said he might still sue the Netanyahus for payment.

Even though Rubinstein failed to recommend criminal charges, his report was severely critical of Netanyahu's conduct in accepting services without paying. That prompted prominent journalist Matti Golan to write, in the Globes business daily: "For years Netanyahu employed a contractor without paying him. This is a fact, and he himself has admitted it. The attorney general has reached the conclusion that there is insufficient evidence of bribery, and that no criminal intent can be established." But that, Golan added, "does not mean that the man is fit for public office."
More Investigations of Prominent People

On March 16, police recommended the criminal indictment of Avigdor Kahalani, the public security minister in the 1996–99 Netanyahu administration, for interfering in the 1999 investigation of Ofer Nimrodi, the former publisher of the *Ma'ariv* Hebrew daily. Kahalani, head of the Third Way, a party that lost all of its seats and disappeared in the 1999 election, was suspected of passing on information about the then-secret investigation that eventually resulted in charges against Nimrodi for conspiring to murder two of his competitors, *Yediot Aharonot* publisher Arnon Mozes and *Ha'aretz* publisher Amos Schocken, and a key witness in Nimrodi's previous conviction on wiretap charges (see AJYB 2000, p. 478). Police also recommended that Yossi Levi, the director of operations of the Public Security Ministry when Kahalani was minister, be charged with breach of trust for relaying information about the probe to the minister.

Later that month two top police officers, Jerusalem police commander Yair Yitzhaki and Ya'akov Raz, head of the community police and the civil guard, were cleared by an internal police inquiry of criminal responsibility for failing to report a 1999 meeting with Nimrodi—who was then "under investigation"—to their superior officers. But while exonerating them the police judges decried the practice of "shoulder rubbing" between top police officers and prominent or wealthy people. Police later placed Ofer Nimrodi's father, Ya'akov—a businessman who had past links with the Mossad (secret service) and was engaged in the arms trade—under house arrest on suspicion that he attempted to tamper with witnesses in his son's trial.

In January Attorney General Rubinstein reportedly decided to file criminal charges against Tsachi Hanegbi, the justice minister in the Netanyahu administration, for putting to personal use funds donated to Derech Tzleha (Bon Voyage), a nonprofit group dedicated to the war on traffic accidents, that he headed in the mid-1990s, when he chaired the Knesset Economics Committee. In 1994 Derech Tzleha received contributions from fuel companies. The recommendation to charge Hanegbi with fraud and breach of trust—and possibly bribery as well—was reportedly based on evidence gathered by the police that Derech Tzleha raised 375,000 shekels and distributed 288,000 to Hanegbi, mostly in reimbursement for ordinary and automobile expenses, and allegations that the Likud politician, in his role as committee chairman, acted in favor of the fuel companies. As the year ended the Knesset had not yet acted to lift Hanegbi's parliamentary immunity, a necessary precondition to any criminal proceeding.

Shimon Sheves, director-general of the Prime Minister's Office under Yitzhak Rabin, was convicted by a Tel Aviv District Court on one charge of breach of trust. Details of the case, in which Sheves, acting as a middleman for an undisclosed foreign country, concealed his own personal interest in the matter from Rabin, remained secret, but they were rumored to involve Taiwan. On December 1 Sheves was sentenced to two years in jail.
On March 28 the Knesset House Committee refused to lift the parliamentary immunity of Knesset member Avigdor Lieberman, leader of the Yisrael Beitenu right-leaning immigrant party. Lieberman faced criminal prosecution for insulting and threatening a public official, having allegedly called top police investigator Moshe Mizrachi a “racist” and an “anti-Semite.”

Other Developments

Shlomo Aharonishki, the Tel Aviv District chief of police, was appointed Israel’s national police chief on September 28 to succeed Yehuda Wilk. Public Security Minister Shlomo Ben-Ami originally wanted to appoint Ami Ayalon, the former Shin Bet security service head, but top members of the force publicly voiced their opposition to Ben-Ami’s intention of “parachuting” someone who was “inorganic to the force” into the job. Former Jerusalem police chief Yair Yitzhaki, who had long been considered the front-runner to succeed Wilk, was eliminated from consideration when he was accused of illegally associating with former Ma’ariv publisher Ofer Nimrodi at the same time that a secret police investigation was being conducted of Nimrodi for conspiracy to commit murder. Yitzhaki, however, as noted above, was cleared of the charges.

Israel temporarily grounded all of its American-made F-16 warplanes after the third crash of this advanced aircraft, which had become the workhorse of the Israel Air Force, on August 1. A crash of the same model plane on March 27 had claimed the life of Yonatan Begin, son of former science minister Ze’ev B. (Benny) Begin and grandson of the late former prime minister, Menachem Begin.

Israelis got their first chance to see the new gardens at the Bahai Temple on Haifa’s Mt. Carmel on July 17, though the gardens, which many observers considered the Eighth Wonder of the World, were not scheduled for formal opening to the public until May 2001. The two square kilometers of greenery, planted flowers, and landscaped paths surrounding the Bahai Temple were part of a $20-million renovation of the site that had been carried out over several years.

Four-year-old David Hadad of Pardes Daka, a very poor neighborhood in Tel Aviv-Jaffa, slipped from his mother’s arms and drowned in floodwaters that covered large sections of Tel Aviv on October 25. The flooding—which had occurred on several past occasions after especially heavy rainfalls—followed a four-inch downpour that day, which represented about one-fifth of the city’s annual precipitation. Hundreds of residents were evacuated and spent several days, at the expense of city hall, in shelters set up in hotels. The municipality of Tel Aviv said it did not have the funds to build proper drains in the affected neighborhoods.

Israeli skiers, whose numbers had increased during the prosperous mid-1990s, had to travel abroad to visit the slopes in the winter of 2000–2001. This was because, in mid-November, the army said that Neve Ativ, Israel’s home-grown ski resort on the slopes of Mt. Hermon in the Golan Heights, would not be allowed
to open since it was too easy for Hezbollah infiltrators to attack the site. Men-achem Baruch, the resort's manager, objected strongly. "There have never been security problems at the site, and we have never been affected by any of the tensions of the northern border," Baruch said, even though Neve Ativ was only about six miles from the spot on the Lebanese border where Hezbollah abducted three Israeli soldiers on October 7. The resort, which had previously attracted about 300,000 visitors during ski season, was the major source of income for the 32 families living in Neve Ativ, and they had spent about $1 million to upgrade the site during the summer of 2000.

**Personalia**

**Honors and Awards**

Profs. Hillel Daleski of the Hebrew University of Jerusalem and Harel (Harold) Fisch of Bar-Ilan University, the Israel Prize for Literature; Emeritus Prof. Jonah Fraenkel of the Hebrew University, the Israel Prize in Talmud; Raymond David of the University of Pennsylvania and Masatoshi Koshiba of Tokyo, the Wolf Prize for Physics, for their research into neutrinos; Prince Hassan of Jordan, former crown prince under his late brother King Hussein, an honorary Haifa University doctorate in recognition of his contributions to Middle East peace; David Hartman, Jerusalem philosopher-scholar, the Avichai Prize for promoting understanding among Jews; Kirk Douglas, born Issur Danelovich, a Jerusalem Film Festival prize for lifetime achievement; Wladyslaw Bartoszewski, Auschwitz survivor and Yad Vashem "Righteous among the Nations," made an honorary Israeli citizen; Prof. Moshe Rosman, expert on Hassidism and winner of the U.S. National Jewish Book Award for his *Founder of Hasidism: A Quest for the Historical Ba'al Shem Tov*, the Zalman Shazar Prize for Jewish history.

**Appointments**

David Ivri, former Israel Air Force commander and former director general of the Defense Ministry, named Israel’s ambassador to Washington, replacing Likud appointee Zalman Shoval; Avraham (Avi) Dichter, named head of the Shin Bet, Israel’s internal security service, replacing the retired Ami Ayalon; Maj.-Gen. Dan Halutz, the new commander of the Israel Air Force, replacing Eitan Ben-Eliyahu, who, after his retirement, became a high-tech businessman; career diplomat David Dadon, named Israel’s third ambassador to the Hashemite Kingdom of Jordan, replacing Oded Eran; Prof. David Bankier of the Hebrew University, made head of Yad Vashem’s Holocaust Research Institute, succeeding Yehuda Bauer; Brig.-Gen. Orit Adato, former head of the Chen Women’s Army Corps, appointed to head Israel’s Prisons Service, the first woman to hold the position.
MEDALS

Jerusalemite Mickey Halika, a bronze medal in the 400-meter medley at the short-course swimming world championships in Athens; the dance troupe of the Beit Halohem army rehabilitation center in Tel Aviv, a bronze medal at the wheelchair ballroom dancing world championships in Amsterdam; backstroker Yoav Gat, a bronze medal in the 200 meters at the European championships in Helsinki, only the third European swim medal won by an Israeli.

NECROLOGY

Czech native Peter Friestadt, 69, film actor and producer in his native land and in Israel, in January; international singing star Ofra Haza, 42, in February; former Jerusalem Post publisher Yehuda Levy, 64, in February; Cela Netanyahu, 97, mother of ex-prime minister Benjamin Netanyahu and wife of historian Benzion Netanyahu, in February; Jerusalem graphic artist, writer, and raconteur Alex Berlyne, 75, in February; Kariel Gardosh (Dosh), a cartoonist who created the kova-tembel-hatted character Srulik, for many years the popular symbol of Israel, 79, in February; Lily Sharon, 62, wife of Likud leader Ariel Sharon, in March; Israeli-born Raphael de Rothschild, 23, son of Natanel and Nili de Rothschild and grandson of Mordechai Limon, a former Israel Air Force commander and ambassador, in New York, in April; Avraham (Munya) Shapira, 79, the all-powerful chairman of the Knesset Finance Committee as an Agudat Yisrael MK in the 1970s and 1980s, in July; Uri Gordon, 65, former head of the Jewish Agency's Department of Immigration and Absorption, in July; Eliahu Ben-Elissar, 68, Israeli ambassador to France, in Paris, after prime minister Barak had ordered his replacement, in August; Akiva Lewinsky, 82, former Bank Hapoalim managing director and Jewish Agency treasurer, who was one of the first to address the problem of unclaimed Holocaust-era accounts in Swiss banks, in August; David Shallon, 49, former musical director of the Jerusalem Symphony Orchestra, while on a trip to Japan to conduct the Tokyo Symphony Orchestra, in September; Israel Prize Laureate Prof. David Flusser, noted authority on the Dead Sea Scrolls and early Christianity, on his 83rd birthday, in September; Yehuda Amichai, renowned and beloved Hebrew poet, 76, in September; Leah Rabin, widow of the assassinated prime minister Yitzhak Rabin, 72, in November.