Review of the Year

OTHER COUNTRIES
Two watershed events that occurred the year before—the Hamas victory in the Palestinian Authority elections and the disappointing and inconclusive war in Lebanon—deeply influenced Israeli life during 2007. Hamas took over Gaza through a bloody coup in June, the intermittent barrage of rockets from Gaza into southern Israel intensified, and few were optimistic about a new U.S.-sponsored round of Israeli-Palestinian peace talks that began in December. Meanwhile, Israel’s already strife-torn internal politics were further embittered by investigations into the decision to fight in Lebanon and how the war was conducted—and these did not even touch upon the financial and sexual scandals, both proven and rumored, that implicated a number of the country’s top leaders. Despite several reports that turned out to be false, no progress was made on obtaining the release, or even reliable information about, the three Israeli soldiers kidnapped in 2006, Gilad Shalit, taken near Gaza, and Eldad Regev and Ehud Goldwasser, abducted near the northern border.

The bright spots for Israel during 2007 also grew out of policies conceived earlier. With the exception of residents of the towns near Gaza subject to bombardment, ordinary Israelis had never been more physically secure, as precautionary measures and the security barrier in the West Bank drastically reduced the number of suicide bombings and other attacks. Also, Israel’s economy continued the impressive performance powered by its industrial sector, especially high-tech.

Looming over Israel’s future was the ongoing threat of a potential Iranian nuclear capacity in the hands of a regime that made no secret of its intention to wipe Israel off the map. Israel’s bombing and dismantling,
in September, of what was apparently a nuclear facility in Syria underlined the danger posed by Iran, whose installations was far less susceptible to Israeli attack.

SECURITY AND DIPLOMACY

A Year of Tensions and Disappointments

JANUARY: PEACE FEELERS

Israel began easing restrictions on Palestinian movement in the West Bank on January 1, in fulfillment of a promise Prime Minister Ehud Olmert made to PA president Mahmoud Abbas at a meeting on December 24, 2006. By mid-January Olmert said that 44 of the 160 West Bank roadblocks had been removed and that this was only the first stage. He also pledged that the waiting time for Palestinian trucks to pass through checkpoints would be streamlined from an average of 40 minutes to 15.

Egyptian president Hosni Mubarak, meeting with Olmert in the Sinai town of Sharm al-Sheikh on January 5, reiterated Egypt’s longstanding position that the Middle East should be free of all unconventional weapons—including those of a biological and chemical nature as well as nuclear bombs—but suggested nonetheless that Egypt might have to seek a nuclear capacity. “We don’t want nuclear weapons, but since they appear highly present in the region, we must defend ourselves,” he said, clearly referring to Iran. Olmert, for his part, voiced the traditional Israeli view that the Jewish state would not be the first to introduce nuclear weapons to the area, but added that Iran’s intention to obtain such arms and use them was “cause for concern” to Israel, Egypt, other regional states, and Europe.

Olmert paid a visit to China on January 9–11 to mark the 15th anniversary of relations between the two countries. He met with President Hu Jintao and other top officials in Beijing and attended a gala concert featuring Israeli singer David D’Or, famed for his falsetto voice, and Chinese singers Yao Hong and Wang Haitao. This was the third visit by an Israeli prime minister since relations were established in 1992.

Al Qaeda had sent “dozens, if not hundreds” of terror operatives to the countries surrounding Israel, Maj.-Gen. Amos Yadlin, chief of Military Intelligence, told the Knesset Foreign Affairs and Defense Com-
In addition to Syria, Lebanon, Jordan, and Egypt, Yadlin said that a handful of agents had been sent to the Gaza Strip as part of an Al Qaeda directive to deploy in the area.

Hamas responded with threats of assassination to Abbas’s declaration in early January banning six Hamas-linked security organizations. Referring to the PA president as “the president of the Oslo Authority,” Hamas announced on January 8 that it held him “responsible for every drop of blood that will be shed by our kinsmen because of his decision . . . .” Abbas indeed narrowly escaped an attempt on his life, according to a January 28 report on the Website of Yediot Aharonot. The attempt had occurred near Ramallah the previous week as Abbas was on his way to meet Hamas prime minister Ismail Haniyeh for discussions about forming a unity government: roadside explosives were detonated by Abbas’s presidential guard and the convoy of vehicles was diverted back to Ramallah. The negotiations for a unity government stalled and the confrontation between Hamas and Fatah forces in Gaza continued. Some 20 people were reported killed and 66 wounded in clashes on January 26–27.

U.S. secretary of state Condoleezza Rice toured the region for five days in mid-January, in the course of which she met with Prime Minister Olmert, Foreign Minister Tzipi Livni, and Defense Minister Amir Peretz, as well as PA president Abbas. En route to Israel she told reporters on the plane, “I’m not coming with a plan. I don’t think a plan can be made in America.”

Three Israelis—Michael Ben Sa‘adon, 27, Emil Elmaliyah, 32, and Israel Samoliya, 26—were killed and dozens more wounded in a January 29 suicide bombing outside a bakery in the Izidor neighborhood of Eilat, the first terror bombing in the history of the Red Sea resort city. A higher toll was apparently averted when Lt. Col. Yossi Waltinsky became suspicious of a hitchhiker he had picked up on the assumption that the man worked in one of Eilat’s hotels, and dropped him off on the outskirts of town rather than in the center.

February: Toward PA Unity

In early February, Defense Minister Peretz announced the choice of Iron Dome, built by the government-owned firm Rafael Arms Development Authority Ltd., as Israel’s defense against short-range rockets. The decision followed several months of deliberations occasioned by the intermittent rain of Palestinian Qassam rockets and mortar fire on Israeli
towns and villages in the area near the Gaza Strip. Development was expected to take about three years: Rafael would develop projectiles to intercept incoming rockets and the control system to fire them, while the Elta subsidiary of the government-owned Israel Aerospace Industries (formerly called Israel Aircraft Industries) would refine the radar system. Peretz, criticizing his predecessors for failing to move more quickly, announced that the system would be installed first in the border town of Sderot. The cabinet had allocated NIS 811 million (about $200 million) for the first stage of development the previous December.

The foreign ministers of the Quartet (U.S., UN, EU, and Russia) met in New York on February 2. Rice, German foreign minister Frank-Walter Steinmeier, Russian foreign minister Sergei Lavrov, and UN secretary general Ban Ki-moon agreed on the primacy of the “road map” in the peace process, reviewed and reaffirmed the conditions under which aid would be given to the PA, and differed over the prospects for talks with Syria.

Violence between Fatah and Hamas accelerated the very day of that meeting as Hamas gunmen blew up the Fatah-affiliated Voice of Labor radio station in the Gaza Strip, pulling down the Palestinian flag after conquering the building and raising the Hamas green banner. And on the other side, between five and eight Iranian student collaborators with Hamas were reportedly arrested in a raid by Fatah-controlled national security police on the Islamic University in Gaza, and hundreds of weapons, as well as a lathe used to manufacture Qassam rockets, were said to have been seized. Fighting spilled over to the Gaza beachfront over the next few days, terrifying local residents. One man, who lived in a building that Hamas threatened to blow up unless Fatah men fortified inside surrendered, asked the Associated Press: “Who will protect us? What is our fault? We are neither Fatah nor Hamas.” AP reported that more than 70 people had been killed on both sides since fighting erupted in December 2006.

An IDF patrol on the northern border found four bombs, disguised as boulders for “safe-keeping” and placed on the Israeli side of the border with the clear intention of hitting Israeli frontier patrols, on February 6. The Defense Ministry protested to UN forces policing the cease-fire there about this “severe incident.”

PA president Abbas and Damascus-based Hamas leader Khaled Mashal met with King Abdullah of Saudi Arabia in Mecca on February 7 in a last-ditch effort to reach an agreement on a Palestinian unity government and a truce that would quell spiraling internecine violence in Gaza. Over the previous weekend at least 27 people were killed in fight-
ing between Fatah and Hamas in the Strip. The Saudi-brokered agreement that emerged—which did not provide for recognition of Israel— gave Hamas an 11-8 edge in cabinet positions and allocated four ministries to other Palestinian parties; directed that disputes between the two sides would be solved by peaceful means rather than violence; sought to speed internal reforms within the Palestine Liberation Organization; and made Hamas, for the first time, a member of the PLO. (The unity government would be sworn in March 17.)

Olmert, Abbas, and Rice met in Jerusalem on February 19, and afterward issued a statement declaring that the Israeli and PA leaders “reiterated their acceptance of previous agreements and obligations,” including the “road map.” Rice added that those leaders welcomed U.S. participation “to overcome obstacles, rally regional and international support, and move forward toward peace.” While the American had no comment on the Mecca agreement, Livni told reporters that the provisions “do not meet the requirements of the international community.”

Robert Satloff, executive director of the Washington Institute for Near East Policy think tank, commenting on the Saudi-sponsored plan, said: “nothing in the accord can be viewed as addressing the first two of the Quartet’s conditions [recognition of Israel and renunciation of violence] and only through a tortuous interpretation of the final clause can even a loose connection be made to the third condition [accepting previous Israeli-Palestinian agreements].” It only asked Hamas to “respect” unspecified Palestinian and Arab commitments and UN resolutions.

Three days later Hamas’s Izz al-Din al-Qassam Brigades called for an end to the cease-fire with Israel that had been declared the previous November (see AJYB 2007, p. 236). What provoked this first open disavowal by a Hamas body of the three-month lull in hostilities was the killing by Israeli forces of Mahmoud Qassem, a West Bank Islamic Jihad commander linked to a failed suicide-bomb attack in Tel Aviv.

Jerusalem quickly became a flashpoint for violence after Israeli authorities approved construction of a new ramp providing access from the Mughrabi Gate to the Temple Mount, to replace the earthen ramp that collapsed in 2005. This gate was the nearest on the Mount to Al-Aqsa, the third holiest site in Islam. Under Israeli law a “salvage dig” was required to precede any construction in the Old City of Jerusalem, and the onset of the digging in early February triggered several days of riots by Palestinian and Israeli Arabs. Violence peaked after Israeli police stormed the Mount in a move that Israel explained as intended to prevent rioters from stoning Jews worshiping at the Western Wall below. Dismissing Is-
Israeli claims that repairs to the area were necessary to guarantee access to the Muslim holy site, Arab League secretary general Amr Moussa charged on February 11 that the digging signified Israel's intention to tighten its control over Jerusalem. Moussa, a former Egyptian foreign minister, called on the international community to stop the work. At the same time the Islamic Action Front, the largest opposition group in Jordan, called for jihad, holy war, to "liberate" Al-Aqsa and "save it from destruction and sabotage by Jewish usurpers. The mayor of Jerusalem announced a moratorium on the project. On February 15, during a visit to Turkey, Prime Minister Olmert spoke to his Turkish counterpart, Recep Tayyip Erdogan, about having Turkey, a Muslim country that had relations with Israel, send in a team to inspect the site and report on the project. Olmert said that Israel "has nothing to hide." During the visit, however, Muslim protesters denounced Olmert as a "murderer."

Erez Levanon, 42, of Bat Ayin in the Gush Etzion bloc near Bethlehem, was killed by terrorists on February 25. His body was found in an alleyway in Beit Omar, a Palestinian village north of Hebron. Islamic Jihad claimed credit for the killing, saying that two members of its al-Quds Brigades lured Levanon into an agricultural area and stabbed him to death. The next day the Shin Bet arrested two Palestinian teenagers who said they had attacked and killed Levanon while he was praying. The Shin Bet believed that the youths were acting on their own and not as part of any Palestinian group. That same day 25 Palestinians were arrested in a large-scale IDF operation in the city of Nablus, on the northern West Bank. Troops closed the entrance to the city and placed about 50,000 civilians under curfew during the operation.

MARCH: THE SAUDI PLAN REVIVED

National Infrastructure Minister Binyamin Ben-Eliezer postponed an early March trip to Cairo after a furor in the Egyptian press over claims, in an Israeli documentary film, that troops under his command had killed as many as 250 Egyptian prisoners during the 1967 Six-Day War. A spokesman for Ben-Eliezer said the claims were entirely false. Ran Edelist, the film's producer, said the film actually portrayed members of a Palestinian commando battalion killed in the heat of battle, and was distorted by the Egyptian press.

Eighteen wanted Al-Aqsa Martyrs Brigades and Fatah fugitives were taken into custody in a March 7 IDF raid into Ramallah. The terrorists,
who had taken shelter in a Palestinian intelligence service compound, were accused of perpetrating dozens of attacks on Israeli soldiers and civilians.

Olmert and Abbas had a meeting scheduled for March 11 in Jerusalem. Ignoring advice from two Likud Knesset members—former foreign minister Silvan Shalom and Yuval Steinitz, former head of the Knesset Foreign Affairs and Defense Committee—to call the meeting off because it was pointless, Olmert did attend the session with Abbas, who raised the 2002 Saudi initiative, adopted by the Arab League, which offered full diplomatic relations with Israel in exchange for full Israeli withdrawal from the territories captured in 1967, the creation of a Palestinian state with East Jerusalem as its capital, and a “just solution” to the Palestinian refugee problem. Earlier, the Israeli prime minister had called that initiative “an issue that we would be willing to take seriously.”

The Israeli Supreme Court on March 13 rejected petitions by six human rights groups to open border crossings into Gaza so as to facilitate the flow of humanitarian aid into the Strip. In expressing the court’s view, its president, Dorit Beinish, said that changes in the security situation had made border closure permissible. Beinish said she was convinced the army was doing its best to ensure that all the crossings closed after the 2006 kidnapping of soldier Gilad Shalit would to be opened whenever feasible.

On March 20, three days after the official formation of the Palestinian unity government, the Israeli Foreign Ministry called off a scheduled meeting with Norwegian deputy foreign minister Raymond Johansen. The day before Johansen was in Gaza to meet PA prime minister Ismail Haniyeh, thus becoming the first Western dignitary to meet formally with Hamas officials since the formation of the PA unity government.

Olmert’s office refused, on March 25, to comment on reports that the prime minister had met some months earlier with a senior Saudi official. Citing Arab sources, Ha’aretz identified the official as Prince Bandar bin Sultan, the Saudi national security adviser, and said that the two had met in Jordan. Another indication of Saudi involvement came from UN secretary general Ban Ki-moon, who, arriving for a visit to Israel and the PA, said that he saw a determination in the Arab world to restart the Saudi/Arab League peace initiative. In a March 30 interview with the Jerusalem Post, Olmert called Saudi king Abdullah “a remarkable leader” and noted that the initiative he launched while serving as foreign minister in 2002 “was very interesting.”
Meanwhile, the *Yediot Aharonot* Website reported on March 28 that Saudi, Israeli, and American diplomats had been holding secret talks in Washington in an attempt to work out a financial compensation plan for Palestinian refugees that would preempt their demand for a “right of return” to homes and property lost in Israel’s 1948 War of Independence. According to the report, Palestinians would only be allowed to return to a Palestinian state, not to Israel.

An Arab League summit held March 29 in Riyadh unanimously passed a resolution calling for reaffirmation of the 2002 Saudi initiative by all Arab states, and Javier Solana, the European Union foreign policy chief who was a guest at the summit, called it a basis for further negotiations. In an interview with London’s *Daily Telegraph* a day before the summit, Prince Saud al-Faisal, the Saudi foreign minister, said that the Arab world had now done “what we have the power to do,” and that now “it is up to the other side, because if you want peace, it is not enough for one side only to want it. Both sides must want it equally.” The prince cast the entire blame for not achieving peace on Israel. “It has never been proven that reaching out to Israel achieves anything,” he told the British newspaper. “Other Arab countries have recognized Israel and what has that achieved? The largest Arab country, Egypt, recognized Israel and what was the result? Not one iota of change happened in the attitude of Israel towards peace.”

Other diplomatic activity proceeded as well. Secretary of State Rice, in Jerusalem on March 27 as part of another Middle East tour, said that Olmert and Abbas had agreed to meet every two weeks to discuss PA-Israeli issues and to map out a “political horizon,” even though the two leaders were “not yet at final-status negotiations.” German chancellor Angela Merkel was in the region in late March and early April. In addition to talks with top Israeli leaders, Merkel met with the families of the missing Israel soldiers. And in Ramallah, Palestinian officials, according to the *Jerusalem Post*, said her talks with Abbas focused on efforts to release Gilad Shalit, held in Gaza since the preceding June. A Palestinian official complained that Merkel “appeared to be obsessed” with the Shalit case “but refused to even acknowledge the fact that we have more than 10,000 prisoners in Israel.”

Israeli forces attacked targets in the Gaza Strip on March 29, ending the policy of restraint exercised there since the November 2006 cease-fire. The reported target was a Qassam rocket-launching cell that was about to fire into Israel.
APRIL: A MESSAGE TO SYRIA?

Speaker of the House Nancy Pelosi, after a trip to Israel, met with Syrian president Assad in Damascus on April 5. She later told reporters that she and the other members of a congressional delegation “were very pleased” with Assad’s assurance that he was ready to resume negotiations with Israel. She added that the group had also raised the subject of the three kidnapped Israeli soldiers. Syrian information minister Muhsen Bilal told the reporters accompanying Pelosi that Israel needed to prove that it was serious about peace and “declare this in a clear manner.”

The next day the Prime Minister’s Office in Jerusalem strongly denied a report that Pelosi had carried a secret message from Olmert to Assad. The prime minister, in fact, was caught in the thicket of American politics, as the Bush administration was strongly critical of the visit of Pelosi, a Democrat, at a time that the Republican president was imposing a diplomatic freeze on Syria. The Prime Minister’s Office was quoted by Ha’aretz as saying, “Pelosi took part of the things that were said at the meeting [with Olmert] and used what suited her,” and that “we have not intervened in the internal debate in the United States, and we did not harm anyone.”

Whether or not Pelosi had been carrying a message from Olmert, Israeli-Syrian relations showed no signs of easing. Division-strength maneuvers simulating a possible conflict with Syria, perhaps involving a surprise attack by Damascus, were staged in the Judean Desert in April, according to a report in the Jerusalem Post. The war games involved hundreds of tanks and thousands of soldiers, with air support from helicopters and UAVs (unmanned aerial vehicles).

On April 18–19, U.S. defense secretary Robert Gates met with Prime Minister Olmert, Foreign Minister Livni, and Defense Minister Peretz. This was the first visit by a senior Pentagon official to Israel in eight years.

Hamas launched a major barrage of Qassam rockets and mortars against Israel on April 24; military sources said that ten Qassams and 12 mortar shells fell on Israeli territory, causing no damage or injuries. Israel believed that this attack was intended as “cover” for an attempt to kidnap another Israeli soldier, similar to the June 2006 snatching of Gilad Shalit.

MAY: SDEROT UNDER FIRE

Early May brought more diplomatic activity on the Syrian front. Secretary of State Rice met with Syrian foreign minister Walid al-Muallem
for 30 minutes on May 3, during an international conference at Sharm al-Sheikh designed to muster support for U.S. policy in Iraq. The meeting, according to Rice, was “professional . . . I didn’t lecture him and he didn’t lecture me.” The Syrian asked the U.S. to return its ambassador, withdrawn two years earlier, to Damascus. “We hope the Americans are serious because we in Damascus are serious about improving relations with America,” Muallem said. The U.S. position was that normalized relations would come only after Syria stopped allowing jihadists to cross its border into Lebanon, cut its ties with Iran and Hezballah, and closed the headquarters that terror organizations like Hamas and Islamic Jihad maintained in Damascus.

Rice, on May 8, said she was postponing a scheduled May 15 visit to Israel, part of a still-planned Middle East swing. State Department spokesman Sean McCormack said the postponement was necessary because “the political situation in Israel has become a bit more complex in the near term,” a clear reference to the interim report of the Winograd Commission investigating the 2006 war in Lebanon and a possible political crisis in the Olmert government (see below, pp. 274–75).

A World Bank report issued on May 9 suggested that Israeli security measures were preventing a Palestinian economic recovery. “The system has created such a high level of uncertainty and inefficiency that normal conduct of business in the West Bank has been stymied,” said David Craig, World Bank director for Israel and the PA. “Restoring sustainable Palestinian economic growth is dependent on its dismantling.” Rejecting Craig’s claim, Israeli Foreign Ministry spokesman Mark Regev said Israel “has no interest whatsoever in seeing a failed Palestinian economy.” He suggested that the PA’s economic problems were largely due to terrorism, violence, instability, “and the overall anarchy that exists.” Meanwhile factional violence between Hamas and Fatah in Gaza escalated, and on May 14 PA interior minister Hani Kawasmeh, who was responsible for trying to calm the situation, resigned in frustration.

During a visit to Sderot by Olmert and Peretz on May 18, the Tzeva Adom (Color Red) alarm for incoming rockets was sounded and the two leaders took cover. Less than an hour after their departure a rocket hit a synagogue in the town. There were no injuries because all of the approximately 300 people attending a Torah scroll dedication there had already left. “If people had not gone home, many would have been killed,” one resident told Yediot Aharonot, “God rescued us.”

Seeking to stop such attacks on Israeli towns near the Gaza Strip, the security cabinet on May 20 voted to “intensify operational measures,”
meaning the resumption of targeted killings. National Infrastructure Minister Ben-Eliezer said that targets might include Hamas politicians as well as military commanders. “I don’t distinguish between those who carry out the attacks and those who give the orders. I say we have to put them all in the cross-hairs,” he told Israel Radio. And a few hours later, a rocket attack on the Gaza home of Khalil al-Haya, a Hamas member of the Palestinian National Assembly, killed eight people, seven of them members of al-Haya’s family. Hamas responded by saying that now it would target Israeli politicians.

Defense Minister Peretz declared a “special home-front situation” for the Sderot area, a change of status that could help residents obtain government compensation for property and income lost because of attacks from Gaza. But Qassam fire continued on Sderot, taking a toll of about 20 hits a day. On May 21, Shirel Friedman, 32, was killed when a Palestinian rocket hit a car near a bakery in the commercial area of Sderot, and on May 27, Oshri Oz, a 36-year-old computer technician from Hod Hasharon in the center of the country who was visiting Sderot as part of his job, was killed by a Qassam that hit near his car.

In the Jerusalem area, two Palestinians were killed by security men after they opened fire on a routine patrol in the village of Sheikh Said, near the Jewish neighborhood of Armon Hanatziv on the southeastern edge of the city, on May 27.

Khaled Shawish, a senior commander of the Fatah-linked Al-Aqsa Martyrs Brigade, was arrested by Israeli security forces in Ramallah on May 28. Shawish, who was reportedly responsible for killing Binyamin Ze’ev Kahane, son of the late Meir Kahane, and his wife, Talia, in 2000, was arrested in the parking lot of the Muqata government complex, not far from Yasir Arafat’s grave.

Fatah, on May 29, accepted an Egyptian proposal for a Cairo meeting with Hamas in an effort to put a halt to the internal bloodshed between the two groups. At about the same time, the office of PA president Abbas said that he would meet the following week with Prime Minister Olmert. The two men had last met in April.

The next day the Israeli cabinet turned down feelers from Hamas about a possible cease-fire deal. A statement from the Prime Minister’s Office said that Israel “is not conducting any negotiations with a terrorist organization,” and that “attacks and military pressure on terror groups, mainly Hamas and Islamic Jihad,” would continue. Some in the Israeli government felt that even this was not enough. Strategic Affairs Minister Avigdor Lieberman proposed dealing with the Qassam problem by de-
declaring Gaza "a hostile entity." He explained: "Gaza will be isolated from Israel and the West Bank. There will be no safe passage between the two Palestinian entities—not for goods, not for people, not for Abbas. Israel will complete the disengagement from Gaza by gradually cutting all ties—including the supply of water and electricity, trade, taxes, and so forth." He urged that Israel regard Gaza—at that point still ruled by Abbas's PA—and the West Bank as separate entities. Food and other essential supplies, he said, could be brought into Gaza via Egypt.

**JUNE: HAMAS SEIZES GAZA**

On June 1, as Qassams and rockets continued to fall on Sderot, about 100 IDF reservists from that town published an open letter to Olmert saying they would find it difficult to report for military duty so long as the government "abandons Sderot's residents." "We have stopped believing that someone is doing everything he can in order to protect us," the reservists wrote, "we cannot accept that our children and the rest of the residents of the region will continue to be the cannon fodder of the State of Israel." The letter did not go so far as to say that its authors would disobey the law and refuse to serve.

A 45-page Amnesty International report, released on June 5 to mark the 40th anniversary of the start of the Six-Day War, strongly criticized Israel for the deteriorating humanitarian situation in the West Bank and Gaza, and said Israel "should lift the regime of blockades and restrictions . . . halt the construction of the fence/wall inside the West Bank, and remove sections already built there." It also called on Israel to stop building new settlements "as a first step towards removing Israeli settlements and outposts." At the same time, it urged Palestinians to stop attacks on Israeli civilians and for the PA to act to prevent such attacks. The report was denounced by Vice Prime Minister Shimon Peres, who said Israel had not built the security fence "as some sort of caprice. It was the right way to defend life within Israel—something that every country is obligated, not only entitled, to do." The Israeli Justice Ministry issued a statement denouncing the report's "lack of emphasis on the centrality of Palestinian terror."

That same day, Chief of Staff Gabi Ashkenazi, visiting the Shizafon Armored Corps base in southern Israel, said the army was preparing for an escalation against both the Palestinians and on the northern front. After witnessing the continuing large-scale maneuvers simulating the conquest of a Syrian village, Lt.-Gen. Ashkenazi declared, "The Israel
Defense Force's goal is to improve our readiness, while at the same time continuing the war on terror. The display seen here today is quite impressive: Only one element is lacking, an enemy.”

However Defense Minister Peretz said he “hoped the Syrians won’t misinterpret” the army’s constant training. “We have no intelligence indicating that Syria is interested in starting a war,” he noted, adding, “I hope that the escalation in words does not bring about an escalation in actions.” Yet a third view came from Maj.-Gen. Amos Yadlin, director of Military Intelligence, who spoke of Syrian preparations that could be ominous, including “cleaning army posts, conducting large maneuvers, and strengthening defenses. They are reaching a greater state of readiness for war than in the past, but that doesn’t mean they will be ready for war tomorrow.”

On June 11 Israel successfully launched its latest intelligence satellite, Ofeq-7, on an Israeli-made Shavit rocket from the Palmahim launch site south of Tel Aviv. Security sources said that the launch was not timed to correspond with threats from Iran or Syria, but had been planned for some time. They said that Ofeq-7—which replaced Ofeq-5, launched five years earlier—represented a “significant upgrade” in Israel’s capacity to gather intelligence. The main contractor was Israel Aerospace Industries, and Israel Military Industries produced the rocket engine for the launch vehicle.

Clashes between Hamas and Fatah in Gaza, which had continued intermittently at the cost of some 150 lives since the beginning of the year, accelerated, and Hamas carried out a carefully planned takeover of the Gaza Strip. On June 11 Hamas declared it had taken over the town of Beit Hanoun at the northern edge of the Strip, the area from which most of the Qassam rocket fire on Sderot had been initiated. It then surrounded and conquered Fatah headquarters in Gaza City, unsuccessfully guarded by 500 armed men, the next day. On June 13 Hamas took control of all of the area north of Gaza City, and proceeded to blow up the southern Gaza headquarters of the Preventive Security Force in Khan Younis, killing 13. After taking Khan Younis and Rafiah, the two main towns in the southern Strip, Hamas solidified its control by overrunning the two remaining Fatah posts in Gaza City on June 14, as well as both main arterial roads traversing the Strip.

An official casualty count was never released, but it was clear that well over 100 were killed on both sides. There were also reports of numerous atrocities—Fatah activists and their entire families taken from their homes and executed in the street; President Abbas’s cook being bound
and gagged and thrown to his death from atop a 15-story building; and
the murder of unarmed civilians and hospital patients. The carnage took
place on both sides, and Sarah Leah Whitson, Human Rights Watch's
Middle East director, said, “These attacks by both Hamas and Fatah con-
stitute brutal assaults on the most fundamental humanitarian principles.
The murder of civilians not engaged in hostilities and the willful killing
of captives are war crimes, pure and simple.”

Abbas, who remained in the Fatah-controlled West Bank, dissolved the
unity government headed by Haniyeh, and said that he, as president,
would rule the West Bank by decree. Hamas denounced the move as
“worthless” and insisted that Haniyeh “remains head of government.”

Abbas moved quickly. On June 15 he appointed Salam Fayyad, the for-
mer finance minister who was regarded in the West as a symbol of Pales-
tinian reform, as prime minister. At about the same time, Fatah armed
units cracked down hard on Hamas in the West Bank. “There was a de-
cision by the leaders of the security forces to go after Hamas and to ar-
rest them, before they think of bringing the war here,” said Issam Abu
Bakr, a Fatah leader in Nablus. “This is true for all of the West Bank.
Perhaps it was a belated decision, but now we can stand against Hamas
and defend ourselves.”

There were widespread arrests of Hamas activists in Jenin, Nablus, Jeri-
cho, Ramallah, and Bethlehem, where security forces wore ski masks to
avoid being identified. Fatah-allied students took over Al-Quds University
in Ramallah. Earlier, on June 12, Fatah armed units had stormed the
building housing the Palestinian Legislative Assembly in Ramallah and
torched the first floor. But Hamas leader Mahmoud al-Zahar said in
Gaza on June 20 that continued Fatah efforts to drive his organization
out of the West Bank would result, ultimately, in Fatah’s overthrow there.

The Hamas takeover of Gaza drew dire predictions from some former
military men in Israel who were identified with the political right. Ya’akov
Amidor, who had served as deputy chief of Military Intelligence, said
that Hamas was poised to “turn Gaza into Hamastan like Hezbollah in
Lebanon, with Iranian and Al Qaeda elements. We will have a full-fledged
terrorist state on our borders.” The ex-general claimed that Fatah’s
collapse in Gaza was the disastrous fulfillment of the 2005 disengage-
ment from Gaza and the northern West Bank. “Israel’s irresponsible
departure,” he said, “enabled Hamas to get stronger with tremendous
quantities of explosives, weapons, training, money and more.” The only
solution, he felt, was for Israel “to enter Gaza and remain there for
years.”
Former chief of staff Moshe (Bogie) Ya'alon, who, after a year at the Washington Institute for Near East Policy in the U.S. capital, returned to join the right-leaning Shalem Center think tank in Jerusalem, agreed, saying that current events in Gaza were "just the first step. . . . Our entry into Gaza is inevitable; no one else will do it for us. There are many questions and dilemmas, of course, but the writing is already on the wall. We must enter before the threat reaches Ashdod and elsewhere." Ya'alon had opposed the 2005 disengagement when he was head of the army.

On the other hand, Labor MK Matan Vilna'i, a former deputy chief of staff, expressed confidence that the Egyptians, who were Israel's allies against Gaza terror, had the ability to stop the smuggling of weapons into the Strip. Israel, in his view, had to "resume targeted killings, air strikes, and special forces in Gaza," but not an invasion of the Strip, and also engage in "diplomatic moves vis-à-vis the Palestinian Authority."

In the aftermath of the Hamas takeover, Ayman al-Zawahri, the Al Qaeda second-in-command, called on Hamas to implement sharia, Islamic law, in the Gaza Strip. "Taking over power is not a goal but a means to implement Allah's word on earth," he said in a message over the Internet, in which he also called on all Muslims to support Hamas.

Prime Minister Olmert said on June 17 that Israel would not allow Gaza to sink into a humanitarian crisis. Israel, he declared, would find ways of supplying food and medications to the Strip through international aid groups. The prime minister was responding, in part, to calls by Meretz MK Zahava Gal-On, who said that Israelis could not "stand aloof. The international law and the laws of morality do not allow us to be indifferent and say, 'let the Arabs kill themselves.'"

The right, predictably, had a very different view of Israel's responsibilities. "An Islamic country has been established in Gaza, which is in our backyard. The country controlling Gaza today is Iran, and from this point we must derive our decisions regarding the humanitarian aid to the Strip," said MK Effi Eitam of the National Religious Party-National Union. According to Eitam, Egypt should now be responsible for aid to Gaza.

National Infrastructure Minister Ben-Eliezer, a leader of the Labor Party, recommended at least a temporary halt to all aid to Gaza while stepping up the separation between the West Bank and Gaza. His Labor colleague, Deputy Defense Minister Ephraim Sneh, told Army Radio that aid to Gaza could not be completely halted, but that even if aid kept getting in "there will be a crisis in Gaza because it's being controlled by gangs who show no responsibility to the public . . . Israel is not [Hamas head]
Ismail Haniyeh’s welfare office.” The suspension of supplies to Gaza began in mid-June, as the Israeli company Dor Alon, the only fuel supplier to the Strip, restricted its provision of fuel to Gaza’s power plant.

Olmert, who was due to meet Bush in Washington, favored total separation of Gaza—the de facto Hamastan—and the Fatah-controlled West Bank, and advocated deployment of an international force to intercept and put an end to arms shipments to Gaza through smugglers’ tunnels at the southern end of the Strip. Foreign Ministry spokesman Mark Regev called the new reality “a serious strategic challenge and a threat,” and said, “We’ll want to engage with the international community on how to prevent the upgrade.” But Saeb Erekat, a top advisor to Abbas, pleaded for Israeli moderation and forbearance. “Residents must not be punished for the bloody coup staged by Hamas,” he declared.

Meeting with Olmert in Washington on June 19, Bush was highly critical of the Hamas takeover. “They made the choice of violence,” he said, adding that he hoped that Abbas, whom he called “the president of all the Palestinians,” and Prime Minister Fayyad, “who’s a good fellow, will be strengthened to the point where they can lead the Palestinians in a different direction.” For his part, Olmert said he was willing to carry out conciliatory moves to help Abbas.

Egypt hastily convened a four-way summit involving its president, Hosni Mubarak, King Abdullah II of Jordan, Olmert, and Abbas for late June in Sharm al-Sheikh. In announcing the summit Mubarak called the Hamas move “a coup against legitimacy.” The Sharm meeting opened on June 26. As expected, the four leaders reiterated a commitment to the search for Middle East peace. Olmert stole the headlines by announcing that Israel would release 250 Palestinian prisoners as a goodwill gesture to Abbas. (They were released on July 21.)

According to Ha’aretz, Olmert had not at first planned to release prisoners. Rather, his original package of gestures to bolster Abbas had included the transfer to the PA of funds Israel collected as Palestinian taxes on behalf of the PA (Israel had withheld about $600 million in such taxes since the election of the Hamas government in early 2006) and the removal of West Bank roadblocks and other “alleviations” of pressure on Palestinian daily life in the West Bank. Apparently after consultations with Defense Minister Ehud Barak (who had replaced Peretz in that position and as Labor leader), Foreign Minister Livni, and Transport Minister Shaul Mofaz—a former defense minister and chief of staff—Olmert decided to release 250 Fatah prisoners from the West Bank with no “blood on their hands” since it would strengthen Abbas and increase
the pressure on Hamas, whose own prisoners in Israel would not be released.

*Haaretz* pointed out that the number of prisoners to be released was small compared to previous Israeli gestures Ariel Sharon made to help Abbas. And since the Olmert offer included neither Fatah veterans jailed since before the Oslo agreements nor West Bank Fatah Tanzim leader Marwan Barghouti, serving five life terms for ordering terrorist murders during the second intifada, the paper deemed it unlikely that this prisoner release would enhance Abbas's credentials with the Palestinians.

Criticism also came from the right, which held that concessions to the Palestinians only emboldened the radicals: Likud leader Benjamin Netanyahu, speaking to the Jewish Agency Assembly in Jerusalem, said that the moves sent "a wrong, harmful message that will not strengthen the Palestinian Authority. It will only weaken it."

Meanwhile, the first-ever official Arab League delegation visited Israel on June 25. It consisted only of the foreign ministers of Egypt and Jordan, both of which had diplomatic relations with Israel. They came to promote, once again, the 2002 Arab League initiative first proposed by Saudi Arabia.

On the eve of the June 26 Sharm al-Sheikh summit, which was also exactly a year since Gilad Shalit's abduction, Hamas released a recording of the soldier's voice on a Hamas Website. Speaking in Hebrew, he said, in part, "Mom and Dad, brother and sister, my comrades in the IDF—I send you from jail my regards and my longing for all of you. I've gone through a whole year in jail, and my health is still deteriorating and I'm in need of prolonged hospitalization. I regret the lack of interest shown by the Israeli government and the IDF in my case and their lack of response to the demands of the Islamic Brigades." Shalit, now 20, called on the Israeli government to exchange prisoners with the Palestinians, "especially as I was part of a military operation under military orders." He continued, "Just as I have parents, a mom and dad, the thousands of Palestinian prisoners also have mothers and fathers whose children must be returned to them."

Israeli officials told the *Jerusalem Post* that release of the tape may have been a goodwill gesture indicating Hamas's desire to reach a deal and prisoner swap for Shalit, and a Hamas spokesman in Gaza told Channel 2 TV that this was indeed the case. The kidnapped soldier's father agreed that the tape might be a positive sign. Noam Shalit said, "We hope that in light of the new situation in Gaza, Hamas has an interest in proving to the Palestinian people they have achievements." Except for a letter from
their son received in September 2006, the Shalits had not heard from Gilad since his capture.

Hours after Tony Blair stepped down as Britain’s prime minister on June 27, the Quartet—the U.S., UN, EU, and Russia—announced his appointment as its special Middle East envoy. His mission, according to an official statement, was to mobilize international financial and humanitarian support for the Palestinians. Clearly referring to the violent Hamas takeover of the Gaza Strip a fortnight earlier, a Quartet statement said that “the urgency of recent events has reinforced the need for the international community . . . to help Palestinians as they build the institutions and economy of a viable state in Gaza and the West Bank, able to take its place as a peaceful and prosperous partner to Israel and its other neighbors.” Blair replaced the previous envoy, former World Bank president James Wolfensohn, who resigned in frustration after less than a year. Blair, based in Jerusalem, was to work with a small team of experts.

That same day at least 12 Palestinians were killed and 40 wounded when Israeli troops went into southern Gaza. Armor and aircraft supported the strike against suspected terrorists in the kind of incident that had become almost routine along the Gaza border.

**JULY: A CONFERENCE IS CALLED**

In fulfillment of its promise to bolster Abbas, Israel transferred $118 million in taxes it had collected for the Palestinian Authority to the PA on July 1. The money would be used to pay government workers. Also, after a hiatus of about 18 months, Israeli and Palestinian officials resumed security talks. According to an AP report, these “included discussions on the movement of Palestinian forces and guarantees of safety for security installations during Israel Defense Force operations.” Regular contacts between Israeli and Palestinian security officers, which first began about the time of the PA’s establishment, were interrupted by the outbreak of the second intifada in 2000, and occurred again on an intermittent basis until discontinued with the election of a Hamas government in 2006.

Alan Johnston, a BBC reporter and the only Western correspondent working full-time in Gaza, was freed by his Army of Islam captors on July 4 after 16 weeks of captivity. Johnston had been kidnapped by an Al Qaeda affiliate with links to one of Gaza’s most powerful clans. Hamas had applied pressure on his captors to release him.

Eight Hamas gunmen were killed in an Israeli antiterror incursion that
escalated into a fierce battle in the Gaza Strip on July 5. The fighting included air support by Israeli forces, tanks, and bulldozers. Hamas later said that its men had discovered an Israeli undercover unit operating in the area, about half a mile inside Palestinian territory. Among the Hamas dead was Muhammad Siam, the organization's chief field commander in the central Gaza area. In another Israeli raid, conducted on July 13 by a Givati Brigade unit near the al-Bourej refugee camp in central Gaza, Sgt. Arbel Reich, 21, was killed. This was the IDF’s first combat death in 2007.

On July 10, the authoritative French newspaper *Le Monde* published an open letter to Quartet envoy Tony Blair from the foreign ministers of all ten of the EU’s Mediterranean states—Bulgaria, Cyprus, Spain, France, Greece, Italy, Portugal, Malta, Romania, and Slovenia. In it they told Blair that the Quartet-backed “road map” had failed and that there was a need to “redefine our objectives” to include getting Israel to make “concrete and immediate measures in favor of Mahmoud Abbas.” The specifics were familiar: transfer of more of the tax monies collected by Israel for the PA, release of prisoners (“thousands . . . without blood on their hands”), a settlement freeze, and the evacuation of unauthorized outposts. In a clear reference to imprisoned Fatah leader Marwan Barghouti, the letter requested “release as well of the main Palestinian leaders to ensure succession within Fatah.”

A promising agreement was reached four days later: Israel agreed to grant safe passage to 178 wanted members of Fatah’s Al-Aqsa Martyrs Brigades who were fugitives from justice on condition that they turn in their arms and sign a pledge renouncing terrorist activities. By early August only about 60 percent of the men had relinquished their weapons and Israel announced that the deal was dead. Israel then arrested two of the militants previously granted amnesty, and on August 22 a Brigades spokesman said it was calling off the truce it had maintained with Israel since the understanding had been reached and called on its members to rearm.

In July, the families of Eldad Regev and Ehud Goldwasser, kidnapped by Hezbollah in 2006, dismissed reports from German sources quoted in the Lebanese daily *An-Nahar* that one of the two men had died, either in captivity or during the kidnap operation. Though *An-Nahar* was associated with opposition to Hezbollah inside Lebanon, Miki Goldwasser called the dispatch “a cynical attempt to play with the emotions of the reservists’ families.” She told Army Radio: “They can’t play with my feelings, and I know that they wouldn’t just release information to [a] newspaper.” Shlomo Goldwasser, Ehud’s father, was similarly skeptical,
commenting, “When information existed as though both soldiers were
alive and well, we did not take them seriously. Since the abduction we receive this or that message that Red Cross representatives will be allowed to visit or will be given details that could indicate with certainty at their condition.” The An-Nahar report was also discredited by Sheikh Hassan Nasrallah, the Hezbollah leader, who said he would never leak information without extracting a price from Israel for it. According to a Ha’aretz report, the UN was conducting talks between Israel and Hezbollah about the soldiers, apparently through a German intelligence operative.

A week earlier, Nasrallah had said that Hezbollah now had arms that could strike “anywhere in Israel,” in what appeared to be an attempt to extort concessions from Israel. And on July 24, an Israeli military official was quoted by the Jerusalem Post as saying that Hezbollah had restored its military capability, alleging that arms were being smuggled to it by Syria with the knowledge and compliance of the Lebanese army.

President George W. Bush delivered a major address devoted entirely to the Israeli-Palestinian conflict on July 17. Recalling that he had been “the first American president to call for the creation of a Palestinian state” five years earlier, Bush listed the “many changes” that had occurred since then, some of them “hopeful”: Israel’s withdrawal from Gaza and parts of the West Bank, Palestinian elections, and the floating of the Saudi-Arab League peace plan. But then, he continued, “confronted with the prospect of peace, extremists have responded with acts of aggression and terror. In Gaza, Hamas radicals betrayed the Palestinian people with a lawless and violent takeover. By its actions, Hamas has demonstrated beyond all doubt that it is [more] devoted to extremism and murder than to serving the Palestinian people.”

The Palestinians faced a stark choice, the president declared, between, on the one hand, the “chaos and suffering” offered by Hamas, a “surrender of their future” to Syria and Iran, and, on the other, “the vision of President Abbas . . . a peaceful state called Palestine as a homeland for the Palestinian people,” including “the institutions of a modern democracy . . . competent ministries that deliver services without corruption . . . and the rule of law.”

To help the Palestinians make the right choice he announced that the U.S., in consultation with the rest of the Quartet, was taking a series of steps: increases in financial assistance for humanitarian relief, reform of Palestinian security services, and loans to businessmen; intensification of diplomatic efforts in pursuit of a “political horizon” for a Palestinian state; and help in building the institutions of such a state. But he cau-
tioned both sides that concessions would be necessary. "The Palestinian government must arrest terrorists, dismantle their infrastructure, and confiscate illegal weapons... They must work to stop attacks on Israel, and to free the Israeli soldier held hostage by extremists. And they must enforce the law without corruption, so they can earn the trust of their people, and of the world." As for Israel, "Prime Minister Olmert must continue to release Palestinian tax revenues" and also make clear "that Israel's future lies in developing areas like the Negev and Galilee—not in continuing occupation of the West Bank... unauthorized outposts should be removed and settlement expansion ended."

Bush announced the convening, in the fall, of a regional international conference aimed at restarting the stalled peace process. This, he said, would "provide diplomatic support for the parties in their bilateral discussions and negotiations, so that we can move forward on a successful path to a Palestinian state." The key participants, he said, would be "the Israelis, the Palestinians, and their neighbors in the region. Secretary Rice will chair the meeting."

Foreign Ministry spokesman Mark Regev confirmed on July 18 that Israel had for some time been maintaining contacts with Syria via third parties, including Turkey, the U.S., and European countries. He told Yediot Aharonot that given this ongoing situation, the problem hampering relations between the two countries was not any lack of communication but rather Syrian intentions. Regev doubted whether Syria's talk of peace with Israel was anything more than an attempt to "play the Israeli card cynically in attempts to solve their diplomatic problems with the countries of Europe and North America, without any real intentions to change their relationship with Israel."

On July 19 the Jerusalem Post reported that Hamas had succeeded in smuggling much more sophisticated arms into Gaza—antiaircraft and antitank missiles and old-model Katyushas—since the 2005 Israeli disengagement, and had accumulated a virtual army there of about 13,000 men organized into four brigades. It quoted a senior IDF officer as saying that Israel was on a "collision course" with Hamas, and urged quick action before the Islamic terror organization built up its military capabilities even more.

Police completed the forced evacuation of hundreds of right-wing activists from the former Samarian settlement of Homesh on July 23. Some were arrested while others escaped to nearby hills or fled to a Palestinian village. The demonstrators, some of whom were prevented by police from reaching the site of the northern West Bank settlement evacuated
in the 2005 disengagement, attempted to build a synagogue with bricks they had brought with them and to put up a wooden tower to mark the two-year anniversary of the pullout. Organizers of the march complained of brutality by security forces.

Secretary of State Rice began yet another Middle East tour on July 31, accompanied by Defense Secretary Robert Gates. Upon their arrival Rice signed a joint statement with Egypt, Jordan, and six Persian Gulf states endorsing the 2002 Arab peace initiative. Speaking at a joint news conference with Rice at the Egyptian Red Sea resort of Sharm al-Sheikh, where the conference took place, Egyptian foreign minister Ahmed Aboul Gheit said he would like to see the agenda for the upcoming international Middle East peace conference attach high priority to the establishment of a Palestinian state in the near future.

AUGUST: TALKS AND QASSAMS

From there it was on to Jerusalem on August 1, where Rice told Israeli leaders about Bush's plans for the conference and passed on encouraging news about the possibility that Saudi Arabia might attend. The next day she briefed Abbas in Ramallah and met with the new government of Prime Minister Salam Fayyad, installed after the Hamas takeover of the Gaza Strip, and signed an agreement granting the PA $80 million in U.S. aid to beef up its security forces.

Israel's security cabinet met on August 8 for the sixth time in six weeks to discuss tensions with Syria. Olmert explained the meeting in reassuring terms, say that "there is concern that someone might mistakenly think that there will be an offensive and a war in which no one is interested. . . . therefore, we must prepare for any scenario." Though unknown to the public at the time, the meeting also touched on secret plans for an air-and-ground strike against a suspected nuclear facility under construction near the Euphrates River in eastern Syria (see below, pp. 266-67).

Ahmad Khatib, 20, from Kafr Manda in the Galilee, was shot dead by an Israeli security guard in Jerusalem's Old City on August 13. Surveillance videos clearly showed Khatib following two Israeli security men along the Old City's narrow lanes and grabbing the pistol of one of them. Khatib was killed in the ensuing gunfight as he fired back at the pursuing guards. A careful examination of the videos did not substantiate charges by Khatib's family that one of the guards had "verified his death" by shooting him in the head as he lay wounded and helpless on the pave-
ment. Galilee Freedom Brigades, an unknown group, claimed credit for Khatib's attempted attack, saying it was in revenge for a 2004 killing.

Qassam fire on southern Israel continued on an almost daily basis: at the end of the month the IDF reported that 92 Qassams and 118 mortar shells were fired from Gaza into Israel during August. There were also frequent skirmishes along the Gaza border between armed terrorists and Israeli forces, and Israel kept up the pressure with strikes against key terror leaders, particularly those affiliated with Islamic Jihad. A major tragedy was averted on August 6, when a Qassam rocket that fell in the yard of a kindergarten in the border town of Sderot exploded, causing damage but no injuries. Israel continued to conduct almost daily raids into the Gaza Strip to thwart terror operations in the making and to prevent the flow of arms into the Strip from the Philadelphi corridor at its southern end. On August 14, for example, two Hamas militants were killed when Israeli units moved in to search for the tunnels used by smugglers to move arms and drugs into the Strip from Egyptian Sinai.

Two young Palestinians, aged 9 and 12, were killed on August 22 when an Israeli tank fired on them as they were attempting to retrieve Qassam rocket launchers just after the rockets had been fired on Israel from northern Gaza. Explaining that the tank crew had not identified the shadowy figures near the launchers as children, the army issued a statement saying, “Children have no business being near rocket launchers” and decrying what it called the “cynical use of children” by terror groups. A similar tragedy occurred on August 30, when three young Bedouin cousins were killed in an Israeli attack on rocket launchers in the Beit Hanun area. It was not clear whether the victims were near the launchers at the time because they had been hired by terrorists to retrieve them, or whether they approached out of childish curiosity. A relative told Ha'aretz, “We are victims of the occupation and of the misbehavior of some of our fighters, who randomly choose our area to target Israel.”

In mid-August seven soldiers were suspended from duty for refusing to facilitate the forced evacuation of Israeli squatters from the disputed wholesale market area in the old city of Hebron. The soldiers, from an ultra-Orthodox unit of the Nahal Brigade, would not do guard duty on the roads surrounding the area where the ouster took place, saying that would be aiding and abetting the evacuation.

Parents of other soldiers who refused to take part in the evacuation itself gathered at their sons' bases to show support. Some held up signs say-
ing. "Son, do not expel." One father said his son "enlisted in the army to fight the enemy—Jews are not the enemy." MK Arye Eldad of the right-wing National Union said the soldiers had been called on to be "the executors of an immoral decision tainted with political motives, whose purpose is to exile Jews from their Jewish property." According to attorney Ya'akov Ne'eman, the former finance minister who now represented the settler families, Jews had owned the property in the market before being forced out during the Arab riots of 1929.

Olmert and Abbas held two meetings in August. The first took place in the West Bank city of Jericho on August 6, the first time that an Israeli prime minister had been in PA territory since a May 2000 get-together between then-prime minister Ehud Barak and the late PA leader Yasir Arafat. Both sides projected a sense of progress in a visit that, according to an Olmert spokesman, was intended at least in part "to show good will and foster good relations." After the three-hour meeting Olmert said the talks had focused on "fundamental issues which are the basis of the establishment of a Palestinian state." Israel, his office quoted him as saying, intended "to bring about two states for two peoples living side-by-side in security, as soon as possible." Abbas aide and associate Saeb Erekat told reporters that Abbas "did not come to the meeting with a magic wand, and neither did Mr. Olmert." Though not made public at the time, Palestinian authorities acting on an Israeli tip arrested several members of Abbas's own Fatah movement who had planned an attempt on the life of the Israeli prime minister during the summit. The men's arrest and subsequent release were only announced in October (see below, p. 254).

A second set of talks, on August 28, produced no concrete results. PA negotiator Erekat termed the session "good," but said the two sides had not "discussed any details related to the fundamental issues" or "reached the stage of exchanging documents." He declared that the Palestinians wanted "peace, but not at any price," and indicated that the Palestinians would settle for nothing less than an Israeli withdrawal from all territories conquered in the 1967 Six-Day War.

A few days earlier, Abbas, during a meeting with Israeli Arab MK Muhammad Barakeh, said he did not favor the idea of a territorial exchange in which Arab-populated areas of Israel, along with their residents, would be swapped for West Bank lands containing Israeli settlements. Barakeh agreed with him, saying that Israel's Arab citizens were "not real estate to be negotiated over in order to validate the evils of the occupation." A proposal for such a territorial exchange was being
floated by Strategic Planning Minister Avigdor Lieberman, leader of the hard-line party Yisrael Beitenu.

Representatives of three EU intelligence agencies met secretly with officials of Hamas, who were eager to get the Europeans to help end the Gaza boycott and pressure Israel to reopen the border crossing at Rafiah, at the southern end of the Gaza Strip, the Jerusalem Post reported on August 29, although neither Israeli nor EU officials would confirm the story.

SEPTEMBER: GAZA TERROR ESCALATES

On September 3 a Qassam landed in the courtyard of a day-care center in Sderot, and Islamic Jihad called it “a present for the start of the school year.” The next day the Jerusalem Post carried a story indicating that the army would soon receive orders to resume targeted killings of terrorists involved in planning and carrying out rocket and mortar attacks on southern Israel. Prime Minister Olmert said that the Palestinians, who had paid dearly in the past for Qassam attacks, “will also pay a heavy price in the future.” Israel, he went on, “will not compromise . . . and we will hit at those who operate these systems and the chain of command.” But a major Israeli thrust into Gaza to stop the Qassam fire would inevitably involve heavy casualties on both sides, and Foreign Minister Livni advocated other alternatives. At a September 4 press conference with visiting EU foreign policy chief Javier Solana she said: “We must use additional means apart from military ones, to make clear to Gaza residents that their way of life is dependent on Israel.”

Two cars carrying six terrorists with suicide belts, explosives, automatic rifles, grenades and RPGs (rocket-propelled grenades) were intercepted by Israeli forces and killed near the Gaza border on September 6. The terrorists, belonging to the Al-Aqsa Martyrs Brigades and Islamic Jihad, were driving at high speed towards the border fence. In the encounter, Israeli Air Force planes were called in to provide support for the ground forces.

One of two Qassam rockets fired at the Zikkim army basic-training facility just north of the Gaza Strip landed near unfortified barracks inside the base, wounding about 60 trainee soldiers on September 10. Four of the injuries were serious. The attack, against recruits being prepared for noncombat army jobs, raised a panic among parents, many of whom rushed to the base to check on the welfare of their sons and demanded that they be moved to a safer base—or that Zikkim itself be made more secure—for the remainder of their training period.
On September 18, Sgt. Benzion Haim Henman, 22, was killed in a clash at the Ein Beit Ilma refugee camp near Nablus, in the northern West Bank. Henman's unit was on an antiterrorist operation.

The Israeli security cabinet declared the Gaza Strip a "hostile entity" on September 19, and said this would create the legal basis for cutting electricity and fuel supplies to the Hamas-run territory. Hamas spokesman Fawzi Barhoum called the decision "a declaration of full-fledged war on the Gaza Strip" and claimed that "the steps are in preparation for a military operation that is looming with the Zionist occupation forces."

Secretary of State Rice was in Israel that day. After meeting with Foreign Minister Livni, she said the U.S. "will not abandon the innocent Palestinians in Gaza," but reiterated U.S. concerns over the Hamas takeover there. Livni, for her part, added that Palestinians must absorb the lesson "that supporting Hamas won't help them." Rice also met with Olmert and with Defense Minister Barak, who told her that Israel was not seeking to create a humanitarian crisis in Gaza. Earlier, the secretary of state said she was trying to get the Israelis and the Palestinians to agree on terms for the planned Middle East peace conference. "We can't simply continue to say we want a two-state solution, we have got to start to move towards one," she told reporters. "The international meeting is also going to be doing exactly that." Although it would not be made public until December, David Landau, the editor of Ha'aretz, urged Rice to impose a peace settlement on Israel, saying that Israel wanted to be "raped" by the Americans.

At least 12 Qassam rockets and 20 mortar shells were fired on Sderot on September 26. There were no injuries. Several hours later, five Palestinians riding in a jeep were killed when their vehicle was hit by an IDF rocket in the Zeitoun neighborhood of Gaza City. It was carrying firing-ready rockets, according to an army statement. That same day Israeli security forces found several rocket casings and launchers near Beit Jalla, a Palestinian suburb of Bethlehem and Jerusalem inside PA territory.

On September 27, after yet another rocket and mortar barrage, Israel launched new strikes into Gaza, killing 11 Palestinian militants. Abbas, in New York for the opening of the UN General Assembly, called on the world body to "stop the massacre of Palestinians being carried out by the army of occupation in the Gaza Strip." Hamas, for its part, vowed that Israel would "pay heavily."

Foreign Minister Livni and her Syrian opposite number, Walid Muallem, met secretly in New York where they were both attending the
UN General Assembly, according to a report in _a-Sinara_, an Israeli Arab newspaper published in Nazareth. The paper said the meeting, which had the prior approval of Prime Minister Olmert, was also attended by Dan Gillerman, Israel's ambassador to the UN, and the Syrian ambassador to Washington. _Yediot Aharonot_ quoted an Arab source as saying that Muallem, at the meeting, complained that Israel on one hand violated Syrian airspace and on the other called for peace, and asked for clarification of its real position. Muallem and aides of Livni denied that the meeting took place.

**October: Preparing for the Conference**

Israel released 57 Palestinian prisoners, mostly Fatah members, on October 1, as a gesture to strengthen PA president Abbas. This was in addition to the 250 released earlier in fulfillment of the promise Olmert made at the Sharm al-Sheikh summit in June.

A plan to restore “dignity” to the Palestinians while annexing the West Bank to Israel was proposed by MK Benny Elon, head of the far-right National Religious Party-National Union, on October 7. “The establishment of the State of Israel did not deprive the Palestinians of their state—there never was such a state,” he said. “But Israel took from them their houses and their dignity. We can return to the Palestinians their dignity, to give them homes and hope for a new life, by changing their refugee status,” declared Elon. He proceeded to announce what he called the “Israeli initiative,” which he described as “a new way of thinking that allows for real peace.” Simply put, Israel would annex the West Bank but allow Palestinians to stay there if they took Jordanian citizenship. He said hundreds of thousands of refugee-camp residents could be given money to build new homes, allowing the camps themselves to be razed.

Eight mortar shells, three Qassam rockets, and one Grad-type Katyusha landed in Israel that day. The Katyusha, of a type used by Hezbollah in Lebanon, landed less than a quarter-mile from the town of Netivot, about seven miles from the Gaza border. This was the first time Palestinian rockets had reached as far as Netivot.

Opening the Knesset’s winter session on October 8, Prime Minister Olmert said that Israel should move ahead with the peace process while simultaneously battling terror. “We must give negotiations a chance,” he said. “Israel has excellent excuses to justify stagnation in the talks. I don’t intend to look for excuses. I am determined to give a chance to a meaningful diplomatic process . . . . Any other option means a demographic
battle, drowned in blood and tears, which does not serve the State of Israel in any way."

The next day, October 9, witnessed the start of talks on the declaration of principles for the November Middle East summit, scheduled for Annapolis, Maryland. Olmert said that "the peace process requires determination to make brave, unavoidable decisions, which involve relinquishing the full realization of the dreams that fed our national ethos for many years . . . . The Palestinians will also have to confront the need to relinquish the fulfillment of some of their dreams in order to create with us a reality that might not be ideal and might not be perfect, but one that will give us all stability, security, happiness and peace." But three days later PA president Abbas was quoted by the AP as telling Palestinian TV: "We have 6,205 square kilometers in the West Bank and the Gaza Strip. We want it as is." On October 12, PA negotiator Saeb Erekat said that the summit would have to be postponed if Israel and the Palestinians could not come to an agreement in advance. He "really doubted" that the Americans would issue invitations if "decisions are not made" by Olmert and Abbas.

That day London's Guardian newspaper quoted Vice Prime Minister Haim Ramon as saying that, in a peace settlement, Jewish areas of the Holy City would remain Israeli and some Arab areas might be transferred to the PA. He asked, "Wouldn't it be the right deal today for the Western world and the international community to recognize annexation of [Jewish] neighborhoods and for us to quit Arab neighborhoods?" At the same time Ramon admitted that decisions on what to do with the Old City's holy sites might have to be deferred. "We need to say that there will be a special regime in the 'Holy Basin,' which we will talk about in the future," Ramon noted.

The cabinet, on October 11, authorized development of technology to protect Israeli civilian aircraft from rocket attack, to begin in 2008. According to the Jerusalem Post, this decision was in response to advances in antiaircraft missile technology and its increased availability to terrorists, and reports that international terror groups planned to target Israeli planes. The cabinet also approved Transport Minister Shaul Mofaz's plan to protect civilian planes, until the new system was developed, with technology previously only used for the military.

During an October visit to Washington, Defense Minister Barak — who had earlier said no pullout from the West Bank was possible unless Israel had an adequate missile-defense system in place — discussed strategic issues with U.S. officials, including protection against various kinds
of rockets. Those defenses would ultimately constitute three tiers: the short-range Iron Dome (to deal with Qassams), the middle-range David's Sling (designed to intercept and shoot down rockets fired from 25–50 miles away, such as Katyushas and Iranian-made rockets in Hezbollah's possession), and the already deployed Arrow, still the world's only operational antimissile missile system developed with Israeli technology and U.S. funding. Labor Knesset member Ephraim Sneh, a former deputy defense minister, was optimistic about the triple system. "When deployment of the three systems is in place," he said, "I believe that the citizens of Israel will have perfect protection."

Sgt. Ben Kubani, 20, was killed by Palestinian fire during a gun battle near Khan Younis in the southern Gaza Strip on October 17. Kubani's unit was engaged in operations against the terror infrastructure that took place daily along and inside the Strip.

The Quartet Middle East envoy, Tony Blair, proposed a number of economic steps to improve the condition of the Palestinians, according to an October 17 report in Ha'aretz. These moves, already brought up in talks with Israel, the PA, and the U.S., included the establishment of a new Palestinian city near Ramallah to house tens of thousands now living in refugee camps.

Rumors swirled, in October, about the fate of the kidnapped Israeli soldiers. On October 14 the London-based Arab newspaper al-Shara al-Awsat said that Ehud Goldwasser and Eldad Regev, the two abducted by Hezbollah in 2006, were no longer alive and that their bodies had been sent to Iran. Three days later the Saudi newspaper al-Watan reported that they were alive, and that Israel and Hezbollah had agreed on an exchange of nine Lebanese prisoners for the kidnapped soldiers. And speaking on Hezbollah's al-Manar TV station, Sheikh Hassan Nasrallah, the Shi'ite organization's leader, referred to "strenuous negotiations, continuing sessions that will be resumed within days."

On October 17, Israel exchanged one mentally ill Hezbollah prisoner and the remains of two Hezbollah fighters for the body of Gabriel Dawit, an Israeli citizen who had disappeared in 2005. Dawit apparently drowned in the Mediterranean and his body washed up in Lebanon. On October 22, authoritative Yediot Aharonot journalist Shimon Shiffer reported that as part of the exchange Hezbollah also gave Israel a letter written by missing airman Ron Arad to his wife, Tami, in 1986, along with a photograph of Arad and parts of a Hezbollah internal report detailing unsuccessful efforts it made to discover what became of him. But the information did not satisfy Israel. Ofer Dekel, the former Shin Bet official designated to
handle prisoner-exchange negotiations, said that Israel would not free Samir Kuntar, the Lebanese captured in the 1979 terrorist attack in which three members of the Haran family were killed, without getting “concrete evidence” about the whereabouts or fate of Arad. At the same time, Dekel reported that, contrary to rumors, there had been no progress in efforts to obtain the freedom of Regev and Goldwasser.

On October 26, Shin Bet security service head Yuval Diskin disclosed that three Fatah militants who had plotted to assassinate Prime Minister Olmert during his August 6 visit to Jericho for a meeting with PA president Abbas (see above, p. 248) had been arrested by the PA and freed two months later. Commenting on the release, the Prime Minister’s Office said in a statement that Israel viewed it with “severity.” Diskin said that Israel had received exact information on the assassination plot prior to Olmert’s trip to Jericho. “The information was handed over immediately to the Palestinian security services, which arrested the cell members. However, they’ve recently been released for some reason, and we have made our objection known to the Palestinians.” Likud MK Yuval Steinitz, former chairman of the Knesset Foreign Affairs and Defense Committee and a close ally of party leader Benjamin Netanyahu, said that the planned attack and the release showed it was not the time to negotiate peace agreements with the Palestinians.

Olmert met with Prime Minister Gordon Brown during a visit to London on October 23. At a press conference afterward, Brown said that Britain was “ready, and will push for, further sanctions against Iran . . . We want to make it clear that we do not support the nuclear ambitions of that country.” But Olmert suggested that sanctions might not be enough. “Economic sanctions are effective,” he said. “They have an important effect already, but they are not sufficient. So there should be more. Up to where? Up until Iran will stop its nuclear program.” From there Olmert flew to Paris where he talked about the Iranian threat and the Palestinian negotiations with French president Nicolas Sarkozy. The two reportedly had “identical” views on several key issues. After the meeting, the French leader said, “They say that I support Israel because my grandfather was Jewish, but this isn’t a personal matter.” He called Israeli security “a clear red line” and said it was “an inviolable condition, which we will never concede.”

Two Israelis were wounded, one of them seriously, in a drive-by shooting at a hitchhiking post outside the settlement-city of Ariel, the de facto Israeli capital of the northern West Bank, on October 24. That same day Defense Minister Barak, responding to increased mortar and Qassam
rocket attacks on Israeli towns and villages around the Gaza Strip, said he planned to approve a number of sanctions against the Strip and asked his deputy defense minister, Matan Vilna'i, to recommend limitations on the delivery of various types of fuel, services, and merchandise.

Among the specific recommendations was the cutting off of electricity for a specified time following Qassam attacks, a policy option that was made legal on September 19, when Israel declared Gaza a "hostile entity." Since that change in status Israel had blocked the shipment of certain merchandise into the Strip, including cigarettes and electrical appliances. When Gaza-based terror groups tried to hide potassium for use in explosives in sacks of sugar, Israeli authorities also began checking sugar shipments into Gaza. "We do not want to cause a humanitarian crisis," said an unnamed defense official. "But we do want to send a clear message that the rocket fire will not be tolerated."

Also on October 24, Amnesty International criticized both Hamas and Fatah for serious human rights abuses during internecine fighting between the two rival groups. "The leaders of both the PA and Hamas," the Amnesty report said, "must take immediate steps to break the cycle of impunity that continues to fuel abuses, including arbitrary detentions, abductions, torture and ill-treatment by their forces." These violations, it said, exacerbated "the human rights and humanitarian crisis caused by the Israeli military campaigns and blockades." It said that both Hamas and Fatah showed "flagrant disregard for the safety of the civilian population" by starting "indiscriminate attacks and reckless gun battles" in civilian neighborhoods.

Sgt. Maj. Ehud Efrati, 34, a reservist in a paratrooper reconnaissance unit, was killed when his unit came under heavy fire from Palestinian gunmen near the Sufa Crossing in southern Gaza on October 29. A Palestinian combatant was killed and two other Israeli soldiers were wounded lightly in the engagement. Four Palestinians were killed in a barrage of ten mortar shells during an Israeli Air Force missile strike in the southern Gaza Strip the next day. In the raid, a Palestinian residence was also hit, injuring six civilians.

As Israeli and Palestinian negotiating teams continued to seek a formula that would allow a statement of principles at the U.S.-sponsored Annapolis conference set for November, Strategic Planning Minister Avigdor Lieberman, head of the rightist Yisrael Beiteienu, said on October 28 that his party would bolt the government and cause its collapse if Israel were to discuss "core issues" like Jerusalem, refugees, and borders before the PA proved it could carry out its commitment to fight terror. He also re-
jected the idea of providing a safe passage between Palestinian territory in the West Bank and Gaza.

NOVEMBER: NEGOTIATIONS IN ANNAPOLIS

Seven Palestinians were killed and about 100 wounded on November 12, when Hamas security forces fired into a throng of about 250,000 Fatah supporters marking the third anniversary of the death of Yasir Arafat. Hamas said there had been shooting from both sides, though the New York Times and other foreign media quoted Gaza hospital sources as saying all the victims were aligned with Fatah. The office of President Abbas blamed Hamas for the carnage, issuing a statement that declared: "This heinous crime is decisive evidence that the coup leadership of Hamas is out of step with the national values and customs and is using blind force and the most bloody and brutal techniques against our people in Gaza." Another leading Fatah figure, former Gaza strongman Muhammad Dahlan, said, "The shooting and killing, these sad and shameful scenes carried out by the Hamas gangs against innocent people and civilians today, are a sign of the failure and breakdown of Hamas's path."

Ido Zoldan, a resident of the settlement of Shavei Shomron, was driving toward the neighboring settlement of Karnei Shomron in the northern West Bank on November 19, when gunmen in a passing vehicle opened fire, critically wounding him. About ten days later Israeli forces arrested three men, two of them members of Palestinian National Security, the PA police force, who were the alleged perpetrators. Zoldan, 29, was married and the father of two small children.

That day the cabinet approved the release of another 441 Palestinian prisoners held on security charges. None had "blood on their hands," and 16, all Fatah members, were from the Gaza Strip. In another goodwill gesture two days later designed to strengthen Abbas, Olmert approved the delivery of 25 armored vehicles for use by Palestinian police in the West Bank. Responding to criticism by right-wing ministers, an official in the Prime Minister's Office said, "We are asking the Palestinians to fight terror. How are they supposed to do that, with stolen Israeli cars?"

After weeks of diplomatic maneuvering over who would attend, and tortured attempts to reach agreement on a declaration of principles, the U.S. announced on November 21 that the long-mooted Middle East summit would take place on November 27 at the U.S. Naval Academy in Annapolis. The U.S., as host, invited 49 nations, groups of nations (including
the Arab League), financial institutions, and individuals. Both Saudi Arabia and Syria were invited.

Prior to leaving for the conference, Olmert expressed a sense of urgency and apprehension about the consequences of failing to move towards some kind of deal for separate Israeli and Palestinian states. "If the day comes when the two-state solution collapses, and we face a South African-style struggle for equal voting rights, then, as soon as that happens, the State of Israel is finished," he told Ha'aretz in an interview. What he clearly meant was that both the U.S. and world Jewry would withdraw their support of Israel if it were perceived as an apartheid country.

On both sides, pressure from hard-liners at home, including protests on the streets of Jerusalem and Gaza, made a breakthrough improbable. Hamas warned that concessions to Israel would make Abbas "a traitor," while the leader of the Israeli opposition, Likud head Benjamin Netanyahu, said Palestinians were "not lifting a finger to halt terror," and the leaders of two parties in Olmert's coalition, Shas and Yisrael Beiteenu, threatened that giving in too much on such core issues as Jerusalem and the "right of return" of Palestinian refugees would lead those parties to bolt the coalition. Outsiders were just as vocal: from Tehran came the comment of Ayatollah Ali Khamenei that "this conference has already failed. The U.S. and its accomplices hope to preserve their reputation by this conference and compensate for past failures of the fake Zionist regime."

On the evening before the talks were to begin, Bush held separate meetings with Olmert and Abbas at the White House in an effort to reach a joint declaration of principles. At a pre-meeting dinner for delegates hosted by Secretary of State Rice, the president predicted tough bargaining ahead and the need for concessions by both sides. "We've come together this week because we share a common goal: two democratic states, Israel and Palestine, living side-by-side in peace and security," he said. "Achieving this goal requires difficult compromises, and the Israelis and Palestinians have elected leaders committed to making them."

The conference produced a vaguely worded joint declaration in which Israel and the Palestinians agreed to restart talks—suspended seven years earlier—on December 12, but did not set a firm deadline for their conclusion. President Bush, announcing this agreement on November 27, tried to make that sound good. "Our purpose here in Annapolis is not to conclude an agreement. Rather, it is to launch negotiations between the Israelis and Palestinians," he said. "For the rest of us, our job is to encourage the parties in this effort and to give them the support they need..."
to succeed.” The time was right, Bush contended, because the PA and Israel had leaders who were determined to achieve peace, and because “we must not cede victory to the extremists.”

Israel was prepared to make painful compromises and would address all the issues “we have avoided” in direct and continuous negotiations, Olmert said. His speech included an open acknowledgment that the Palestinians had suffered for many years, with many living in poverty and neglect for decades in camps. “We are not oblivious to the tragedies that you have experienced,” the Israeli leader said.

Although many dismissed the conference as a glorified photo-op that would produce no real results, there appeared to be several accomplishments. For one thing, Israel insisted on, and the Palestinians agreed to, commitments by both sides to “immediately implement their respective obligations under the performance-based ‘road map,’” with monitoring and evaluation of these efforts designated as a task of the U.S. The major Palestinian obligation was to dismantle the terror apparatus, while Israel had to freeze all settlement activity and take down outposts put up since March 2001.

A second accomplishment was the attendance of Arab League nations—particularly Syria, which sent a deputy foreign minister, and Saudi Arabia. Though there was no substantive contact between Israel and these nations at the sessions, their very presence represented a diplomatic accomplishment for the U.S., if not for Israel. As it turned out, Israeli efforts to use the conference as an opening to new contacts with Arab states were largely unsuccessful. Foreign Minister Livni, who attempted to set up meetings with representatives of 15 Arab countries that did not have ties with Israel at or after Annapolis, only met with Foreign Minister Salaheddin al-Bashir of Jordan, which already had full diplomatic ties with Israel. And according to a report in the Jerusalem Post, a plan for Livni to stop off in a North African country—either Morocco or Tunisia—on her way home from the U.S. failed to materialize. Nor did Olmert meet publicly with any Arab representative at or after Annapolis—though he did exchange brief comments and handshakes with the delegates from Qatar, Morocco, Bahrain, and the Muslim but non-Arab Pakistan after his Annapolis speech.

According to Washington Post reporter Glenn Kessler’s account of the closed-door session that followed the public declarations, Livni challenged the 16 Arab League representatives in the room. “Why doesn’t anyone want to shake my hand,” Kessler quoted Dutch representative Franz Timmerman as saying that Livni asked. “Why doesn’t anyone want to be
seen speaking to me?” Kessler wrote: “She was saying, ‘Stop treating me as a pariah,’” Timmerman told him, “They shun her like she is Count Dracula’s younger sister.” The Israeli Foreign Ministry had a somewhat different version of Livni’s statement, quoting her as saying that she would not ask for handshakes.

At the same gathering, Rice, who also received cool treatment from Arab delegates, spoke movingly about parallels between her childhood in Birmingham, Alabama, and the situation of Palestinians and Israelis. “Like the Israelis, I know what it is like to go to sleep at night not knowing if you will be bombed, of being afraid to be in your own neighborhood, of being afraid to go to your church,” Kessler reported her saying in his *Washington Post* account. “I know what it is like to hear you cannot go on a road or through a checkpoint because you are Palestinian. I understand the feeling of humiliation and powerlessness.”

In the aftermath of the conference, the U.S., on November 30, suddenly withdrew a UN Security Council resolution endorsing the Annapolis declaration. This was done in deference to Israel, which feared that even though the resolution was unobjectionable, its passage might lead to unwanted Security Council involvement in the restarted peace process. Of particular concern, some reports suggested, was the possibility that the Council might impose an end-of-2008 deadline for the conclusion of an agreement instead of the declaration’s vague hope for such an ending.

That same day a three-judge Israeli Supreme Court panel ruled on a legal challenge mounted by a coalition of human-rights organizations against Israel’s decision to reduce fuel and electricity supplies to the Gaza Strip. The fuel cuts had begun in October and the electricity reduction was due to start in December. Opponents of the policy argued that it constituted collective punishment against all residents of Gaza for the Hamas seizure of control there in June.

The judges decided that reduction of fuel supplies could continue since “we were not convinced that the decision by [the state] to limit the amount of fuel transferred to the Gaza Strip harms, at this point, vital humanitarian needs in the Strip.” Nevertheless, they said, the proposed electricity cut should be suspended. “We welcome the delay in electricity cuts and expect that at the end of the day the court will prevent the military from cutting electricity to Gaza, but we are concerned about the court’s failure to intervene in the fuel cuts,” said Sari Bashi of Gisha, one of the rights groups spearheading the legal challenge. The government claimed that the electricity cuts would be minor and not affect installations such as hospitals, water pumps, and sewage plants.
DECEMBER: NO IMPROVEMENT

Israel released 429 more Palestinian prisoners on December 2 as another confidence-building measure intended to strengthen Abbas. The release had originally been planned to take place before the Annapolis conference. Marwan Barghouti, the Fatah leader serving five life terms for terrorist murders he ordered during the second intifada, called the release “a joke,” asserting that most of the prisoners would have been released anyway in the next few months.

As prescribed in the Annapolis declaration, formal talks between Israel and the PA resumed on December 12. Teams headed by Tzipi Livni and Ahmed Querei (Abu Ala) met in an atmosphere that was described as tense. In the course of the 90-minute session, PA negotiator Saeb Erekat blasted Israel for authorizing construction of 300 new apartments in the disputed Har Homa neighborhood of Jerusalem, a move he said violated the pledge Israel made in Annapolis to halt all settlement activity. The Israeli delegation, for its part, focused on the continuing rocket attacks on its southern towns from the Gaza Strip.

The very next day, enraged by the continuing damage to his town, Sderot mayor Eli Moyal resigned, saying, “I cannot take the responsibility to manage a city that is under attack for seven years. If 20 children are killed tomorrow from a rocket, I will be asked, ‘Why did you open the kindergarten?’ I have been deliberating matters pertaining to human life for years now, and I cannot continue.” A few hours later he retracted his resignation.

Even before returning home from Annapolis in November, Prime Minister Olmert came under heavy criticism from parties within his own coalition, especially the right-wing Israel Beitenu and the ultra-Orthodox Shas, both of which could be expected to leave the government if Israel made substantial concessions. Seeking to blunt their threats to scuttle the government, Olmert stressed that there was no firm timetable for the completion of talks.

There was also skepticism on the Palestinian side. PA president Abbas, despite his apparent commitment to negotiate a settlement, refused to recognize Israel as a Jewish state, a demand that was key to Israel’s negotiating position in opposition to the “return” of Palestinian refugees to Israeli territory. Beyond that, many Palestinians, most prominently Hamas, challenged Abbas’s authority to make a deal even if he wanted to, on the grounds that he did not represent the Palestinian people.

The construction in Har Homa was a particular sore point for the
Palestinians, and Israel seemed confused about how to handle it. According to some press reports, Olmert and Livni had not even been aware of the decision to build, which seemed, on its face, to contradict Israel’s commitment at Annapolis to halt settlement activity. Reuters quoted a senior Israeli official as saying that the Jewish state “does not need American approval to do something that we think, as a sovereign state, we should do.” He added that if someone had bought an empty lot in a settlement ten years earlier, and now decided to build on it, “the government of Israel cannot do anything about it.” According to a report in the right-wing Makor Rishon newspaper, on December 23 Housing Minister Ze’ev Boim, on Olmert’s direct instructions, canceled a tender for bids to build 120 of the Har Homa residences. But at the same time, Minister for Jerusalem Affairs Rafi Eitan said construction would go on. “Har Homa is an integral, organic part of Jerusalem,” he told a radio interviewer. “No promise was ever given to anyone that we wouldn’t continue to build in Har Homa.”

Despite the doubts on both sides, Secretary of State Rice expressed optimism about the chances for an agreement. Asked to comment about the apparent lack of progress, Rice said on December 20 that she had “never myself been a part of a negotiation nor have I ever studied, as a professor, a negotiation that didn’t start out a little slowly.” She claimed that “the parties have said they believe they can reach an agreement by 2008”—a view expressed only as a “hope” but not a firm pledge in the Annapolis statement itself. “I certainly believe that within a year the parties can come to terms about what will constitute a Palestinian state,” she elaborated, adding that implementation of an agreement would, of necessity, take “a while longer.” Rice added that both sides had to fulfill their obligations under the “road map.”

Three days before, on December 17, international donors pledged $7.4 billion, $1.8 billion more than anticipated, to the PA at a conference in Paris. Secretary of State Rice had told attendees from 90 states that the PA was in “serious budgetary crisis” and that the meeting represented a last chance to avoid a PA bankruptcy. The U.S. pledged $555 million for 2008. The host of the meeting, President Sarkozy of France, called it a turning point in the long-stalled peace negotiations, and Tony Blair, the Quartet’s special envoy, said it was a “state-building conference.”

Israel meanwhile escalated its antiterror operations, killing at least 11 Islamic Jihad operatives on December 16 and 17. Among the dead were Tariq Abu Ra’ali, head of Islamic Jihad in Jenin in the West Bank, Majad Harazin, a senior operative in charge of squads firing Qassams in the
Gaza Strip, and four members of Jihad's Al-Quds Brigades. "We will continue to seek out the heads of terror organizations and strike at them," Prime Minister Olmert said on December 18.

A few days earlier, on December 14, a top adviser to PA prime minister Fayyad was kidnapped while on a visit to the Gaza Strip for the funeral of his mother-in-law. Omar al-Ghoul was taken away by men in civilian clothes shortly after his arrival from Ramallah. Information Minister Riad al-Malki blamed "criminals working for Hamas" for the abduction and called for Ghoul’s immediate release. He said that the incident showed Fatah leaders that "Gaza is closed to them." A Hamas spokesman said that Ghoul, a harsh critic of the Hamas takeover of Gaza, was being interrogated for "illegal activities." By year’s end he had still not been released.

An explosion near a funeral procession in Gaza killed three people and injured at least 30 others on the day Ghoul was abducted. PA police said it may have been caused by a grenade dropped by a gunman taking part in the funeral march.

Israel’s tough actions in Gaza finally appeared to produce results in late December, as reports indicated that Hamas was seeking ways to reach a hudna, an informal cease-fire. According to these reports, Hamas would stop its own attacks against Israel in exchange for a suspension of the targeted killings policy and a loosening of the Israeli blockade of the Strip. Israeli defense officials, however, said that Hamas had to do more, such as stopping other militant groups, particularly Islamic Jihad, from firing rockets and mortars at Israel. On December 20, National Infrastructure Minister Ben-Eliezer added other conditions: an end to the smuggling of arms into the Gaza Strip and the opening of talks for the release of kidnapped soldier Gilad Shalit.

At the same time, Ha'aretz reported that many on the Israeli side, including the prime minister, were deeply suspicions of the Hamas offer and did not feel that under prevailing conditions there was room for negotiations. But that could change, the paper reported, if Haniyeh, the former PA prime minister, managed to rein in the militants. Nevertheless, two members of Olmert's cabinet, Transport Minister Mofaz and Minister without Portfolio Ami Ayalon, said on December 19 that they would not rule out talks with Hamas. Mofaz, a former Likud defense minister, said he would consider such talks only via an intermediary and only if Israel continued its strikes against terrorists. But Ayalon, a former head of the Shin Bet security service and member of the dovish wing of Labor, said he would “talk to anyone” for the purpose of ending Qassam rocket fire.
Negotiating, he added, "is not a dirty word, as long as it does not allow them only to get stronger."

On the eve of the second round of talks between teams headed by Livni and Abu Ala, an unidentified Israeli official warned of impending outside pressures. "Israel has created a series of far-reaching expectations in the international arena," the official told Ha'aretz on December 23, referring to Israel’s pledge to curtail settlements, "but this is not going to happen." Since there was little support for concessions in the coalition and the Olmert government was inherently weak, the official added, "There is no political capability either to evacuate settlements or freeze construction in the settlements."

In mid-December, Internal Security Minister Avi Dichter called off a trip to Britain scheduled for early 2008 to avoid possible arrest by British authorities. Concerns about the minister's possible arrest were linked to his role as head of the Shin Bet in 2002, when an attack on the Gaza home of Hamas military commander Salah Shehadeh resulted in also killing 13 innocent civilians (see AJYB 2003, p. 218). British law allowed individuals to seek warrants for the arrest of those suspected of serious human rights abuses abroad.

Identifying Israel as a Jewish state discriminated against non-Jews, said Latin Patriarch Michel Sabbah in his annual pre-Christmas news conference in Jerusalem. Sabbah, a Palestinian, said Israel should become a state for all its residents, Jews, Muslims, and Christians. "This land cannot be exclusive for anyone," he stated. In response, a Foreign Ministry spokesman said, "We reject his claim that other religions are not enjoying equal rights in Israel."

Defense Minister Barak paid a brief visit to Egypt on December 27, meeting with President Mubarak and Egyptian security chief Omar Suleiman in Sharm al-Sheikh. Afterward Barak said that the two countries would continue their joint struggle against terror. Mubarak, for his part, rapped Foreign Minister Livni for criticizing, before the Knesset Foreign Affairs and Defense Committee, what she called Egypt’s "dismal failure" to stop arms smuggling into Gaza. "It’s very easy to sit in an office in Jerusalem and hand out grades on our performance in the field," Mubarak said. "But it makes for a tense atmosphere, and our relationship with Israel is very important to me."

The pressure on Palestinian terror groups in the Gaza Strip continued on December 27, with IDF and Shin Bet forces killing eight Hamas and Islamic Jihad gunmen. Among the dead was Muhammad Abd-allah Abu Murshad, the Jihad's head of rocketry in Gaza.
Hikers Ahiam Amihai and David Rubin, soldiers on leave from their units and out of uniform, were shot to death by Palestinians in the Hebron Hills on December 28. Both were residents of Kiryat Arba, as was a young woman who was with them and survived the attack. Islamic Jihad and the armed wing of Fatah each claimed responsibility, and PA foreign minister Riyad al-Malkhi vowed that the perpetrators would be dealt with harshly. The Shin Bet security service later said that the PA had detained two suspects, both of whom were connected to the Palestinian security forces. PA Interior Minister Abdel-Razak al-Yahya reacted to the incident by saying that his government was dismantling armed groups. “There is no Al-Aqsa Martyrs Brigades any more,” he told Palestinian radio.

The signers of a leaflet distributed in Gaza might have disputed Yahya’s claim. Under the name of the Al-Aqsa Martyrs Brigades, it called for killing PA prime minister Fayyad for alleged collaboration with Israel and the U.S. In a December 31 report by its Arab affairs writer, Khaled Abu Toameh, the Jerusalem Report noted that Fayyad was under heavy criticism from activists inside the Fatah movement for denying them funds and seeking to diminish their power. Others, according to Abu Toameh, accused Fayyad of attempting to consolidate his own position in the hope of undermining President Abbas.

At year’s end, about 2,000 Palestinians who had visited Mecca for the Muslim hajj pilgrimage found themselves stranded on the Egyptian side of the Rafiah checkpoint. At the request of Israel, which suspected that some of the pilgrims were carrying large sums of cash back to the Gaza Strip and that others might be terrorists, Egypt insisted that the multitude go home through the Israeli-controlled Kerem Shalom checkpoint. (On January 2, 2008, Egypt would cave in to Hamas pressure and open the Rafiah crossing-point for the pilgrims.)

Smuggling into the Gaza Strip continued. On December 29 the army announced that 6.5 tons of potassium nitrate, an ingredient used in the manufacture of home-made explosives like those in suicide bombs and Qassam rockets, was discovered in bags marked “sugar” that were destined for the Gaza Strip. Markings on the bags also indicated, falsely, that they were part of an EU humanitarian aid shipment.

A “Peace Index” survey using a sample of almost 600 Israelis, conducted by two Tel Aviv University professors, was published in late December. It showed that an overwhelming 81 percent of Jewish respondents favored targeted killings of Qassam firing teams and their dispatchers, and that 76 percent did not believe that Egypt was seriously trying to stop
arms smuggling into Gaza. Only a bare majority, 51 percent, thought Is-
rael should live up to the understandings reached with the Palestinians
at Annapolis, 53 percent supported a settlement freeze, and 57 percent
thought that Israelis had no business in areas under Palestinian rule.
Seventy-five percent of the national sample said that “on the personal
level” 2007 had been “good” or “very good” for them.

A Security Summary

Thirteen Israelis—seven civilians and six military personnel—were
killed in terror attacks in 2007, the lowest number since the start of the
second intifada in 2000. There was only one “successful” suicide bomb-
ing during the year, the one in Eilat in January (see above, p. 227), com-
pared to six in 2006 and the high of 60 in 2002. According to a Shin Bet
security service report, the drop was entirely attributable to Israeli ac-
tions: construction of the separation fence, securing timely intelligence
about possible attacks, and the army’s near-complete freedom of action
to intercept terrorists on the West Bank before they were able to launch
attacks.

Palestinians fired 1,263 rockets and 1,511 mortar shells into Israel
from the Gaza Strip in 2007, compared to 1,722 rockets and 55 mortars
in 2006. Israeli forces killed 373 Palestinians in 2007, a 43-percent decline
from the preceding year, according to a year-end report by B’Tselem, the
Israeli human-rights organization. The percentage of noncombatant civil-
ians among the killed also decreased, from 54 percent in 2006 to 35 per-
cent in 2007. Of the Palestinians killed, 53 were minors. At the same time,
B’Tselem said, 344 Palestinians were killed in internal conflict, mostly in
clashes between Fatah and Hamas.

According to a report presented to the cabinet in early 2008 by Yuval
Diskin, head of the Shin Bet internal security services, Israel killed 810
Palestinians in the territories during 2006–07, about 200 of whom were
not clearly linked to terrorist organizations. Diskin estimated the total
number of terrorist fighters at around 20,000. He also noted that about
3,000 residents of Sderot, the border city hardest hit by Hamas and Is-
lamic Jihad mortar and Qassam rocket fire from Gaza, had left town.
Diskin’s report stated that the political leadership was generally pleased
with the impact of the Israeli attacks into Gaza, but since military efforts
to stop the rockets had not been effective, an investment of NIS 320 mil-
ion (about $80 million) would be necessary to build shelters and safe
rooms in Sderot and other border towns.
Strike into Syria

Israeli F-15 aircraft struck deep into Syria to destroy what apparently was a nuclear facility under construction near the Euphrates River in the eastern part of the country on September 6. The daring raid first came to light when a Syrian spokesman said that its air defenses ran off Israeli warplanes that violated its airspace. After the intruders were confronted by Syrian defense units, the Syrian said, the planes “dropped some ammunition in deserted areas and fled.” Syria warned that it would retaliate at the time and place of its own choosing against “this flagrant, aggressive act.”

The incident remained a mystery for more than a week, as Israel maintained an official silence and even the most talkative defense officials kept mum on the subject. Eventually it emerged that the target had been a nuclear facility, and it had been destroyed. There were also reports that Israeli commando units on the ground not only guided the bombers but also succeeded in taking away some nuclear materials, in order to convince the Americans that what Israel had hit was actually a nuclear plant.

Israel never officially confirmed that the raid took place. Opposition leader Benjamin Netanyahu was the only top Israeli who talked about it. In an interview with Channel 1 news anchor Haim Yavin on September 14, Netanyahu boasted that, as opposition leader, he had supported the plan for the raid. “When the prime minister takes action in important and necessary matters, and generally when the government is doing things for the security of Israel, I give it my endorsement,” Netanyahu told Yavin. “I was party to this matter, I must say, from the first minute, and I gave it my backing, but it is still too early to discuss this subject.” Netanyahu’s remarks drew criticism from both sides of the Israeli political divide, as the Likud leader was charged with irresponsibility for lifting, albeit briefly and vaguely, the veil of silence that had been imposed on information about the raid.

London’s *Sunday Times* reported on September 16 that Israel planes, guided with laser beams by commandos from the Shaldag reconnaissance unit, who had been infiltrated in the day before, literally “blew apart” a nuclear cache, uranium-enrichment facilities, or other nonconventional weapons equipment that North Korea had provided Syria. Citing what it said were Israeli sources, the story identified the attacking unit as the 69th Squadron, consisting of American-made Israeli F15-I aircraft, and the target as 50 miles from the Syrian-Iraqi border.

The British newspaper claimed that planning for the audacious raid —
in which Syria's Russian-made antiaircraft defense system was paralyzed or blinded — had been going on for almost six months, ever since Mossad overseas intelligence chief Meir Dagan presented Olmert with evidence that Syria was seeking to buy a nuclear device from North Korea, apparently for mounting on Scud-C missiles also produced in North Korea. “This was supposed to be a devastating Syrian surprise for Israel,” the Times quoted its Israeli source as saying. “We've known for a long time that Syria has deadly chemical warheads on its Scuds, but Israel can't live with a nuclear warhead.”

Using the Ofek-7 intelligence satellite and other means, Israel was monitoring what purported to be an agricultural research center at Deir al-Zor on the Euphrates. The paper said that Ofek-7, launched in June (see above, p. 237), was diverted from Iran to Syria and sent out high-quality images of northeastern Syria every 90 minutes.

Preparations for the attack may have been behind the mixed signals sent to the Syrians during the summer regarding possible war, including the reinforcement of Israeli forces in the Golan Heights. The Syrians, in response to the Israeli moves, also escalated preparations for a possible confrontation. Later, Defense Minister Barak tried to lower the pressure, pulling some Israeli forces out of the Golan and eliciting a reciprocal Syrian response. The Sunday Times said that there was an alternate theory in Washington to the effect that the air strikes were actually “a diversion for a daring Israeli commando raid, in which nuclear materials were intercepted en route to Iran and hauled to Israel.”

Imad Moustapha, the Syrian ambassador to the U.S., called all these reports “absolutely totally fundamentally ridiculous and untrue,” in an interview with Newsweek. But additional proof of Syrian intentions appeared in a September 18 report in Jane’s Defense Weekly that dozens of Iranian engineers and about 15 Syrian officers were accidentally killed while trying to attach a warhead filled with deadly Sarin nerve gas to a Scud missile. Syrian media had reported that the incident, which took place in June, involved a blast at an arms depot near Aleppo in northern Syria. According to Jane’s, the Syrians and Iranians were working on modifying Scuds to carry nonconventional armaments.

In mid-October, the UN actually changed a statement made by Syrian ambassador Bashar al-Jaafari to a UN committee in which, by an apparent slip of the tongue, he confirmed the charges against his country. Initial reports of his speech, relayed by Ha’aretz and confirmed by the Foreign Ministry, had Jaafari saying: “Israel was the fourth largest exporter of weapons of mass destruction and a violator of other nations'
airspace, and it had taken action against nuclear facilities, including the 6 July attack in Syria [an apparently mistaken date, in reference to the September 6 attack].” But the crucial paragraph in the revised UN document read: “Moreover, the entity that was the fourth largest exporter of lethal weapons in the world, that which violated the airspace of sovereign states and carried out military aggression against them, as had happened on 6 September against Syria, such an entity, with all those characteristics and more, had no right to go on lying without shame.”

Photographs taken by a commercial satellite and released on October 24 seemed to indicate that the Syrians had razed the structures hit in the Israeli attack, according to an Associated Press report. The wire service said that the cleanup might indicate a Syrian effort to conceal evidence of the purpose of the structures that might be gathered by a proposed international inquiry. Syria, said David Albright, president of the Institute for Science and International Security, which examined the satellite images, “took down this facility so quickly it looks like they are trying to hide something.” Albright said Syria might have acted in haste because the Israeli attack blew a hole in the roof, exposing the interior to spy planes and satellites. And the fact that the roof was built early in the construction process indicated that it was likely a reactor. “From what we understand,” he explained, “North Korea builds reactors in an old-fashioned way; the roof goes on early.”

But Prof. Uzi Even of Tel Aviv University said in late November that an analysis of satellite photos published in the media brought him to the conclusion that the structure destroyed in the attack was not a nuclear reactor. Even told reporter Yossi Melman of Ha’aretz: “In my estimation this was something very nasty and vicious, and even more dangerous than a reactor. I have no information, only an assessment, but I suspect that it was a plant for processing plutonium, namely a factory for assembling the bomb.”

In mid-December Assad said that Syria had turned down an offer of nuclear missiles, apparently contained in a letter from smugglers who said they were representing Abdul Kadir Khan, father of the Pakistani nuclear-weapons program. In an interview with an Austrian newspaper, the Syrian president said his country “does not know if the letter was genuine, or an Israeli trap.” Assad added that “we are not interested in nuclear weapons or a nuclear facility and I never met Khan.” A different signal, though, came from Muhammad Habash, a member of the Syrian parliament, who said that though Syria had no interest in escalating tensions with Israel, the Israeli nuclear reactor in Dimona was well within
the range of Syrian missiles. A strike against Dimona, he told the London-based Al-Quds al-Arabi newspaper on December 22, was possible in retaliation for Israeli violations of Syrian airspace and sovereignty.

**The Iranian Nuclear Threat**

Iran's aggressive nuclear program and President Mahmoud Ahmadinejad's repeated threats to destroy Israel continued into 2007, as did speculation about possible deterrent action by Israel.

In late April, the German magazine Focus carried an article based on an interview with Prime Minister Olmert in which the latter was quoted as saying that Iran's nuclear program could be taken down, and specified how. Olmert spokesperson Miri Eisen acknowledged that the prime minister had indeed spoken with the writer of the article in an off-the-record meeting, but "did not say these things."

According to the Focus article, Olmert, asked if military action was an option, replied: "Nobody is ruling it out . . . It is impossible perhaps to destroy the entire nuclear program but it would be possible to damage it in such a way that it would be set back years." He then allegedly said: "It would take ten days and would involve the firing of 1,000 Tomahawk cruise missiles."

Reports of possible Israeli or American strikes on Iranian nuclear facilities circulated again after Israel's September 6 strike on the suspected Syrian nuclear facility. John Bolton, the former U.S. ambassador to the UN, said that Israel's action should be perceived as "a clear message to Iran" that its nuclear facilities, spread all over the country, were not immune from a preemptive strike. In response, the Iranian Website Assar Iran claimed that 600 missiles were ready to be fired on Israel in such an eventuality, and that "will be only the first reaction."

On September 20, former U.S. president Jimmy Carter suggested that Iranian threats against Israel were not to be taken seriously. Carter, now 83, said in a speech at Emory University: "Obviously, we all hope we can do whatever we can to keep Iran from becoming a nuclear power," but "Iran is quite distant from Israel. I think that it would be almost inconceivable that Iran would commit suicide by launching one or two missiles of any kind against the nation of Israel."

In early November, both the Times of London and the U.S.-based Fox News network cited Israeli sources to the effect that the Israeli Air Force was training for a tactical nuclear strike on Iranian nuclear-production facilities. Allegedly, two IAF squadrons were preparing to fly 2,000 miles
round-trip for the purpose of blowing up an Iranian site, using a combination of precision laser bombs and low-yield nuclear bunker-buster munitions. According to the report, the nuclear bombs in the attack would each have a force equal to about one-fifteenth of the atom bomb dropped on Hiroshima in 1945. "It will be one mission, one strike, and the Iranian nuclear project will be demolished," the Times quoted one of the sources as saying. Three possible targets for a purported Israeli strike were named: Natanz, which housed centrifuges used to enrich uranium, a conversion facility for uranium near Isfahan, and a heavy-water reactor at Arak.

A source in the U.S. Defense Department speculated that the leak may have been intentional. "In the cold war," the American reportedly said, "we made it clear to the Russians that it was a virtual certainty that nukes would fly and fly early. Israel may be adopting the same tactics: 'You produce a weapon; you die.'"

At least in part due to the Iranian nuclear threat, the U.S. announced that deliveries to Israel of the Joint Strike Fighter, a new, advanced aircraft, would begin in 2012, earlier than originally planned. Speaking to the Jerusalem Post, one Israeli defense official praised the plane's stealth capabilities. "It can fly to downtown Tehran without anyone knowing," he was quoted as saying.

Israel reacted with skepticism to the U.S. National Intelligence Estimate issued in early December that said that Iran had ceased its nuclear armaments program in 2003. Prime Minister Olmert said that Israel's attitude towards the Iranian nuclear threat would not change and that the world had to keep up the pressure on Iran, including sanctions aimed at blocking further nuclear development. Speaking to the cabinet a few days after the American report was released, Olmert said: "According to the assessment, Iran had a nuclear weapons program until at least 2003, and there is no positive report giving any explanation of where this program has disappeared to." Israel dispatched a delegation of high intelligence officials to gather more information about the American report, much of which was classified as secret, and to present confidential Israeli intelligence in an effort to persuade the Americans that Iran was still actively working on the development of nuclear arms.

Internal Security Minister Avi Dichter publicly expressed doubts about the U.S. report, saying it was based on a "misconception." Speaking to a weekend cultural gathering in Bat Yam, south of Tel Aviv, the former head of the Shin Bet internal security service said that the mistaken U.S. report could have disastrous repercussions, possibly triggering a "re-
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regional Yom Kippur"—referring to the surprise attack on Israel by Syria and Egypt in 1973. Dichter said that the Iranian threat was "ongoing and palpable," threatening not only Israel but the whole region, including Europe and North Africa, which were also in range of Iranian missiles. There were various reports that the U.S. estimate had been tainted by a concerted Iranian effort at disinformation. London's Sunday Telegraph quoted a senior British intelligence official's assessment that the Americans had been tricked, and the French-based National Council for Resistance in Iran said that Tehran was using double agents to mislead the Americans.

U.S. Aid

Israel and the U.S. signed a ten-year defense-aid agreement worth $30 billion in late September. The memorandum of understanding (MOU), signed in Jerusalem, substantially increased the amount of U.S. defense assistance to the Jewish state.

The agreement represented a new approach to U.S. aid to Israel. Prior to 1998, military aid to Israel amounted to $1.8 billion a year, and Israel received an additional $1.2 billion in civilian aid, which was mostly used to service the debt incurred for arms purchases in the 1970s, when American defense aid came in the form of loans rather than grants. Under an agreement reached in 1998 under then-prime minister Benjamin Netanyahu—and because Israel was paying off the massive debts to the U.S.—Washington agreed to Israel's request to gradually reduce the amount of civilian aid by $120 million a year while raising military assistance by an annual $60 million. As a result, in 2008 Israel was to receive $2.4 billion in defense aid, and, for the first time, no civilian aid at all. The new deal, to go into effect in 2009, required Israel to use 73.7 percent of the aid package for purchases from U.S. suppliers, and the remaining 26.3 percent for purchases from Israeli contractors.

The $30-billion U.S. aid package turned out to be larger than that envisioned by an Israeli committee, which recommended an increase over ten years of NIS 100 billion (about $25 billion at current exchange rates) in defense budget spending levels.

In late July, possibly as a precursor to its own arms deal, Israel unexpectedly dropped its objections to an American plan to sell $20 billion worth of advanced arms, including satellite-guided bombs, naval vessels, and fighter aircraft, to Saudi Arabia. Earlier, a number of members of Congress, including Democrats Tom Lantos of California and Anthony
Weiner and Jerrold Nadler of New York, said they would try to block the Saudi arms package, which included Joint Direct Attack Munitions (JDAM), a relatively low-cost kit that transformed ordinary free-falling bombs into precision-guided munitions.

**Unfinished Business**

Former MK Azmi Bishara, leader of the Arab Balad party, fled the country in early April while under investigation for treason and espionage allegedly committed during the war in Lebanon in the summer of 2006. On May 2—the same day that a Petah Tikva Magistrate's Court lifted a gag order that had cast a veil of secrecy over the case—Bishara appeared at the Israeli embassy in Cairo to turn in his resignation from the Knesset. A Shin Bet official told reporters that the charismatic Bishara had been in contact with Hezbollah operatives during the war, providing “information, suggestions and recommendations” about the advisability of sending rockets deep into Israel.

Reportedly, Bishara had been questioned twice by Israeli police before his departure from the country. Speaking by telephone from abroad to supporters in Nazareth, Bishara said he might stay away since he was unlikely to get a fair trial, and conviction would mean a long jail sentence and an end to his political career. “My guilt is that I love my homeland,” he continued, “our intellect and our words are our weapons. Never in my life did I draw a gun or kill anyone.” Said Nafa, who took Bishara’s seat in the Knesset, accused the Shin Bet of a frame-up.

Intelligence agencies were quoted as saying that Bishara had brought large sums of money from foreign sources into Israel, but that they were not sure whether he had done so for himself or as a courier. According to *Ha'aretz*, the Shin Bet—which did not expect Bishara to return anytime soon—also had other serious, undisclosed suspicions about Bishara.

An Israeli Arab, Ashraf Keisi, was given five life sentences plus 20 years in prison for driving a suicide bomber to the Stage nightclub in Tel Aviv in February 2005 for an attack in which five Israelis were killed (see AJYB 2006, p. 237). He was convicted of five counts of murder, one count of attempted murder, and other offenses. In handing down the sentence on October 18, Saviona Rotlevi, presiding judge of the Tel Aviv District Court, dismissed Keisi’s claim “that he had regrets during the drive but could not act on them because of the suicide bomber’s threats.” Keisi helped the bomber choose a location that would allow for the highest
number of victims, and received $5,000 in advance for his part in the bombing. He was promised, but never paid, another $14,000.

Three Israelis convicted of transporting a suicide bomber to Netanya for a July 2005 attack in which five Israelis died and 30 were injured (see AJYB 2006, p. 249) were each sentenced to 13 years in jail on April 12. The men—Kfir Levy of Ramat Gan and Israeli Arabs Sif Azam and Abed Abu Moch—were convicted of manslaughter and causing severe injury. Each drove the terrorist part of the way from the West Bank to Netanya’s Hasharon mall, where he blew himself up. Yaron Horowitz, whose 16-year-old daughter was killed in the blast, said the accused deserved life sentences because they were “partners to the murder—especially Levy, who succeeded in getting the perpetrator into Israel because he is Jewish.”

POLITICAL DEVELOPMENTS

Apportioning Blame

In the summer of 2006 Israel fought a 34-day war against Hezbollah in southern Lebanon in which 119 soldiers and 43 civilians were killed and many more wounded. The aims of the war—return of two kidnapped soldiers and removal of the Hezbollah threat to northern Israel—were not attained, although the government viewed the stationing of a UN force on the Lebanese border after hostilities ended as an accomplishment, and Hezbollah undoubtedly was weakened, at least temporarily, as a fighting force (see AJYB 2007, pp. 238–247).

The Israeli public demanded an accounting, and in September 2006 an investigative panel was set up under the chairmanship of Eliyahu Winograd, a retired judge, to look into the performance of the government. The Winograd Commission issued an interim report on April 30, 2007, that dealt only with the period from Israel’s withdrawal from its “security zone” in southern Lebanon in 2000 through the start of the war in the second week of July 2006.

It accused Prime Minister Olmert of “severe failure” in leading the country into war, stressing that Olmert, who “bears supreme and comprehensive responsibility” for both the government and the army, acted hastily, without an overall plan for the conflict into which he led the country. But blame was shared by his colleagues as well, as the entire gov-
ernment had voted to go to war without understanding the implications of its actions. It "did not consider the whole range of options," the report claimed, "including political moves combined with military strikes, which would have kept the conflict below the 'escalation level.'" To be sure, the commission noted that the lack of readiness for war was to some extent due to neglect and lack of advance planning by previous governments (principally, though not explicitly stated, those headed by Ariel Sharon).

The report also sharply criticized Defense Minister Amir Peretz and the IDF chief of staff during the war, Dan Halutz, who had resigned on January 17. It said that Peretz, whose primary previous experience before taking the reins of the Labor Party was as a union leader, "did not have the knowledge or experience in military, political or governmental matters" nor did he grasp the "basic principles of using military force to achieve political goals." Nevertheless, Peretz made vital decisions as defense minister without properly consulting "experienced political and professional experts." Halutz, the commission said, had not prepared the army properly, particularly for the predictable occurrence of a Hezbollah kidnapping of Israeli soldiers. It also accused him of acting impulsively and failing to present alternative courses of action to the political leadership. As chief of staff, the report went on, Halutz bore special blame as he should have taken into consideration the inexperience of both Olmert, who had been prime minister for only a few months, and Peretz, a complete tyro in matters of national defense.

This interim report did not make personal recommendations about the individuals involved, but the commission held out the possibility that it would do so in its final report, which was expected in the summer (it was ultimately delayed until early 2008). Nevertheless, demands for the heads of the two main targets of criticism still in office mounted quickly. Foreign Minister Livni, after an hour-long meeting with Olmert on May 2, said she had told the prime minister to resign. "It's not a personal matter," she said. "The issue is more important than both of us." Livni said she did not support the nomination of a prime minister from another party, and thought that Kadima, where she nominally held the number-two post, would be able to form a new government. She told reporters she had contemplated resigning, but that "resignation is a form of protest, not necessarily an act of leadership."

Calls for Olmert to step down also came from MKs in Labor, his principal coalition partner, but only one, Minister without Portfolio Eitan Cabel, resigned from the government. Inside his own party, Kadima,
Knesset coalition chairman Avigdor Yitzhaki, a former director general of Ariel Sharon’s Prime Minister’s Office, circulated a petition among party MKs seeking to force Olmert out, but the prime minister got the public backing of Kadima ministers Meir Sheetrit (Housing) and Avi Dichter (Public Security). And at a meeting where Yitzhaki tendered his resignation as coalition chairman but not as MK, a majority of Kadima Knesset members said they stood behind the prime minister.

On May 3 a crowd estimated by police at 100,000 (the organizers claimed 200,000) gathered at Tel Aviv’s Rabin Square to demand the ouster of Olmert and Peretz. “Ehud Olmert, you said you work for us. Olmert, you are fired!” said the event’s keynote speaker, author Meir Shalev, referring to an earlier Olmert speech in which the prime minister said that taking responsibility and making tough, often unpopular decisions was “my job.” Retired general Uzi Dayan, head of the small and so far unsuccessful Tafnit (Turning Point) political party and the organizer of the rally, called on Olmert not to delay until the final report was issued, but to “do the right thing and go home.”

Public sentiment was heavily anti-Olmert. A poll conducted by *Ha’aretz* 24 hours after the release of the interim Winograd report showed that 68 percent of respondents wanted him to resign and only 23 percent thought he ought to stay on. The figures for Peretz were even worse—85 percent wanted him out as defense minister. Meanwhile, former chief of staff Amnon Lipkin-Shahak was named to head a committee dealing with implementation of the Winograd recommendations.

In late May, making his first appearance before the Knesset since the publication of the interim report, Olmert defended his decision not to resign. He claimed that the war, painful as it had been, had restored quiet to the northern border, which he had visited two weeks earlier. Olmert said that the government’s main goals in going to war were the implementation of Security Council Resolution 1559, deployment of the Lebanese Army on the border, a cease-fire, and the return of captured soldiers Eldad Regev and Ehud Goldwasser—although he knew at the time that the chances of bringing them back through a military operation were “slim.” While admitting that the numerous failures in the war were his responsibility, Olmert pointed out that the report had cited instances of “effort and decision-making ability” on the part of the government. Finally, he said that during the war opposition leader Benjamin Netanyahu had “offered his full and unconditional support. He too would do the same thing, he told me.”

The prime minister was notably absent from a ceremony at Jerusalem’s
Mt. Herzl on July 2 marking the first anniversary of the war on the Hebrew calendar. His office said that the decision not to attend was due to security considerations.

In an October 29 TV address, Prime Minister Olmert added a new factor to the political picture by announcing that he had prostate cancer and was likely, but not certain, to need surgery. He said the disease and the possible operation would not interfere significantly with his ability to carry out his duties. The cancer was discovered during a routine check-up, and his doctors said it was “of no danger to him.”

At the very end of the year, on December 31, the Knesset Foreign Affairs and Defense Committee issued its own 150-page report on the Lebanon war. All 17 committee members signed their names to it and about a third of them also made additional comments in a minority opinion. The committee had begun its investigation in September 2006, soon after the fighting ended, and most of the work was done by its classified subcommittees. The report rapped the policy of restraint followed by several Israeli governments in southern Lebanon following the May 2000 withdrawal from the security zone for creating “a state of paralysis and slack” in the army, and criticized the Olmert government for delaying the ground offensive, which it said should have been launched earlier and on a much broader scale than the limited—and costly—thrust north in the last days of the war. It found that by not mounting that ground offensive earlier, the Israeli military had “failed to achieve the war’s central objective, combating Katyusha fire.” The Knesset panel was extremely critical of the senior army command, saying that its mistaken tactics and “blindness” played into Hezbollah’s hands, and that the lack of a prepared plan of attack was “a grievous blunder.”

Leaving personal recommendations to the final Winograd Report—due to be released in about a month—the Knesset report offered a number of recommendations on how to improve military performance in future confrontations. In the 2006 war logistical information was often not relayed in real time. “Improved communication would have thwarted many errors,” said the report. From now on, “units should carry their own logistical information with them rather than referring back to central command.” Halutz’s overreliance on air power to knock out Hezbollah’s infrastructure also came under fire, and the committee pointed to the necessity of utilizing infantry to secure territory, since without that ground presence air power could have only a limited effect. “Locating Katyusha rockets from the air,” it noted, “was a nearly impossible mission, and neutralizing them could not be accomplished solely from the air.”
Also on the last day of the year, a subcommittee of the full Foreign Affairs and Defense Committee issued a separate report slamming the Foreign Ministry's public-relations efforts during the war, focusing especially on the lack of a coordinated plan anticipating that conflict would break out in the north. The subcommittee was headed by Kadima MK Amira Dotan, a former IDF officer and the first woman to attain the rank of brigadier general.

Tel Aviv University's "Peace Index" survey, conducted in late 2007, showed that Olmert's public standing remained quite low. Sixty-one percent of the respondents said that if the final Winograd Report included sharp criticism of Olmert the prime minister should resign, and only 20 percent thought he should stay on under such circumstances.

A President under Fire

At a January 23 press conference and in a letter to the accused, Attorney General Menahem Mazuz announced that, having examined the file with evidence that the police had given him the previous October, he would consider charging President Moshe Katzav on several counts. The final decision on whether to bring charges, Mazuz said, would come after a "hearing" with Katzav and his attorneys, a kind of mini-presentation of the respective cases that is sometimes conducted in Israel when public figures are suspected of criminal offenses.

Katzav was accused of sexual offenses against four women. Three of them worked at Beit Hanassi, the official presidential residence and offices, during his term, and the fourth was an employee at the Ministry of Tourism when Katzav's served as minister there (see AJYB 2007, pp. 222–24). Mazuz indicated that he contemplated charges of forcible rape in the Tourism Ministry case: the woman there was identified in public by the letter Aleph, as was one of the Beit Hanassi employees. In the case of the latter Aleph, Mazuz would not accept the police recommendation of a rape charge, but would charge Katzav with indecent acts, sexual harassment, and exploiting his status as an employer to gain sexual favors.

In the two other cases Mazuz indicated that he would only press charges of sexual harassment and indecent acts. He would not try to bring charges made by yet a fifth complainant, and the statute of limitations had passed in five other possible cases. Also, there would be no charges based on accusations of irregularities and cronyism in Katzav's granting of president pardons to those convicted of crimes, or of illegal wiretapping at Beit Hanassi. Police had recommended criminal indict-
ments on both these charges. It had taken Mazuz several months to make a decision, the Justice Ministry said, because both sides had kept on providing him with new material. The hearing with the president and his lawyers was not expected to take place for several months.

Mazuz's announcement fueled demands from politicians and the public that Katzav step down and leave Beit Hanassi rather than waiting for Mazuz's final decision on whether to prosecute. Some called for Katzav to suspend himself voluntarily pending the legal findings, but others argued that he should be removed from office by the Knesset.

Katzav did not respond immediately and scheduled a press conference for the following day. But one member of his defense team, top criminal lawyer Tzion Amir, said that Katzav had been mistreated. The president, he said, "had a clear understanding . . . that the evidence in the investigation file would lead to a different decision. [Mazuz's] decision came down on his head like cold water, but it's important to emphasize that there are holes in this case."

In an extraordinary public display, Katzav lashed back at his accusers the next day, January 24, in an event labeled a press conference but where the press was not allowed to ask questions. Calling the accusations against him "lies," "libels" and a "frame-up," Katzav said he was the victim of a "lynch" accompanied by unprecedented media brain-washing. In addition, he accused the police of doing everything they could against him. Behind this vendetta, he suggested, was a clique that had been after him since he defeated Shimon Peres for the presidency in July 2000. "I saw myself as a symbol of all those who don't belong to the same clique, elite, rich, close to others. And only they have the right to represent Israel," he said. Katzav dismissed his accusers as "people fired by me or who didn't get what they wanted from me."

Katzav's performance drew angry reactions from the political establishment. Prime Minister Olmert, speaking at the annual Herzliya Conference on Security, called it "a sad day for the State of Israel" and said he had no doubt that Katzav would have to leave Beit Hanassi because he could no longer function in office. Yossi Beilin, head of the left-wing party Meretz, said Katzav's "horror show proved that he shouldn't serve another day, and should resign immediately." United Arab List MK Taleb a-Sana said Katzav "fired wildly, in every direction," and had missed "his final chance to save his last shred of dignity." Internal Security Minister Avi Dichter, who was responsible for the police, said that the president should apologize to the police and the public "for the things he said in his emotional frenzy."
But Katzav claimed that the public was behind him. Presidential spokesperson Hagit Cohen was quoted by the settler-linked Arutz 7 radio and Internet news organization as saying that she had never seen "such a deluge of expressions of support." The president's attack on the media, she said, had struck a particularly responsive chord. Despite the Katzav camp's claims, however, a poll conducted by the Dahaf organization for Yediot Aharonot and its Ynet Website indicated that 71 percent of Israelis favored Katzav's resignation. The poll, using a sample of 516 people, was carried out after Katzav's "press conference."

Political wheels moved quickly. Already on January 25 Katzav requested a temporary suspension from office, and the Knesset House Committee approved it 13-10. This meant that although Katzav remained on technically as president, Knesset Speaker Dalia Itzik moved up to become acting president. Katzav indicated that he would only relinquish the formal title if and when an indictment was filed against him.

Five days later the Knesset formally approved the framework for impeachment proceedings. Efforts to impeach Katzav, however, failed on March 7, after only seven members of the committee—far short of the necessary 19 in the 25-member body—voted in favor. Six of them were women—Sheli Yahimovitch, Nadia Hilu, and Collette Avital of Labor; Limor Livnat of Likud; and Zahava Gal-On of Meretz. The Likud's Gideon Sa'ar was the lone male MK voting to impeach.

After several sessions in the "hearing" process and extensive discussions with Katzav's legal team, a deal for a plea bargain was reached. Under its terms, the most serious charge against Katzav, forcible rape, would be dropped, and he would be indicted on lesser charges of indecent acts, sexual harassment, and obstruction of justice. The president would resign from his post (the deal was announced only two weeks before Katzav's six-year term of office was to expire anyway), he would serve no jail time, but would pay compensation to two of the complainants.

Mazuz justified the plea bargain on the grounds that some of the charges he had originally recommended might be difficult to prove in court, and that during the hearing process Katzav's lawyers had presented new evidence causing him to modify his original position. The lead defense attorney substantiated this view, writing in Yediot Aharonot that material from the investigation file made it apparent to him that the case against Katzav would "go up in smoke." Katzav resigned on June 30.

Many reacted to the deal with outrage. At a news conference televised a few hours after it was announced, Aleph from Beit Hanassi called Katzav a "serial sex offender" and a "pervert," and said the decision to
let him off without jail time “gives legitimacy to sex offenders.” (The complainant’s face was electronically blurred during the broadcast so she could not be identified.) About a week later, Aleph’s attorneys, protesting the fact that her complaint had been excluded in the plea-bargain deal, produced phone records showing that Katzav called her 689 times, sometimes after midnight, from his office or mobile phone. Most political commentators called the plea bargain scandalous, Sima Kadmon of *Ma’ariv* writing that Mazuz should step down as attorney general.

A few days later, on June 30, 20,000 protesters demonstrated against the plea deal in Tel Aviv’s Rabin Square, and several public opinion surveys showed about 70 percent of the public opposed to letting Katzav off so easily. There were also expressions of outrage at claims made by Katzav and his lawyers that the agreement proved that there was nothing to the original accusations, and that the president had signed the agreement admitting to at least some sexual offenses to spare the Israeli people, and especially his own family, the ordeal of a long public trial.

The Supreme Court began hearing legal arguments on petitions to overturn the deal in mid-July. The court had the power to overturn it entirely or to require that it be redrafted. No decision on the petitions had been reached as the year ended.

**A New President**

Shimon Peres, 83, was elected Israel’s ninth president by the Knesset on June 13, on the second ballot, by 86 to 23, with eight abstentions and two defective ballots. After the first ballot, which Peres led with 58 votes, three short of the required 61-vote majority, candidates Reuven (Ruby) Rivlin of Likud, who had 37 votes, and Labor’s Collette Avital, with 21, stepped down. Knesset Speaker Dalia Itzik, who was to remain acting president until Peres took office a month later, noted that on assuming the presidency Peres would be leaving the Knesset for the first time since 1958. Peres thanked Prime Minister Olmert and Kadima, the party to which he belonged, and said that “the president does not deal with politics and partisanship: He represents unity in a strong voice and expels despair from our midst.” He praised the Knesset for showing “nobility and camaraderie.”

After making the obligatory visit to the Western Wall in Jerusalem’s Old City, Peres traveled to the Har Nof neighborhood on the other side
of town for an audience with Rabbi Ovadia Yosef, the Shas spiritual leader, who had instructed members of his party to support Peres for president. “I am an admirer of the rabbi,” Peres said. “He is a genius and the nation of Israel must be thankful to him.”

Peres, born Szymon Perski in Poland in 1923, immigrated to Palestine with his family as a boy. He had been prime minister on three separate occasions, served in 12 different cabinets, and held the posts of foreign minister, defense minister, minister for the Negev and Galilee, and, in the Olmert administration, vice prime minister. In 1994 he won the Nobel Peace Prize together with the late Yitzhak Rabin and Yasir Arafat for their work in crafting the Oslo Accords.

**Labor Picks a Leader**

Former prime minister Ehud Barak was elected chairman of the Labor Party, defeating former Shin Bet security services and Israel Navy commander Ami Ayalon in a run-off after neither candidate received the required 40 percent of ballots in the first round. The other candidates were the incumbent, Defense Minister Amir Peretz, whose chances to continue were seriously impaired by criticism of his performance during the war in Lebanon; former minister Ofir Pines-Paz, who resigned from the Olmert cabinet in October 2006 to protest bringing the right-wing Yisrael Beitenu into the government; and Dani Yatom, a former IDF general who headed the army’s Central Command and went on to became director of the Mossad and then security adviser when Barak was prime minister in 1999–2001.

Even though Barak led in the first round, garnering 36 percent to Ayalon’s 31, most pundits made Ayalon the favorite for the second round after the outspoken dove got the endorsement of Peretz, who had come in third with 22 percent. But in the run-off, Barak, who conducted a relatively quiet campaign that concentrated on party activists and avoided the news media, won by 51.2 to 47.8 percent. Within a week Olmert named Barak defense minister to replace Peretz, and on June 17 the change was approved by the Knesset. Ayalon, who had said during the campaign that he would not serve in a cabinet headed by Olmert, was appointed minister without portfolio on September 12, and would be part of the security cabinet.

It was uncertain how long a Barak-led Labor would remain in the government. During a news conference at Kibbutz Sdot Yam during the
campaign for party leadership, Barak said he would move for new elections if he got the top Labor spot. Alternatively, he suggested that the prime minister, on his own, would “find the appropriate way to reach personal conclusions,” that is, resign. But at year’s end Barak had still given no indication that he would leave the government or bring it down. Labor activists as well as their opponents anxiously awaited the issuance of the final Winograd Report in late January 2008 to see what move Barak would make, if any.

A New Face at Justice

Daniel Friedmann, a Tel Aviv University law professor, was appointed minister of justice in February, when Tzipi Livni vacated the post to become foreign minister. He was a longtime and very vocal opponent of the growing power of the Supreme Court under the activist leadership of former court president Aharon Barak and Barak’s successor, Dorit Beinisch. It was widely assumed that Prime Minister Olmert chose him precisely for that reason. There were also suggestions of personal animosity between Friedmann and Beinisch due to the judge’s successful opposition to the appointment of Prof. Nili Cohen, Friedmann’s Tel Aviv University colleague, to the Supreme Court. Friedmann, an Israel Prize winner, was an internationally recognized expert on the law of torts.

Allegations and Convictions

In January, Attorney General Mazuz ordered a criminal probe into Prime Minister Olmert over alleged abuse of influence in the privatization of Bank Leumi, Israel’s second largest bank. The case focused on suspicions that Olmert, while acting finance minister in 2005, tried to steer the sale of the bank toward his friend, Australian real estate baron Frank Lowy, who, in the end, did not purchase it. But in late November police investigators recommended that the case be closed since there was insufficient evidence to bring criminal charges. The file was transferred to the State Attorney’s Office for a final decision on the police recommendation.

Investigations against Olmert in other cases were still pending at year’s end. They included charges of illegal political appointments while he served as minister of trade, industry and labor early in Ariel Sharon’s second term as prime minister, and suggestions that he paid an illegally low price for a home in Jerusalem’s German Colony neighborhood. On No-
In November 11, police sent 100 detectives to 20 locations to gather evidence in the various cases. These places included the Ministry of Trade, Industry and Labor; the Israel Lands Administration; the Small Business Administration; the offices of Uri Messer, Olmert's attorney; the Municipality of Jerusalem, where Olmert served as mayor for a decade; and Alumot, the company involved in the sale of the house on Cremieux Street to Olmert.

Haim Ramon, who resigned as justice minister in August 2006, was convicted of indecent sexual conduct on January 31, 2007. His resignation had come in response to a police investigation of allegations that he kissed a female soldier during a farewell party for the young woman at the government complex in Tel Aviv. Ramon was subsequently indicted. In a unanimous opinion, a three-judge Tel Aviv Magistrate's Court panel found that Ramon had sexually harassed the soldier by "placing his lips on her lips and inserting his tongue in her mouth." The judges said that the kiss was not indicative of affection, as Ramon claimed, but rather had "all the elements of a sex offense." The crime carried a maximum penalty of three years in jail, but, after the prosecution urged leniency, Ramon was sentenced to 120 hours of public service and fined 15,000 shekels.

Ramon subsequently returned to the cabinet as vice prime minister, even though women's groups and others charged that he was disqualified from a ministerial position since his crime involved moral turpitude. The Supreme Court found in Ramon's favor in this instance. In her ruling, Justice Ayala Procaccia said that Ramon's offense was apparently "a one-time slip that does not attest to an innate moral defect that might constitute grounds to disqualify him from holding public office." Dissenting, Justice Edna Arbel said that the fact that Ramon's sexual offense was not severe should not obscure the reality that he was "in fact convicted of criminal offenses."

Finance Minister Avraham Hirschson, a close confidant of Prime Minister Olmert, resigned on July 1 in the wake of a police investigation of embezzlement and other charges against him. He had suspended himself from office in late April, issuing a statement to the effect that the public had made up its mind about his guilt without hearing his side of the story, and saying that he preferred to be with his family during "a difficult time—one of the most difficult I have ever known."

The investigation centered on events in 2003, when Hirschson headed the National Workers Union, a Likud-affiliated body. An initial probe explored suspicions that a lower-ranking union official, Ovadia Cohen,
had embezzled NIS 5 million from a union-linked educational fund, but suspicions later shifted to Hirschson as the recipient of the purloined money. One former staffer claimed to have seen Hirschson accept cash-filled envelopes from Cohen. In addition, Hirschson was suspected of having the union finance medical treatment for him and of diverting money from the March of the Living, the international organizer of Holocaust memorial trips to Polish concentration camps, which Hirschson founded and led.

Interior Minister Ronnie Bar-On, another longtime friend and associate of Olmert, and, like the prime minister, a former chairman of the Likud-linked Betar Jerusalem soccer club, was named to replace Hirschson at the Treasury. Bar-On's spot at Interior went to Meir Sheetrit, who was replaced at the Housing and Construction Ministry by Ze'ev Boim. All three ministers, like Hirschson, were members of Kadima.

Moshe Karadi, the national police chief, resigned in February in the wake of revelations reported by an investigative committee about a case of corruption among police in the Southern District during 1999, when Karadi was the commander there. No wrongdoing was imputed to Karadi himself. Public Security Minister Avi Dichter immediately appointed Ya'akov Ganot, head of the Prisons Service, to replace him, but the choice came under fire since Ganot, back in the 1990s, had admitted at a police disciplinary hearing that he had violated the force's rules about accepting favors, and was suspended for three years. Granot withdrew, and Dichter named veteran policeman David (Dudi) Cohen to head the national police.

Jacky Matza, commissioner of the Tax Authority, resigned in January after a police investigation into possible influence-peddling, bribery, and tax-fixing became public. Matza had been appointed to the post while Olmert was finance minister, and the investigation also involved Shula Zaken, a longtime Olmert aide, office manager, and current bureau chief in the Prime Minister's Office; her brother, alleged "fixer" Yoram Karashi; former Tax Authority head Eitan Rub; and other senior tax officials. Police later recommended that Matza be indicted. Zaken was first placed under house arrest, was then suspended, and returned to her job late in the year.

In an annual poll conducted by the Ma'agar Mohot organization in advance of the Sderot Conference for Social and Economic Policy in November, Olmert and Hirschson topped the list of politicians the public considered most corrupt, each scoring 56 percent. In polling for the most honest minister in the same survey, Foreign Minister Livni rated highest
at 46 percent, followed by Education Minister Yuli Tamir, 40 percent, and Transport Minister Shaul Mofaz, 34 percent. An alarming 69 percent of respondents said they believed that Israeli politics and government were corrupt; 29 percent considered the police corrupt; and 12 percent said the same of the IDF. Uzi Dayan, the conference organizer, said the survey proved that the public saw corruption as “public enemy No. 1.”

DOMESTIC DEVELOPMENTS

Demography

Israel’s population stood at 7,242,000 at the end of 2007, the Central Bureau of Statistics reported. Of that total, 5,477,000 (75.6 percent) were Jews, 1,449,000 were Arabs, and the remaining 4.4 percent were of other ethnicities. The population grew by 1.7 percent in 2007, with 124,000 new Israelis, as compared to 1.8 percent in 2006. Approximately 18,000 new immigrants arrived in Israel during the year, down from about 19,000 in 2006 and about 21,000 in 2005. Some 149,000 babies were born in 2007.

Israel had 41 percent of the world Jewish population of 13.2 million as of January 2007, according to a report published by the Jerusalem-based Jewish People Policy Planning Institute. The JPPPI estimated that the Jewish population of Israel grew by 80,000 during 2006 while the Diaspora suffered a net loss of about 20,000.

The National Council for the Child issued its yearbook in December 2007. It featured considerable data about Israeli families, not all of it reassuring. Of all children in Israel, 69.1 percent were Jewish, a decline from 75 percent in 1997. Single-parent families contained 8.5 percent of Israeli children as compared to 6.8 percent a decade earlier. At the start of the year, 166,000 families had four or more children. That amounted to 17 percent of all families, up from the 2000 figure of 150,000 families, which was then 16.3 percent of the total. The percentage of these large families living under the poverty line increased from 54.7 percent in 2004 to 60 percent in 2007. Of all Israeli children, a third lived below the poverty line; for Bedouin the figure was 70 percent. Among Israeli Jews, religious families had, on average, far more children than secular families. Thus the country’s youngest city was Betar Illit, a haredi center southwest of Jerusalem, where children constituted 62.6 percent of the population, whereas only about 20 percent of the people in Tel Aviv, the secular metropolis, were children.
The yearbook also published data about the use of new technology. It found that 93 percent of Israeli children had computers at home and 80 percent had their own cell phones. Israeli adults were not far behind. A TNS/Teleseker survey found that four million Israelis aged 13 and up used the Internet and that 73 percent of households had an Internet connection. The annual rise in Israeli Internet use for 2007 was about 2 percent, slightly ahead of population growth.

The Economy

CONTINUED GROWTH

The Israeli economy, as measured by Gross Domestic Product (GDP), grew by 5.3 percent in 2007, according to the Central Bureau of Statistics, continuing four and a half years of rapid expansion after the lean recession years of the early-twenty-first century. In 2006 the growth rate had been 5.2 percent, and the average rate since the implementation of far-reaching economic reforms in the mid-1980s was 4.5 percent. Another key indicator, business sector GDP, was up 6.3 percent. Per-capita growth—the expansion of GDP minus the increase in population—rose by 3.5 percent for the year to reach $28,800, almost on par with the “second economic tier” of EU countries, such as Italy ($31,000) and Greece ($30,800). Israel’s foreign currency reserves stood at $28.42 billion in December 2007, down fractionally from $29 billion in December 2006.

This growth—more rapid than that of any other Western economy—was spurred both externally and domestically. Exports of goods and services rose by 8.6 percent to $45.9 billion. Imports were up even more, by 12.6 percent to $56.1 billion, resulting in a 30-percent widening of the annual trade deficit to $10.2 billion. Per-capita consumption rose by 3.6 percent, powered especially by a 22.6-percent jump in per-capita consumption of durable goods, such as automobiles and electrical appliances. At the same time, Agriculture Minister Shalom Simhon announced that exports of produce rose by 27 percent in the course of the year to $1.5 billion. He attributed this to improved productivity and exploitation of niche markets for Israeli products.

Perhaps the most striking statement about the economy came in the government budget, which originally planned for a NIS 8.1 billion (about $2 billion) deficit, 2.9 percent of GDP, due to the lingering effects of the 2006 war in Lebanon. But much higher than expected revenues from
taxes, triggered by the rapid pace of economic activity as well as by one-time payments from the privatization of government companies and taxes from the sale of Israeli companies, resulted in a negligible deficit of NIS 100 million (about $25 million).

The strength of the economy was reflected by the local stock market, the Tel Aviv Stock Exchange (TASE). The Tel Aviv 25 Index rose by 31.39 percent in 2007, ending the year at 1,217.07. The Tel Aviv 100 finished its fifth consecutive year of positive results with a gain of 25.27 percent. For 2007, the shekel strengthened against the U.S. dollar by 9 percent, closing the year at NIS 3.845 to the dollar.

Trading volume on the TASE rose sharply in 2007. Equities trading averaged about $500 million a day, up 55 percent over 2006, while bond trading, at $800 million daily, more than doubled the average of the preceding year. It also proved much easier to raise capital, $5 billion being raised in offerings of equities, up 85 percent over 2006, and $21 billion in bonds, a 90-percent rise. In 2007, 150 equity-traded funds (linked to various share, bond, and commodity indexes in Israel and abroad) were added, bringing the number of ETFs to 240. Public holdings in ETFs reached $6 billion, the TASE reported. According to Esther Levanon, the TASE head, extensive changes were instituted to make the exchange more attractive to foreign investors and to induce Israeli firms to dual-list on the TASE and a foreign bourse, rather than continue the current practice of many of them that offered their shares and raised capital only on foreign exchanges.

Though the Israeli economy's fundamentals—including balance of payments, a lowered foreign and domestic debt, growth figures, and falling unemployment—were positive, there were fears that a downturn in the global economy, particularly in the U.S., might affect continued expansion in 2008, since markets for many Israeli products, particularly in the high-tech sector, were located outside the country.

The Consumer Price Index rose by 3.4 percent in 2007, capped by a 0.6-percent increase in December, as calculated by the Central Bureau of Statistics. This annual inflation rate topped the government's target of 1–3 percent, included in the budget for 2007, and the monthly rise was the highest December CPI since 2006. For the year, basic inflation (the CPI minus fruits and vegetables) was up 3.3 percent, and the CPI excluding housing was up 3.9 percent. Despite the shekel's gain in value against the U.S. dollar, housing prices—customarily dollar-denominated—rose by only 3.6 percent in shekel terms.

Investment in technology reached its highest levels in seven years, ac-
According to the year-end report of the IVC Research Center. It said that in 2007, 462 Israeli technology companies raised $1.76 billion from local and foreign investors, 8.5 percent more than the amount raised in 2006 and 31.5 percent higher than the 2005 figure. Sources inside the industry, however, were not sure that the upward trend would continue into 2008.

Foreign investment in Israel fell by $11 billion from 2006's record figure of $22.5 billion, according to the Bank of Israel. The drop was due to fewer mergers and acquisitions by overseas companies and the sale by foreigners of a net $623 million in Israeli corporate and government bonds, after purchasing a net $2.2 billion in 2006. Financial sources noted, though, that 2006 had been a special year, with figures bolstered by once-in-a-lifetime deals like the $4-billion purchase of 80 percent of the Iscar precision-tool-making firm by Warren Buffett.

At year's end economists and political leaders were carefully watching two key indicators: the potential effect of an anticipated slowdown in the U.S., which accounted for about 40 percent of Israel's exports, and the shockwaves of the sub-prime mortgage crisis on the world economy.

**Business Developments**

Israel led the world in proportional R&D investment, according to figures released in early August by the Central Bureau of Statistics. The Israeli R&D expenditure for 2007 was NIS 28.3 billion (just over $6.7 billion), amounting to 4.5 percent of GDP. That topped Sweden's 3.7 percent, Finland's 3.5 percent, Japan's 3.3 percent, the U.S.'s 2.1 percent, and Canada's 1.7 percent. The Israeli business sector contributed 77 percent of the R&D expenditure. Israeli R&D received a further boost on December 19, when the U.S.-Israel Joint Energy Bill was signed into law by President Bush. The legislation, passed a week earlier by Congress, provided funding for R&D into sources of renewable alternative energy, including solar, biomass, wind, geothermal, wave, and tidal energy.

Israeli exports of polished diamonds were up 7 percent over 2006 to $7.08 billion. The U.S. was the largest market for Israeli stones, at $3.73 billion, followed by Hong Kong's $1.31 billion, Belgium's $562 billion, Switzerland's $428 billion, and India's $109 billion. There was also a substantial trade in unpolished stones between India and Israel, two of the world's largest processors, cutters, and polishers of diamonds. Despite the impressive figures, the diamond industry — which represented little added
value due to the high cost of raw materials—had, as usual, minimal impact on the national economy.

Sales at IKEA Israel rose by 9.7 percent in 2007 to NIS 469 million, the retailer reported. It said that 2.6 million Israelis had visited the store, located at the Poleg interchange near Netanya, in the course of the year. Plans for a second store, in Rishon Lezion south of Tel Aviv, were held up by zoning and licensing disputes.

Israeli defense exports to the U.S. more than quadrupled in the seven years from 1999 to 2006, from $250-$270 million to $1.2 billion, according to Defense Ministry figures released in June. In addition, the $3.4 billion in defense exports in 2006 put Israel in fourth place among arms-exporting countries, after the U.S., Russia, and France, and ahead of Britain. Maj.-Gen (res.) Yossi Ben-Hanan, head of Sibat, the Defense Ministry’s branch that dealt with military cooperation and exports, said that restrictions on arms sales imposed at the request of the U.S. had “cost” Israel only $300 million in military exports.

Israel and India expanded their already considerable cooperation in missile development with a longer-range version of the Barak naval-defense system for the Indian Air Force, according to an early July report in the authoritative Defense News. The four-year, $300-million deal was part of an agreement signed in June with Israel Aerospace Industries, following a $480 million contract signed by IAI and the Indian Defense Research Development Organization in 2006. According to a report on the Walla! Hebrew Website, the agreement was part of a larger deal being negotiated by IAI and Indian defense authorities that could amount to as much as $1.5 billion in joint production. In a separate report, Defense News said that India was interested in joint production with Israel of unmanned helicopters. And according to Yedioth Aharonot, IAI was also seeking contracts worth hundreds of millions of dollars for the upgrade of 51 Indian Air Force Mirage-2000 aircraft.

Four Israeli companies—Israel Aerospace Industries (IAI), Elbit Systems, Rafael Arms Development Authority Ltd., and Israel Military Industries—were among the 100 largest defense firms, according to the 2007 rankings compiled by Defense News. IAI was in 33d place with sales of $1.7 billion; Elbit was 39th with $1.4 billion; Rafael was number 49 with $1.05 billion; and IMI was 84th with $482 million. Elbit also ranked 17th in 2006 performance in a ranking of leading public companies published by Aviation Week.

Arkady Gaydamak, the Israeli-Russian billionaire businessman, was
extremely active during 2007. Already the owner of the Betar Jerusalem soccer club, he purchased Gilon Investments Ltd. and Ameris Holdings Ltd.—which controlled the Israel Petrochemical Enterprises Ltd. chain of gas stations—and the real estate company Ocif Investment. Gaydamak was also in the headlines for funding brief vacations away from the Gaza border for residents of embattled Sderot, running a large camp in southern Israel for residents of the North during the 2006 war in Lebanon, and donating to other popular and populist causes. Reportedly an ally of Likud leader Benjamin Netanyahu, Gaydamak founded a political movement and said he would run for mayor of Jerusalem. He failed, however, in his plan to purchase the non-kosher Tiv Taam supermarket chain and turn it kosher.

Solel, which manufactured solar-powered thermal systems for the generation of electricity, made a breakthrough deal, through an American subsidiary, for construction of a $2-billion solar generating plant in California’s Mojave Desert, with Pacific Gas and Electric. To be called the Mojave Solar Park, the plant was expected to supply 553 megawatts of electricity.

Employment

The average salary of employed Israelis was NIS 7,957 in 2007, the Central Bureau of Statistics reported. A record 2.81 million people were employed: 2.72 million Israelis, 72,000 foreign workers, and 21,000 Palestinians. The average salary of foreign workers was NIS 4,700. High-tech workers in Israel made NIS 16,000–20,000. The rate of participation in the labor force—a key issue in Israel, where many ultra-Orthodox men and Israeli Arab women did not seek out jobs—rose by a significant 2 percent to 56.7 percent. Unemployment was 6.6 percent at year’s end, down from 7.9 percent in January 2007 and 8.3 percent in January 2006.

Trade, Industry and Labor Minister Eli Yishai signed an order on December 31 obligating all employers to allot part of their workers’ salaries to pension funds, making about a million Israelis eligible for pensions they never had before. The order came in the wake of an agreement reached in June by the Histadrut trade union federation and employers under which 2.5 percent of an employee’s salary would go toward a pension. Central Bureau of Statistics figures indicated that before this change 47 percent of Israel’s workers had no pension plans other than the National Insurance benefits given to senior citizens. Only 28 percent of
Arabs and 38 percent of immigrants had pension plans, according to a report in *Ha'aretz*.

The Israeli educational sector experienced a series of strikes in 2007. In April, university students struck to protest increases in tuition and the failure to implement cuts in fees that had been recommended by a government commission in 2001. Students blocked roads and some were arrested. After three weeks, university presidents warned that students who did not return to class by May 8 would not receive credit for the semester. But the day before the deadline, strike leaders sealed off the universities with chains so no one could enter. It was not until May 14—41 days into the strike—that a settlement was reached with the government.

Middle- and secondary-school teachers went on a “rolling” strike in the spring, demanding an 8.5 percent pay increase and a reduction in class size. The teachers unions, unwilling to paralyze Israel’s entire school system, struck in different regions on different days, exempting completely the schools near the Gaza border. In the fall, however, after one union, the National Teachers Union, reached a deal, the Secondary School Teachers Organization (SSTO) nationalized their strike, shutting down 1,200 high schools and over 40 percent of junior high schools. On December 13, 15 minutes before a restraining order by an Israeli Labor Court would have forced the teachers back to work, the SSTO reached a settlement with the government that called for raises, and included a personal promise from the prime minister to reduce class size. This strike, lasting more than 60 days, was the longest in the history of the Israeli educational system.

Senior faculty at the universities called a strike at the opening of the fall semester. It was not settled until mid-December, after Hanukkah. To make up for the missed class time the academic year was extended until July 10, 2008.

*Religion, State, and Society*

**Conversion**

In September, the Interior Ministry, controlled by the Orthodox Shas party, drafted new criteria that would make it more difficult for converts to Judaism elsewhere in the world to immigrate to Israel. The purpose was to prevent non-Jews with ulterior motives from entering the country.
as Jews. Among other requirements, a convert would have to attend classes for at least nine months prior to conversion in the Diaspora country, and be active in his or her home community’s religious life. Rabbi Seth Farber, head of the Jerusalem-based Itim Jewish Life Information Center, said that the new regulations were counterproductive. “There are some total idiots in the Interior Ministry who exhibit utter ignorance on the issue of conversions abroad,” Farber said, urging that rabbis overseas should be trusted. “If they are permitted to hold conversions, they should be considered responsible enough not to convert would-be foreign workers and terrorists who are only after Israeli nationality.”

In December, Itim, which, among other activities, helped conversion candidates deal with the bureaucracy, asked the High Court of Justice to order the Interior Ministry to show cause why Italian-born Rachel del Conte, a 2006 convert, not be given the status of a new immigrant. The woman had studied in Israel and went overseas for the conversion, and the courts had ruled in 2005 that such conversions from recognized foreign Jewish communities must be recognized. Farber accused the ministry of “thumbing its nose” at court decisions.

From the standpoint of the government, expedited conversion procedures were a priority: there were about 300,000 non-Jews, mostly from the former Soviet Union, who immigrated to Israel as family members of Jews under the Law of Return. Some had already converted via a special army program, but most had not.

An interministerial committee headed by Erez Halfon, director general of the Absorption Ministry, had been charged with developing a plan to make the conversion process more efficient. His report—which, among other things, called for the appointment of more religious court judges to deal with conversions—was completed in late summer. It provoked predictable reactions. Absorption Minister Ya’akov Edri called converting the non-Jews—who otherwise could not marry in Israel—a “national and strategic mission of vital importance to the future of the State of Israel.” But Yated Ne’eman, the ultra-Orthodox daily with strong links to Rabbi Shlomo Yosef Elyashiv, the nonagenarian Lithuanian rabbinical powerhouse, blasted the proposal as authorizing “fake” conversions, and Rabbi Gilad Kariv of the Reform movement’s Israel Religious Action Center said the recommendations were not only insufficient and “useless,” but, by strengthening the position of the Chief Rabbinate, they “might deepen the ongoing conversion crisis.”

Opposition from the Sephardi Orthodox party Shas, which belonged to the government coalition, ensured that no steps would be taken to im-
implement the Halfon report. Nevertheless, it was widely believed that the Prime Minister's Office hoped that the objections could ultimately be overcome with the help of the Sephardi chief rabbi, Shlomo Amar, who was considered a moderate.

In October, with no action being taken to provide more judges for the religious courts, 45 Modern Orthodox rabbis, most of them from the Religious Kibbutz Movement, agreed to serve on new independent conversion courts, outside the jurisdiction of the Chief Rabbinate. Few revealed their names. One who did was Rabbi Benny Lau of Jerusalem's Ramban Synagogue, who said that some American-born members of his own congregation who had rabbinic ordination and considerable experience with performing conversions could serve on these independent courts. "I think there will be no alternative," Lau told Ha'aretz. "The rabbinate is undergoing a process of dissolution... and conversion is the core of the matter. One of our roles as rabbis is to serve the public, and I see this issue as fulfilling that function."

That same month, during a U.S. visit, Rabbi Amar discussed conversions with Orthodox leaders. It was reported that as a result of these talks the Rabbinical Council of America, the main American Orthodox rabbinical body, planned to open 20 conversion courts across the country as part of an effort to standardize conversion procedures and thereby ensure that U.S. conversion would be recognized in Israel (see above, p. 143).

In late December, Ha'aretz reported that the prime minister had charged Oded Yehzekel, the cabinet secretary, with handling the politically thorny issue of conversions, and that Yehzekel had informed 14 senior officials that Olmert, who considered the matter a priority, wanted to "improve, streamline, and expand Israel's conversion system" so as to make as many as possible of the non-Jewish immigrants Jews.

**Civil Marriage**

Rabbi Amar and Justice Minister Daniel Friedmann announced in early July that they had reached agreement on legislation allowing civil marriage for non-Jewish Israeli couples who were not listed by the Interior Ministry as belonging to any other religion. According to Ha'aretz, the law would affect 264,000 Israelis, most of them immigrants from the former Soviet Union who, previously unable to marry in Israel, had to travel abroad to do so.

Friedmann, noting the small number of individuals covered by the bill, called the agreement imperfect, but nevertheless said it was "a mean-
ingful step towards expanding marriage rights in Israel." But Rabbi Yoram Mazor of the Reform movement complained that this was “not a civil-marriage bill” and represented a “fictitious solution” for only about one-third of the immigrants from the former Soviet Union. Under it, he pointed out, couples in which one partner was Jewish and the other was not would still have to go abroad to marry.

**Shmitta**

The onset of the new Jewish year in September brought with it problems relating to shmitta, the seventh, sabbatical, year of the biblical agricultural cycle during which, according to Jewish law, no produce on Jewish-owned fields in Israel could be grown or sold, and the land had to lie fallow. With the proliferation of Jewish settlements in Palestine in the late-nineteenth century, some rabbinic authorities took into account the realities of modern agriculture and devised the heter mekhira (permit of sale) through which the land was fictitiously sold to non-Jews so as to avoid the shmitta strictures.

Every seven years the Chief Rabbinate utilized the heter mekhira, while the more rigorously Orthodox, who did not accept its validity, generally purchased produce that was imported or grown by non-Jews. However for the shmitta year that began in 2007, the Chief Rabbinate, under increasing influence of the ultra-Orthodox, for the first time dropped its blanket authorization of the heter mekhira and gave local rabbinical authorities the option of accepting or rejecting it.

A group of Orthodox Zionist rabbis brought suit against the Chief Rabbinate, and in late October the Supreme Court disallowed the new policy, saying that reducing the amount of land covered by heter mekhira would lead many more observant Jews to buy Arab and foreign produce, and thus cause substantial losses to Israeli agriculture. The ruling drew praise from secular Israelis (who did not observe shmitta in any event), with Agriculture Minister Shalom Simhon calling it a “victory for sanity,” and from the National Religious Party, whose leader, MK Zevulun Orlev, said it had prevented “surrender to the methods of the ultra-Orthodox.”

The latter, of course, rejected both the court decision and heter mekhira. Rabbi Yosef Sholom Elyashiv, leader of the Lithuanian ultra-Orthodox in Israel, said there was no getting around shmitta. Comparing it to eating chicken and milk together, he ruled that even the pots used to cook food raised under the heter mekhira would be unkosher.
INDISCREET WORDS

Rabbi Ovadia Yosef, the former Sephardi chief rabbi whose acid tongue had often sparked controversy, was at it again in late August, suggesting that soldiers had been killed in the Lebanon war because they were not religious. “Is it a wonder that soldiers who don’t observe the Torah, don’t pray every day and don’t put on tefillin every day are killed in war? It is no wonder,” Yosef was quoted as saying in his weekly Saturday night sermon, delivered at his synagogue in Jerusalem. “Soldiers who are believers and who pray, God helps in wars. They are not killed.”

Eli Ben-Shem, chairman of Yad Lebanim, which worked with the families of fallen soldiers, called Yosef’s remarks “shameful” and said that his organization had received angry phone calls from bereaved parents, particularly those from religious families, who, he said, “were hurt very badly,” adding that secular people “don’t pay much attention anyway” to Rabbi Yosef.

The rabbi was the patron of the Shas party, and its leader, Eli Yishai, was hard-pressed to defend him. Yishai said that Yosef’s remarks were taken out of context. “The rabbi referred to a Gemara [part of the Talmud], a quote from a time when righteous and God-fearing people used to join the army,” he told Galei Zahal, the Army Radio. “The rabbi didn’t invent it. He just said that from the Gemara’s point of view, the people of Israel are all responsible for one another. If I sin, it can have an effect on soldiers.”

Other Domestic Developments

LAND SALES

In a clear attempt to bypass a 2004 court ruling directing the Israel Lands Administration to accept bids for purchases of Jewish National Fund land from Arabs as well as Jews, the Knesset, in July, gave preliminary approval to a bill restricting JNF sales to Jews only. The vote was 64 to 16. JNF holdings amounted to about 13 percent of all state land. Arab MKs, the leftist Meretz party, and the Ha’aretz editorial page denounced the bill as racist, but its proponents countered that the original purpose of JNF was to buy land for Jewish settlement, and that this was the understanding under which contributors donated money to the organization.
A compromise was reached in September whereby JNF would sell land to both Jews and Arabs, but that the Israel Lands Administration would reimburse it for land sold to non-Jews, ensuring that the overall amount of land owned by Jews remained the same. A public-opinion poll taken in early October showed that 81 percent of Israelis wanted JNF to sell only to Jews.

In a related story, the Jerusalem District Court approved the first-ever appointment of an Arab, Ra'adi Sfori, as a member of the JNF board of directors. The judges ruled that “as this is one director among a large number, there is no chance that he will have the opportunity to cancel the organization’s goals.”

**DARFUR REFUGEES**

There was no reliable estimate of the number of refugees from the war-torn Darfur region of southern Sudan who were living in Israel. Estimates ranged from the hundreds cited by official sources to as many as several thousand. At least 190 Darfur refugees who got to Israel via Egyptian Sinai were held in prison.

Israeli policy, which provoked widespread criticism both domestically and abroad, had gone through several stages, at one point insisting on sending the refugees back to Egypt but not to Sudan, and at another denying them the possibility of applying for asylum on the technical ground that Sudan was an enemy country. In late 2007, the Hotline for Migrant Workers in Tel Aviv petitioned the Supreme Court to prevent Israel from invoking an anti-infiltration law allowing those caught crossing the border to be held without resort to the courts, arguing, instead, that the Darfuris be released from prison unless they were criminals or security threats. Several refugee-rights groups urged that the refugees be allowed to apply for asylum.

Interior Minister Meir Sheetrit said in September that Israel would grant citizenship to some of them. He noted that “Israel, with its history, must offer assistance,” and “can't stand by.” At year's end, though, no move to grant residency rights or citizenship had been approved.

**AMIR CIRCUMCISION**

The infant son of Yigal Amir, convicted assassin of Yitzhak Rabin, was circumcised in a religious ceremony on November 4, the 12th anniversary
of the day his father shot the then-prime minister to death in Tel Aviv. Protesters gathered outside the Ayalon prison, where Amir was serving a life sentence, raising signs and shouting as Amir's wife, Larissa Trimbobler, arrived with the baby.

Court rulings in 2006 had allowed conjugal visits by Trimbobler, after Amir had tried to have some of his sperm smuggled out of jail (see AJYB 2007, p. 268). Despite considerable public disapproval, Amir was allowed to attend the brit after the Supreme Court upheld a Tel Aviv District Court decision allowing Amir to be present. The previous evening, more than 100,000 people attended the annual public Rabin memorial assembly at the site of the assassination, the former Malhe Yisrael Square, which was renamed Rabin Square shortly after the killing.

**The Evangelical Factor**

For some time Israelis had debated the wisdom of relying on the political and financial help of evangelical Christians. While this aid came in handy at a time of heightened anti-Israel sentiment around the world, there was suspicion of ulterior motives. The issue emerged again late in 2007. According to a December 21 report in *Ha'aretz*, the Jewish Agency and Rabbi Yechiel Eckstein, whose International Fellowship of Christians and Jews had raised tens of millions of dollars to finance Jewish immigration to Israel, had agreed to place a Christian on the Agency's board of directors. This aroused considerable controversy since it looked like an evangelical effort to use financial clout in order to build influence within a Jewish organization that handled aliyah.

Around the same time, the Fellowship and the Agency gave critics more reason to worry when 40 Iranian Jews, new immigrants to Israel, stepped off a plane at Ben-Gurion Airport to be greeted by fanfare and TV cameras (their faces were blurred in broadcast pictures to obscure their identities and avoid reprisals against relatives back in Iran). The Fellowship, it turned out, bankrolled the $10,000 grant given to each of the newcomers. *Ha'aretz* journalist Yossi Melman criticized the media circus. Rabbi Eckstein, however, played the event for all it was worth, comparing the situation of Iran's 20,000-25,000 remaining Jews to that of European Jews before the Holocaust. "It's like sitting on the side of a volcano," the Jewish Telegraphic Agency quoted him as saying. "Lava is gathering but you can still live there. The haunting question is if the volcano were to erupt."
LAW OF RETURN

For years suggestions had been made to amend the Law of Return, which granted immediate citizenship to any Jew in the world arriving in Israel and to certain categories of relatives as well. As noted above, the law had enabled hundreds of thousands of people to live in Israel who were not Jewish according to Jewish law, mostly from the former Soviet Union, and often their background and intentions were unclear and their interest in assimilating into Israeli life questionable.

Interior Minister Meir Sheetrit, a former treasurer of the Jewish Agency, told the Agency Board of Governors meeting in Jerusalem in October that while he favored granting Israeli citizenship to Jews coming to Israel, it need not be done “five minutes after they arrive.” He proposed waiting a few years to make sure the immigrant was not a fugitive from the law in another country, and that he or she had started learning Hebrew and the basics of Israeli identity. “There is a need to change the Law of Return,” Sheetrit said, “so that Israel can conduct itself as a country, and not a committee for the Jewish people.”

BLOOD LIBEL RETURNS

In early February, Italian-born historian Ariel Toaff, a professor at Bar-Ilan University, published a book in Italian, Pasque di sangue (Bloody Passovers) that raised the possibility that some Jews in the Middle Ages—specifically Ashkenazim living in Italy—might indeed have used Christian blood. As the book was published in Italy, and Toaff’s father was a highly esteemed former chief rabbi of Rome, the first cries of outrage were voiced there (see below, p. 444), but they quickly spread to Israel. Various theories were put forward as to why a Jewish scholar would support an anti-Semitic libel, and there were calls for Toaff’s dismissal from Bar-Ilan, in turn triggering debate over whether academic freedom applied to a case like this. Prof. Yisrael Yuval of the Hebrew University, who had dealt with much of the same material in his own work but rejected Toaff’s conclusions, suggested that the greatest danger lay “in the Islamic world, where a story like this could ignite passions and be utilized for other purposes.”

After its president had a closed-door meeting with Toaff, Bar-Ilan issued a statement expressing “great anger” and “extreme displeasure” at the book. At first Toaff defended his findings and argued that they were being misinterpreted, as he never actually claimed to have proof that
any Jew committed ritual murder, only that “there was always the possibility that some crazy person would do something.” “I am being presented as the new Yigal Amir,” he told a Ha’aretz reporter, “but one shouldn’t be afraid to tell the truth.” On February 14, Toaff instructed his Italian publisher to halt distribution of the book so that he could rewrite certain passages and thus make its thesis clearer. And to emphasize his hatred of anti-Semitism, Toaff said he would donate the royalty money for books already sold to the Anti-Defamation League. This did not stop the Knesset, a week later, from a public discussion of the matter, with some MKs going so far as to advocate legal action against the author for allegedly libeling the Jewish people. A revised edition of the book, which specified that Jews were not guilty of ritual murder, came out in February 2008.

SELLING ISRAEL

The drive, over the last several years, to change Israel’s international image from that of a beleaguered garrison state into one that promised the “good life” encountered problems in 2007. Apparently convinced that sex sells, the Israeli consulate in New York, at the behest of the government, placed a feature article about “Women in the IDF” in the men’s magazine Maxim that included risqué photographs, and, on an invitation to a consulate event, ran a picture showing Gal Gadot, a former Miss Israel, in a skimpy bikini, provocatively reclining against a background of the New York City skyline.

Female Knesset members voiced strong objections. “This pornographic campaign, sponsored by the Foreign and Tourism ministries, is an outrage,” said Labor MK Collette Avital, who had previously served as consul general in New York. “I wonder if the best way to encourage tourism is by advertising sex.”

TEL AVIV CENTENNIAL

Preparations were under way for the celebration of Tel Aviv’s centennial in 2009, which was expected to cost $20 million. Among the events planned was the erection of a statue of Meir Dizengoff, the first mayor, on Rothschild Boulevard, completion of the renovated Habimah national theater building and other historic sites, and an appearance by Milan’s La Scala opera company at the Ganei Yehoshua (Yarkon) park on the northern edge of town.
SPORTS

The much-anticipated Israel Baseball League played its first season in 2007, starting with six teams based in Tel Aviv, Netanya, Bet Shemesh, Petah Tikva, Modi'in, and Ra’anana. Some of the managers were Jewish former major leaguers. The season, which began on June 24, was 45 games and eight weeks long. Games went seven innings instead of nine, and ties were decided by a “home run derby” instead of extra innings. The opening game was aired by PBS in six American cities.

Despite considerable publicity, relatively few Israelis showed enthusiasm for the game, probably because baseball was too slow-moving and its rules rather arcane for fans used to soccer and basketball. Other problems emerged as well. After the inaugural season ended, the commissioner—Dan Kurtzer, a former U.S. ambassador to Israel and Egypt—and nine members of the advisory board resigned, complaining that the league would not divulge financial information. The future of the league remained in doubt. Nonetheless, eight of the players were signed by American professional teams.

Israel’s national soccer team racked up some diplomatic points and English goodwill on November 17 by defeating Russia 2-1 in a European Championship qualifying match at Ramat Gan Stadium. The win kept alive England’s chances of reaching the European final 16, to be played in Austria and Switzerland in the summer of 2008. The British, however, lost to Croatia the following week and failed to qualify.

The Maccabi Tel Aviv soccer club, which, since its founding, had won the National League (now Premier League) championship 18 times and the State Cup 22 times, was sold to a group headed by Canadian metals dealer Alex Shnaider for a reported NIS 60 million ($15 million). The Globes business daily reported in January that Midland Resources Holding Co., through which Shnaider and his partner, Edouard Shyfrin, bought the club, was a partner in a Russian firm that sold air-defense systems to Syria.

Dudi Sela, 22, at the time ranked 105th in the world, scored a stunning upset of sixth-ranked Fernando Gonzales to propel Israel past Chile and into the top-ranked Davis Cup World Group. The triumph in the deciding match at the Ramat Hasharon Tennis Center on September 23 placed Israel among the top 16 nations in the international tennis competition. Sela, from Kiryat Shmona near the northern border, ended the year ranked 64th, after winning $150,000 in prize money in 2007. Israel’s top woman player, 20-year-old Shahar Peer, ended the year ranking 17th,
down slightly from her career high of 15th earlier in 2007. A quarterfinalist at the Australian Open and the U.S. Open, Peer collected over $800,000 in prize money during 2007. Men's doubles team Andy Ram and Yoni Erlich, ranked 18th in the world, had prizes of $288,000 for the year.

Also in tennis, Israel defeated Austria 4-1 in July to reach the World Group of the top eight national teams in the Federation Cup, the women's equivalent of the Davis Cup. Other teams in the top-ranked group were China, France, Germany, Italy, Spain, the U.S., and Russia, which Israel was due to meet in the 2008 tournament quarterfinals.

The first World Jewish Ice Hockey Championships took place on artificial ice at the rink in the town of Metulla, near the Lebanese border, July 15–20. The U.S. won the gold medal and teams from France, Canada, and Israel also competed.

Betar Jerusalem, owned by Arkady Gaydamak, won the Israeli soccer Premier League Championship. Israel soccer's State Cup was won by Hapoel Tel Aviv, which defeated Hapoel Ashkelon 5-4 on May 16. The winner of Israeli basketball's Premier League Championship was Maccabi Tel Aviv.

Personalia

Honors and Awards

The 2007 Israel Prizes went to Tel Aviv University emeritus prof. Eliezer Efrat (Geography); Hebrew University emeritus prof. Amnon Cohen (Israel Studies); Hebrew University emeritus prof. Shalom Schwartz (Psychology); Hebrew University prof. and Bank of Israel consultant Nisan Leviatan (Economics); Hebrew University emeritus prof. Zvi Selinger (Biology); Tel Aviv University emeritus prof. Zvi Hashin (Engineering); Yaakov Yaar and Ada Karmi-Melamede (Architecture); Shenkar Institute Design Faculty chair Yarom Vardimon (Design); Yediot Aharonot columnist Nahum Barnea (Journalism); industrialist-philanthropist Dov Lautman, the Gevatron Choir, feminist activist and educator Prof. Alice Shalvi, and the Joint Distribution Committee Israel (Lifetime Achievement); and Bar-Ilan University's Responsa Project (Torah Literature).

Winners of the 2007 Wolf Prizes were Profs. Ronald Phillips of the University of Minnesota and Michael Georges of the University of Liege, Belgium (Agriculture); Profs. Ada Yonath of the Weizmann Institute of Science and George Feher of the University of California, San Diego.
(Chemistry); Profs. Stephen Smale of the University of California Berkeley and Hillel (Harry) Furstenberg of the Hebrew University of Jerusalem (Mathematics); Anthony Pawson of Mt. Sinai Hospital, Toronto, Alexander Levitzki of the Hebrew University of Jerusalem, and Anthony Hunter of the Salk Institute, La Jolla, California (Medicine); Albert Fert of Unité Mixte de Physique CNRS-Thales, Orsay, France, and Peter Grunenberg, IFF, Juelich, Germany (Physics); and Michelangelo Pistoletto, Biella, Italy (Arts).

The EMET prizes were awarded to Profs. Micha Sharir and Vitali Milman, Tel Aviv University, and Shmuel Agmon, Hebrew University (Exact Sciences); former Supreme Court president Aharon Barak and Bar-Ilan and Tel Aviv University prof. Shlomo Giora Shoham (Social Sciences); Tel Aviv University prof. Eliora Ron and Weizmann Institute prof. Yosef Yarden (Life Sciences); Haifa University prof. Myrian Yardeni and retired philosophy prof. Avishai Margalit (Humanities); and authors David Grossman and Sami Michael (Culture and Arts).

The Sokolow Prizes for Journalism went to Ha'aretz film critic Uri Klein; Channel 10 Arab-affairs reporter Shlomi Eldar; Ha'aretz health reporter Ran Reznik; and TV-and-radio personality Yaron London for his life's work.

The winner of the $100,000 Charles Bronfman Prize was Dr. Amitai Ziv, founder and director of the Israel Center for Medical Simulation. The “Andy” Prize, given by Mr. Bronfman in the name of his late wife Andrea Morrison Bronfman, was awarded to Israeli jeweler-artist Itai Noy in January, on the first anniversary of Andrea Bronfman's death.

The $1 million Dan David Prizes, awarded by the Tel Aviv University-headquartered Dan David Foundation, went to French historian Jacques Le Goff (“past”); conductor Zubin Mehta and composer Pascal Dusapin (“present”); and scientists James Hansen, Sarah Kurtz, and Jerry Olsen (“future”).

The third annual Institute of International Education Victor J. Goldberg IIE Prize for Peace in the Middle East was given to Amin Khalaf and Lee Gordon, veteran Israeli educators and cofounders of Hand in Hand, which, since its founding in 1997, had established three bilingual, multicultural Jewish-Arab schools.

The Ministry of Environmental Protection’s first Green Campus Award went to the Sami Shamoon College of Engineering. The college, with 2,500 students on campuses in Beersheba and Ashdod, was the first engineering school in Israel to offer students courses in protecting the environment.
Prof. Saul Friedländer, the Czech-born Israeli Holocaust historian, received the top prize at the 2007 Frankfurt Book Fair. Friedländer, who managed to avoid arrest by the Nazis in France, where his parents had fled from Czechoslovakia only to be deported later to Auschwitz, now taught at the University of California.

The award for best actor at the Berlin Film Festival was given to an Israeli, Sasson Gabay, for his portrayal of the director of an Egyptian police band that mistakenly ends up in a small Negev town on a visit to Israel, in *The Band's Visit*. Eran Kolirin, director of the film, was named European discovery of 2007. *The Band's Visit* also won awards at the Tokyo Film Festival, the Cannes Film Festival, and festivals in Kiev, Sarajevo, Flanders, and Zurich. It also swept the Israeli Film Academy's "Oscars," taking seven prizes.

Oded Balilty, an Israeli photographer for the Associated Press, was awarded a Pulitzer Prize in the category of breaking-news photography for his picture of a lone Jewish woman facing security forces during the evacuation of Amona, a West Bank outpost near Ramallah, in February 2006.

**Deaths**

Israeli linguist and former Tel Aviv University professor Tanya Reinhart, 63, harsh critic of Israeli policies who had been teaching at NYU, at Montauk, New Jersey, on March 17; Shimon Tzabar, 81, former Israeli journalist who claimed to have been a member, at various times, of the Haganah and of the IZL and LEHI undergrounds, turned communist and immigrated to England after the 1967 war, in London, on March 19; Liviu Librescu, 76, Holocaust survivor, aerospace engineer, professor, killed April 16 protecting his students during the Virginia Tech massacre, buried April 20 in Ra'anan; Hebrew University sociologist Baruch Kimmerling, 67, “new historian” who applied postcolonial theory to the Zionist movement and Israel, in Jerusalem, on May 20; Ze'ev Schiff, 74, French-born *Ha'aretz* defense correspondent, dean of Israeli military reporters, and coauthor of best-selling books on Israeli wars, in Tel Aviv, on June 19; Yair Levy, 68, former official of the Israel Export and International Cooperation Agency, on July 28; Amos Manor, 89, Romanian-born head of the Shin Bet from 1953 to 1963, on August 5; Dr. Haider Abdel-Shafi, 88, Gaza physician who dabbled in politics, leader of the Palestinian delegation to the 1991 peace talks, polled the most votes in elections to the Palestinian National Assembly in 1996 and walked out three years later.
in a dispute with Yasir Arafat, in Gaza, on September 25; former Ashkenazi chief rabbi Avraham Shapira, 94, opponent of any territorial compromise, in Jerusalem, on September 28, his funeral attended by some 25,000 mourners; Mordecai (Motel) Kreiner, 79, former manager of Supersol and pioneer of the Israeli supermarket, in Savyon, on October 12; John Strugnell, 77, controversial Christian editor and translator of the Dead Sea scrolls and professor of Christian origins at Harvard Divinity School, in Cambridge, Massachusetts, on November 30; Moroccan-born Sa'adia Marciano, 58, leader of the Black Panther movement that emerged from Jerusalem's Musrara slum area in the early 1970s to espouse the cause of Israel's long-neglected poor and underprivileged, in Jerusalem, on December 21.

Hanan Sher