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Historical Political and Economic Impact of Jewish Settlements in the Occupied Territories

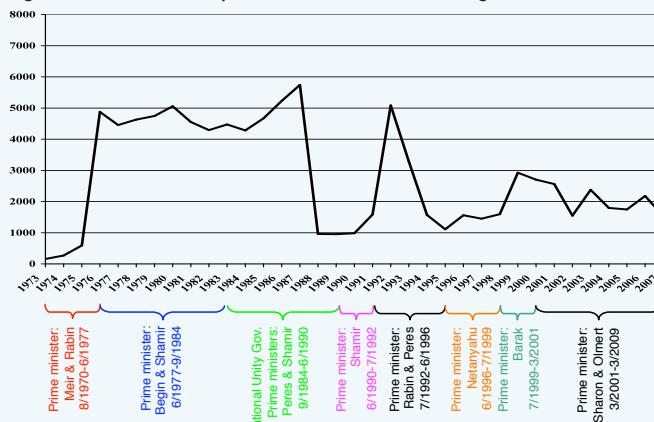
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Introduction

The Israeli settlement movement in the territory of the West Bank is the result of political, social and religious conceptions of Israeli governments and political and social movements. The Six-Day War, in which Israel captured the West Bank and the Gaza Strip, opened the way for the construction of settlements in these areas.

As seen in Figure 1, the Begin government was the most active government in terms of construction in the settlements. However, building activity took place in various intensities throughout the years and under all Prime Ministers since 1973.

Figure 1: Construction Completed - No. of Residential Dwellings 1973-2007



Source: CBS, (1968-2009), Construction in Israel 1967-2007, Jerusalem, and <http://www.knesset.gov.il/govt/heb/GovtByNumber.asp>

Historical and political background

1967-1977 – the Labor Movement's Alon Plan

Following the war, two camps emerged regarding adequate policy toward the newly acquired territories: those favoring the annexation of the territories and their inhabitants, and those who supported maintaining the political and geographic separation. This argument took place, at first, within the Labor movement, which was then the leading party in Israel. At the head of the bloc supporting political and economic integration stood Defense Minister Moshe Dayan and Shimon Peres, both of the Rafi faction.¹ Against them, opposing integration, were the heads of Mapai and "Achdut HaAvoda,"² Prime Minister Levi Eshkol, Finance Minister Pinchas Sapir, Public Relations Minister and Chairman of the Settlement Committee, Israel Galilee, and Yigal Alon.

The supporters of integration believed that economic integration and freedom of movement for Arabs in all of the Land of Israel serves the interests of Israel and Zionism. The culture and the personal and communal liberties of the Palestinians should be respected, but they should not be afforded the right of self-determination towards an independent Arab state.

Mapai's supporters wanted to transfer the territories, densely inhabited by Palestinians, to Jordan. They envisioned most of the territory of the West Bank as a political trust, to be maintained by Israel until a peace settlement with Jordan – in which Israel will withdraw from territories densely inhabited by Palestinians.

Yigal Alon's plan proved to be the most successful. The plan was presented to the government already in July 1967, and its objective was to sustain Israel's security and Jewish majority, without comprising the rights of the Palestinian population.³ Alon planned to realize these objectives by keeping Jerusalem and Gaza under Israeli control,⁴ and by establishing Jewish settlements in the Jordan Valley

1. Dayan's policy was known as "functional division," while Peres' opinion was known as "functional compromise." As Dayan wrote in a letter to Eshkol, September 1968: "as everyone knows, I do not believe that the border between Israel and its Eastern neighbor, be it Jordan or a Palestinian State, should be East of the Jordan River" (Yechiel Admoni, *A Decade of Opinion*, HaKibbutz Hameuchad, 1992). And Peres in his book, *And Now Tomorrow*: "the relationship to be decided for Samaria Judea and the Gaza Strip – in a peace settlement or in a interim settlement – must ensure these elements: open borders, a joint economic infrastructure..." (Shimon Peres, *And Now Tomorrow*, Mabat Books, 1978).

2. Achdut HaAvoda diverged here from its historical standpoint. In 1944, Achdut HaAvoda split from MAPAI owing to its opposition to the Biltmore Plan, which suggested establishing a Jewish state on part of the territory of the British Mandate west of the Jordan.

3. Alon believed that the territorial compromise should be found in the tension between security and demography. In his books, *Connected Vessels* (HaKibbutz Hameuchad, 1980) and *Driving for Peace* (HaKibbutz Hameuchad, 1989) he writes that "we should not return to the 1967 borders, because unsecured borders ensure certain war in the near future." However, he insists that he always opposed a bi-national state.

4. Alon, like the rest of the leadership, was interested in a "unified" Jerusalem as per the June 26 1967 government decision, which added 70,000 dunam of West Bank territory to Western Jerusalem, including East Jerusalem, which was only 6000 dunam. The government decided not to decide – it did not approve or reject the plan, but it acted upon it.

and the eastern parts of the Judean Desert and Samaria. Alon also proposed that the Jordan River and the Dead Sea should be the border between Israel and the Jordanian Kingdom. In order that this border will function in practice and not only on paper, he recommended the annexation of a ten- to fifteen-kilometer strip along the Jordan Valley. The Western border of the Jordan Valley had to be based on a line of suitable topographical outposts, while refraining from including a large Arab population in these territories. Although the Israeli government did not adopt the Alon plan, it did begin the transformation of the Jordan Valley into a settlement zone, in order to protect the east border from a possible Jordanian-Syrian-Iraqi coalition ("the Eastern Front").

In the west border of the West Bank, which was densely populated with Palestinians, Alon wished to alter the Green Line slightly, while in the center of the West Bank, which was densely populated by Palestinians, he demanded that the government refrain from establishing Jewish settlements, and believed that the territory be maintained for an autonomous Arab area as part of a future permanent

agreement.⁵ Alon, together with his Prime Minister, Golda Meir, hoped to include all of these policies in a peace agreement with Jordan (see Map no.1).

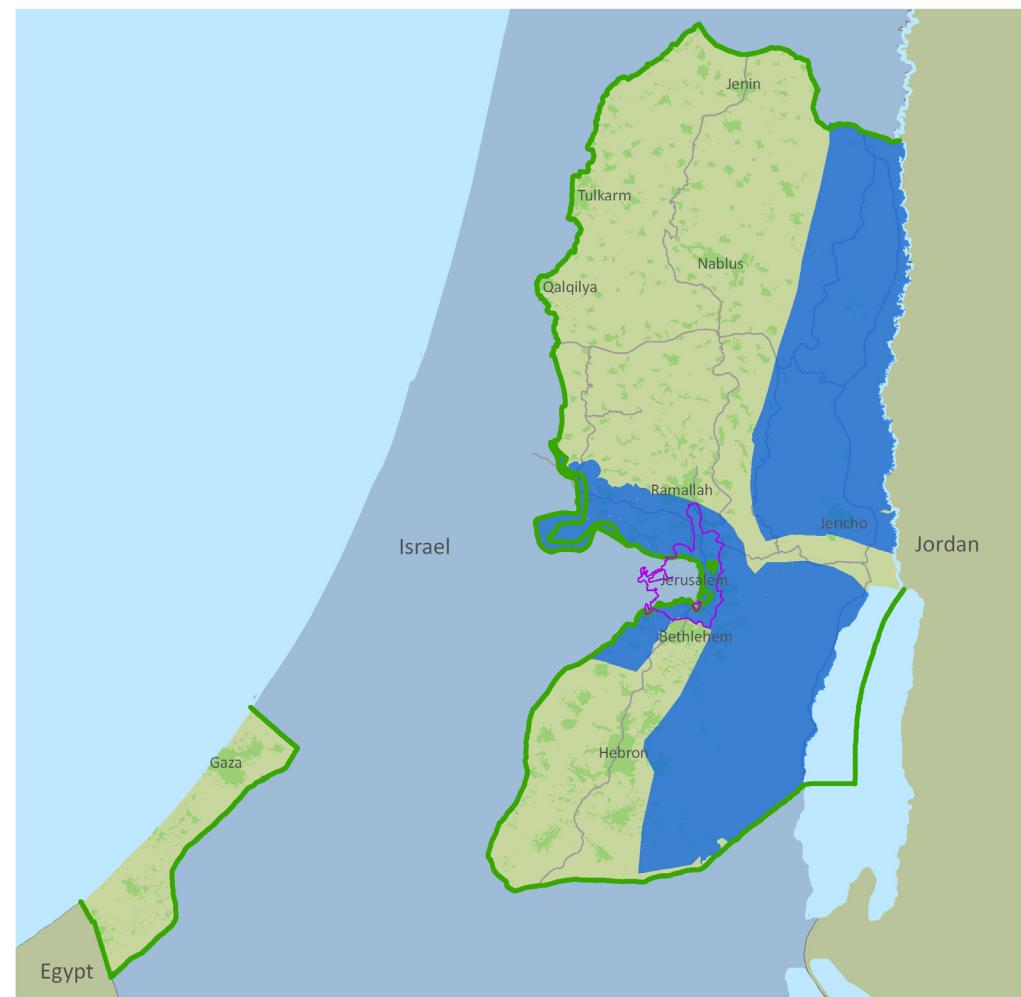
After a decade of Labour Alignment ("Maarach") government, and on the eve of the political upheaval of the 1977 election, there were 6000 settlers living in the West Bank and the Gaza Strip (not including East Jerusalem), in 28 agricultural settlements. They resided in only three areas: most of them in the Jordan Valley – the eastern security zone, and the rest in the Etzion Bloc and the Gaza Strip.

5. In spite of this standpoint, Alon decided to establish a Jewish neighborhood near Hebron in January 1968, Kiryat Arba was subsequently established, and populated in 1971. In addition, in 1974, Alon proposed the "Jericho plan," stipulating that Israel return Jericho and its environs to Jordan in exchange for an intermediate agreement similar to those achieved with Syria and Egypt in the same year.

Map 1: Alon Plan

Legend

- 1967 Lines
- Jerusalem Municipal Boundary
- Palestinian Localities
- Major Roads
- Alon Plan

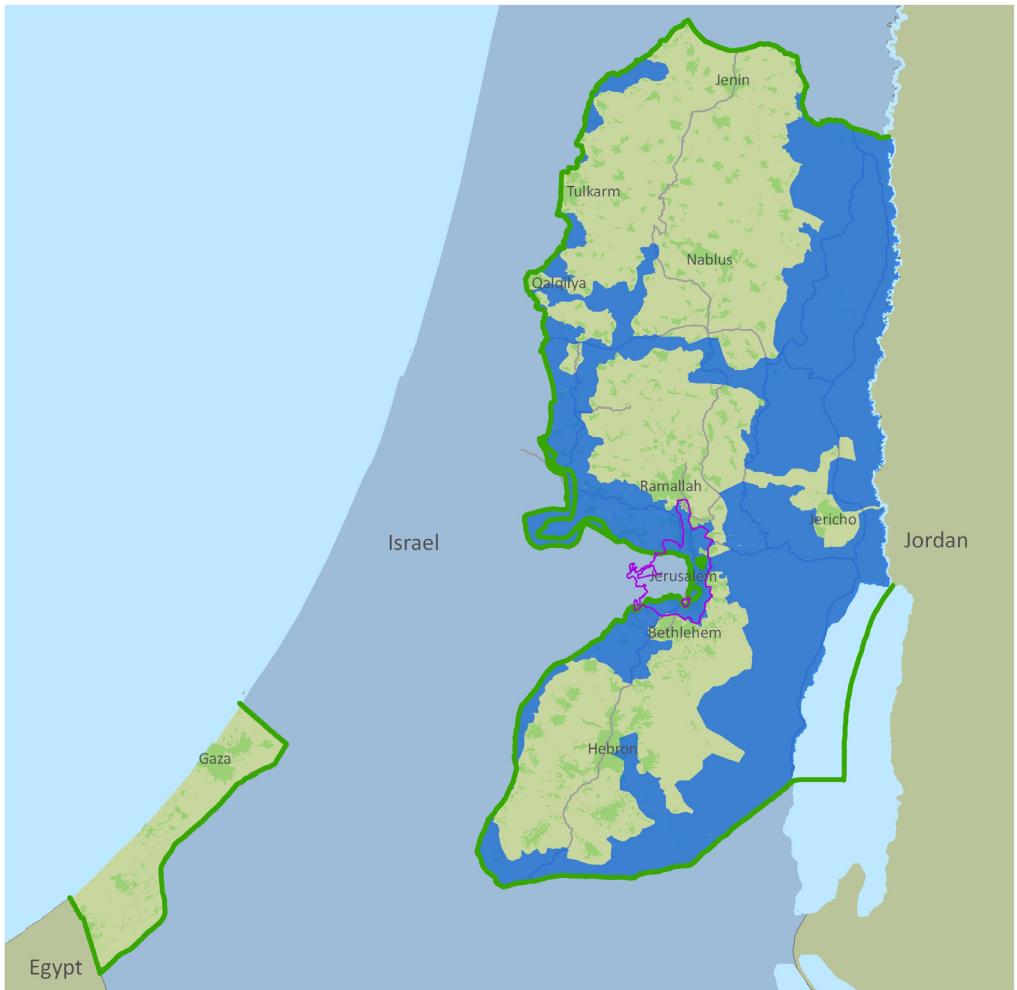




Map 2:
Sharon Plan

Legend

- 1967 Lines
- Jerusalem Municipal Boundary
- Palestinian Localities
- Major Roads
- Sharon Plan



1977-1993: Sharon's plan and its implementation

Ariel Sharon was nominated as Minister of Agriculture of the first Begin government in June 1977. He then had another political-executive role: Chairman of the Ministers' Committee for Settlement.⁶ Sharon wanted to dedicate his term to the Jewish settlement of the territories captured in the Six-Day War. He believed that the military occupation is temporary, and that the country's borders will eventually be determined according to the settlement and demography. He saw this approach as a natural continuation of Mapai's settlement ideology, and opposed the political and legal differentiation between the period before the State of Israel was established and the period in which the Jewish people already had its own independent state.

Already in September 1977, Sharon submitted his plan to the security cabinet, which convened for a special discussion on the future of Judea and Samaria. He believed that this plan will help solve fundamental problems

confronting Israel on its eastern border. The first problem was the expansion of the Palestinian population, which was growing faster than the Israeli population, to areas west of the Green Line, which already had less presence on the ground. He also ascribed much importance to the topographic control of the highlands of the West Bank and the western slopes of Samaria over the densely populated coastal plane, and Israel's lack of strategic depth against the Eastern Front.⁷

The plan included a number of elements, some of which were already included in Yigal Alon's plan and implemented, and others included in Moshe Dayan's "urban blocs plan," which was not approved at the time. One of these elements was the establishment of urban settlements on the highlands and the western slopes of Samaria. These settlements were supposed to prevent a trickling of Palestinian population into Israel, to set up a Jewish partition between the Palestinians and the Israeli

6. Government decision 803, 27.7.1977, reads: "the government authorizes the Settlement Committee, run jointly with the Zionist administration, to decide on the establishment of new settlements."

7. On 23 September 1977, three days before Sharon's plan was presented, journalist Aharon Bachar revealed in *Yediot Achronot* that the plan is based mostly on a work paper, called the "double array," submitted by architect Avraham Vachman in January 1976 to Prime Minister Rabin, who rejected it. In Nir Hefetz and Gadi Bloom, *The Shepherd, Lamiskal*, 2005, p. 314.

Arabs residing in Wadi Ara and the “small triangle,” and to control key hills overlooking the coastal plane and the airport at Lod.

Sharon chose urban settlements because they were relatively easy to set up, market and populate, as opposed to the agricultural character of Israeli settlement in the Jordan Valley, the Etzion Bloc and the Gaza Strip. The settlements in these areas were established according to Alon’s plan, which continued the tradition of the Labour Movement. Also Shimon Peres, who supported the integrating approach, like Sharon and as opposed to Alon, saw a certain importance in the western security zone. He believed that “the settlement in the western slopes of the Judean and Samarian mountains liberates us of the curse of Israel’s narrow middle...”⁸

Another element of the plan was the completion of the chain of Jewish settlement established by the Alon plan along the Jordan, from Beit She’an to the Dead Sea, including the “terrace” west of the Jordan Valley, in order to create a separating security zone versus the eastern front and a demographic separation in the territories which were emptied of Palestinians, between the residents of the West Bank and the East Bank. This element was also called “the Eastern Security Zone” by Sharon.

The element of widening the Jerusalem corridor was present in Alon’s plan, but it was not implemented. The intention was to strengthen Jerusalem and to separate the northern and southern parts of the West Bank, using a belt of Jewish Settlement and neighborhoods surrounding Arab East Jerusalem, from the Etzion Bloc and Efrat in the south, Maaleh Edumim in the east and Beit El and Ofra in the north.

The paving of East-West roads to connect the Eastern and Western Security Zones was another part of the plan, mostly for the transfer of forces to the east in times of emergency, and establishing Jewish settlements along the roads in order to secure them.⁹

The government approved the plan in October 1977 and it was presented to the Knesset in November (see map 2). The government’s approval of Sharon’s plan included the required funds for ensuring Israel’s security and for delineating its permanent borders according to Sharon’s world-vision. As opposed to Alon and Rabin, who believed that the areas of dense Palestinian population in the central West Bank and near the Green Line should not be controlled by Israel and should be maintained as is for a permanent agreement, Sharon believed that they should be weakened and split up, to facilitate Israeli political and military control over the West Bank and the Gaza Strip.

Gush Emunim was an active partner of Sharon and the Likud government headed by Begin. The worldview of the movement, set up in 1974, was based on the beliefs of Rabbi Avraham Yizhak HaCohen Kook, the founder of

Israel’s Chief Rabbinate, and his son, Rabbi Zvi Yehuda Kook, founder of the Merkaz Harav Yeshiva. The former believed that the holiness of the Land and people of Israel is eternal, and that the Zionist movement heralds the coming of the Messiah. Therefore, the establishment of the State of Israel is an important step on the way to redemption, which had begun with the modern return to Zion, and the conquests of the Six Day War and the unification of Jerusalem are an important phase of the Messianic process. Consequently, the members of this movement perceived the settlement of the Gaza Strip, the Golan Heights, the West Bank and Sinai to be their religious duty.¹⁰

In seven years and with the aid of Gush Emunim and its heirs, Sharon established sixty-seven Jewish settlements in the West Bank. At first, most of them were no more than a handful of tents and shacks, but these created the physical and legal basis for the settlement of a quarter-million Israelis in the West Bank, not including East Jerusalem, by the end of 2005. The Jewish settlement movement created a dispersed settlement pattern, breaking up blocs of Palestinian settlement. However, this did not create dominant Jewish control – in terms of the size of the Jewish population compared to the Palestinian, or of the territory which the Jewish settlements occupied in practice. The Israeli settlements paralleled those of the Palestinians and were not continuous with them. They were based on urban settlement, not agricultural, spread out on the mountaintops, not on their slopes, and were supported by roads connecting them to Israel, and not to the Palestinian towns.

On the eve of the 1993 elections, which brought about the political upheaval of the fall of Likud and the nomination of Rabin as Prime Minister, the number of settlers in the territories – not including East Jerusalem – came to 109,100, living in 122 settlements.¹¹ Sharon’s security-oriented settlement policy and the messianic settlements set up in the heart of Judea and Samaria, densely inhabited by Palestinians, created a new reality, with which Rabin had to contend in the Oslo Accords. Sharon himself confronted it when he attempted to delineate the borders of Jewish settlement with the security fence.

8. Shimon Peres, *And Now Tomorrow*, Mabat Books, 1978.

9. Government decision no. 262, 3/1/1978, states: “to approve the building of roads in Judea and Samaria according to the proposal of the Agriculture Minister and according to the map presented to the government.”

10. For further details see Idit Zartal and Akiva Eldar, *Lords of the Land*, Kineret Zmora Bitan Dvir, 2004, p. 258-267.

11. Israel Annual Statistical Review, 1993.



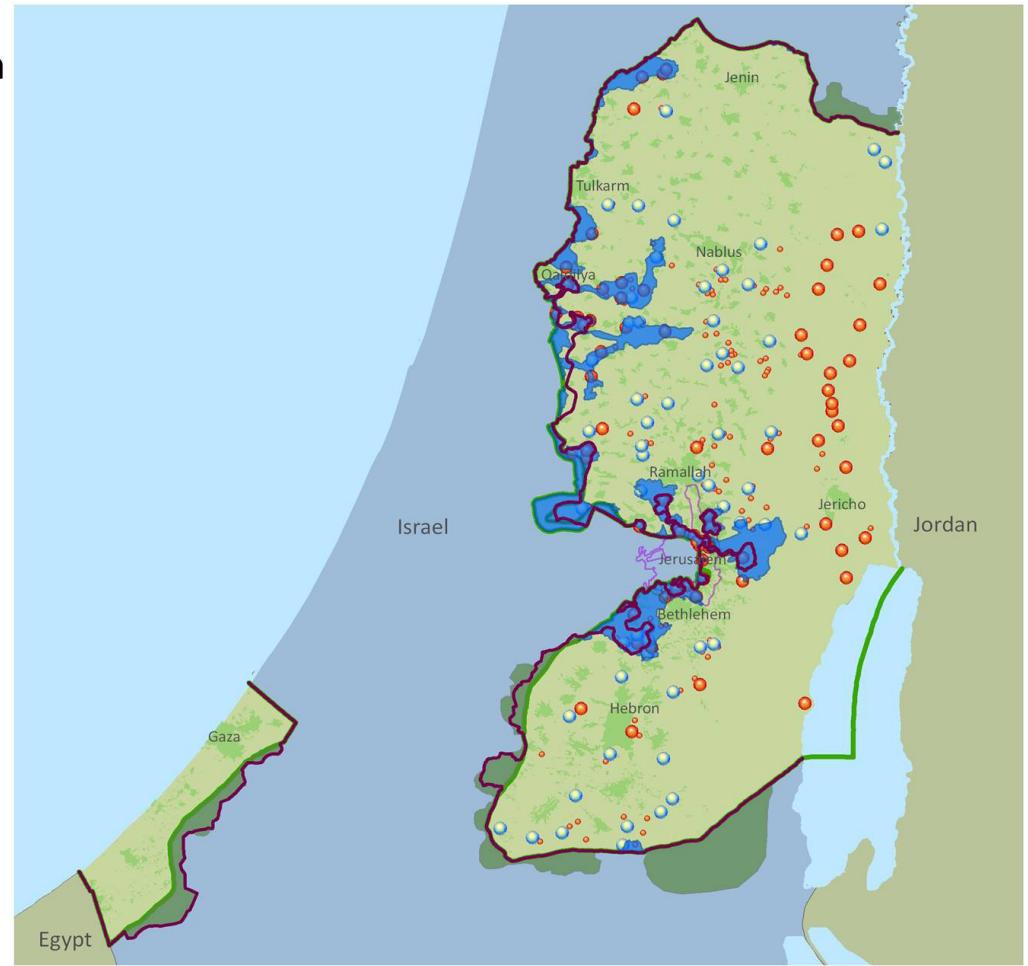
Map 3:

Borders Comparison

Legend

- 1967 Lines
- Jerusalem - Municipal Boundary
- Palestinian Localities
- Settlements**
- National-Religious
- Governmental
- Outposts
- Barrier-Based Annexation
- Barrier-Based Swap
- Geneva Borders Line

1: 750,000



1993-2009: Expansion and growth in a time of political negotiations

The Oslo Accords signed between Israel and the PLO in September 1993 were supposed bring a halt to the growth of the settlements, so as to refrain from changes which may influence the final agreements. On the one hand, Israel's governments headed by Rabin, Peres, Netanyahu and Barak did in fact abstain from establishing new settlements, but on the other hand they approved or allowed the doubling of the number of Israelis living in the settlements in those years and turned a blind eye to the outposts set up with the sponsorship of the Settlement Department of the Zionist Federation, which receives its budget from the government.¹²

Sharon's rise to power in 2001 did not change the policy towards the settlements; however, President's Bush letter of April 2004, recognizing the new reality created in the territories by the settlements, was understood by him as a green light for the strengthening of existing settlements. Accordingly, during his term as Prime Minister and the term

of his successor Olmert, the settlements' population grew by some 100,000 people. In exchange, Sharon evacuated all of the Jewish settlements in Gaza and another 4 settlements in north Samaria in the disengagement plan.

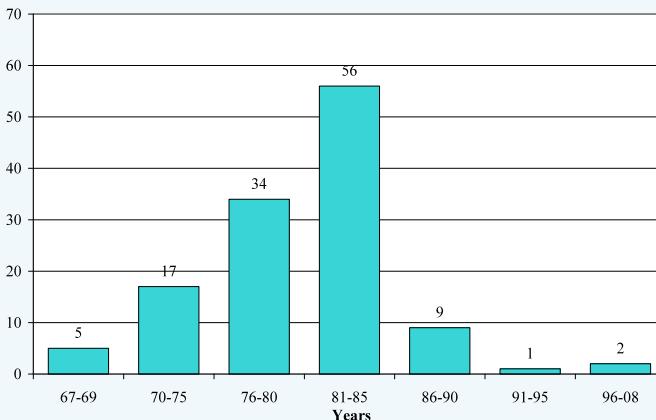
From the negotiations Israeli governments have held with PLO, it is clear that the location of the settlements and their size shape Israel's stance concerning the future border. The Israelis currently demand the annexation of 8% of the West Bank, which include some 82% of the Israelis living outside of the Green Line, including East Jerusalem. The Palestinians acquiesce to only 2.5% of the area, including some 75% of the settlers. In any scenario most of the settlers remaining under Israeli sovereignty will be secular or ultra-orthodox, living in settlements close to the Green Line, while settlements of the National Religious sector located in the central West Bank will be natural candidates for evacuation, in order to allow geographic continuity for the Palestinian state (see map 3).

12. See Attn. Talia Sasson's outposts report.

Construction in the West Bank, 1967-2007

More than half (56%) of the settlements were built between 1977 and 1983 by Menachem Begin's right-wing government. Other Israeli governments promoted the building of new settlements, but the greatest number of settlements were founded in 1983, a total of 15 during one year. Moreover, according to Figure 2 settlement activity declined dramatically after 1985.

Figure 2: Number of new settlements established (1967-2008)



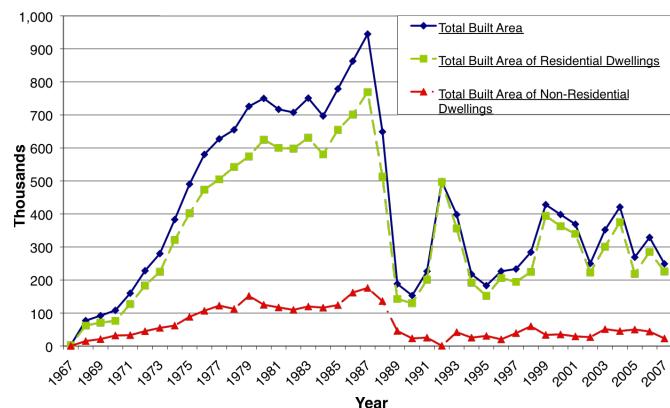
Source: Central Bureau of Statistics (CBS), (2008), Localities in Israel 2007, Jerusalem, http://www1.cbs.gov.il/ishuvim/ishuvim_main.htm

With respect to changes in number of construction projects completed annually, in figure 3 we can observe a continuous rise between the years 1967 and 1987. This trend was maintained irrespective of the party in power, whether Labour (then known as the Labour Alignment) to the left or the Likud to the right of the political map. Between 1987 and 1989, we can observe an acute decline in the size of construction areas: from 945,000 sq. m. in 1987, to 649,000 sq. m. in 1988 and 188,000 sq. m. in 1989. We assume that this drop resulted from a sharp decline in demand for purchase of residential dwellings in the West Bank, following the outbreak of the first Intifada in late 1987. This trend cannot be attributed to any political strategy given that a National Unity Government, headed by Likud's Yitzhak Shamir, was in power until December 1988.

Following this decline in completed built area, construction in the West Bank did not recover or even return to the level reached during the 1980s (at the time, average construction completed was 705,000 sq. m. annually; between 1990 and 2002, it averaged 297,000 sq. m. annually). Short-term changes in construction completed can nonetheless be observed between the early 1990s and 2002: 1990 exhibited the greatest plunge, with 153,000 sq. m. of construction completed; a peak was reached in 1992, with 498,000 sq. m. completed. In July 1992, the late Yitzhak Rabin took the reins of government, accompanied by an immediate drop in construction completed until it reached its low in 1995, with 183,000 sq.m of completed construction. In the following years, the rate of construction

recovered until it reached its second peak in 1999 (the year when the Netanyahu government was replaced by Barak and Labour), with 428,000 sq. m. completed. The rate of construction completed subsequently declined once more, also during the first Sharon government. We may assume that the Al Aqsa Intifada significantly contributed to that reversal.

Figure 3: Construction Completed, 1967-2007 (000s sq.m.)



Source: CBS, (1968-2008), Construction in Israel 1967-2007, Jerusalem

With respect to the number of dwellings constructed in the West Bank, as early as 1976, 5,000 units had been completed, at an annual rate left unchanged until 1987 (the number of units completed annually ranged from 4,300 at its low in 1984 to 5,700 at its peak in 1987). The decline in dwellings completed began in 1988, when the rate slumped to 960 dwellings, and continued at that rate for 3 consecutive years, until a mild revival was experienced in 1991, culminating in an increase to 5,000 residential units in 1992. This trend was reflected in the amount of built area, with the space devoted to residential dwellings much lower in the 1990s than in the 1980s or the 1970s: an average of 2,100 residential units were constructed annually during 1992-2002 in comparison to 4,750 units constructed annually during 1987-2002.



Table 1: The total value of the buildings and infrastructure constructed in the West Bank in terms of cost

Building Use	Units	Area (Sq. M)	Current cost value (US\$)
Municipal Institutions			
Public Institutions	656	757,058	578,050,417
Synagogues	322	187,620	143,256,740
Ritual Baths	119	18,383	14,036,377
Sports Facilities	232	525,025	400,881,936
Parks	189	843,643	
Shelters	54	13,649	10,421,799
Education			
Kindergartens	255	636,081	485,678,498
Schools	237	661,980	505,453,460
Colleges	11	204,903	156,453,562
Libraries	24	15,336	11,709,717
Residential			
Dwellings	39,483	3,995,100	5,538,140,571
Houses	18,462	3,942,050	6,048,578,741
Caravans	5,539	56,750	116,612,861
Industry and Commercial			
Gas Stations	29	15,970	8,488,108
Shopping Centers	140	251,715	191,318,964
Industry	427	1,247,771	759,612,143
Hotels & Hostels	138	362,818	270,571,807
Agriculture			
Dairy Barns	133	762,088	388,419,246
Farms	243	12,617,860	
Water Towers	54	30,826	3,092,369
Roads and Infrastructures			
Internal roads (meters)		774,521	1,160,365,311
Intercity roads (meters)		307,900	889,448,104
Water, Sewage and Canalization Pipes (meters)		615,700	267,182,864
Power Lines (meters)		615,700	26,639,934
Total		13,685,124	17,974,413,528

Buildings and infrastructure constructed in the West-Bank

The bulk of construction within the West Bank is residential: residential built area totalled 14.3 million sq. m.; built area for other purposes totalled 2.6 million sq. m. By 2007, a total of 97,530 dwellings had been constructed, 65% of which contained three or four rooms. On non-residential plots, a total of 795,000 sq. m. of built area was dedicated to industry, 764,100 sq. m. to education and culture as well as 1,321,000 sq. m. to public buildings.

As seen in Table 1, the total cost of construction in the settlements is almost 18 billion US dollars, of which more than 11 billion were spent on constructing residential areas. For the valuation of the construction in the settlements, a set of 185 aerial photographs was used to make a detailed evaluation of the infrastructures and the built up areas.

Population

By the end of 2007, the total Jewish population had reached 276,045 in the West Bank, representing 5 percent of the Israel's Jewish population and 3.8 percent of Israel's total population.¹³ The median age among the settlement population - 20.6 - is the youngest of any segment of Israel's population.¹⁴ Annual average population growth rate among the settlers, 5.6 percent, is three times that for Israel as a whole, 1.8 percent.¹⁵ The rate of natural population growth was even greater: While total natural increase (Arabs included) in Israel was 1.57%, among the settlers it was 3.5%, more than double.¹⁶

Settlement budgets and sources of financing

The 2006 budgets of the local settlements authorities were approximately US\$ 456 million, of which about US\$ 373 million reflected the ordinary budget and 83 million the extraordinary budget.¹⁷ This amount is 4.1% of the total budget of all local authorities and a bit higher than the number of settlers in the total population (3.8%).

Despite the slight difference between the proportion of settlers and the settlement's budgets as a percentage of the total budget of all local authorities in Israel, Figure 4 reveals significant differences in the internal composition of the ordinary budget. As clearly shown, own income as a percentage of the ordinary budget in the settlements is almost two thirds the percentage of own income in the ordinary budgets of all the local authorities (42.8% and 64.3% respectively). This trend is reversed with respect to government participation in the ordinary budgets: In the settlements this source of income reaches 57% whereas in all local authorities it reaches only 34.7%, about 22.3% less than in the settlements.

13. CBS, (2008), Statistical Abstract of Israel, No. 59, Table 2.7, Jerusalem.

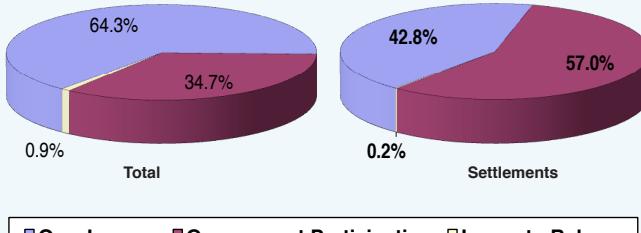
14. Ibid., Table 2.10.

15. Ibid., Table 2.4.

16. Ibid.

17. CBS, (2009), Israel Local Authorities 2007, No. 1358, Jerusalem.

Figure 4: Structure of the income: Local authority's ordinary budget, 2002



Source: CBS, (2009), Israel Local Authorities 2007, No. 1358, Jerusalem.

It can readily be concluded that the Ministry of Housing and Construction as well as the Ministry of National Infrastructure (formerly the Ministry of Energy and Infrastructure) have been very generous to the settlements, especially when we take into account that 95% of the Ministers of Housing since 1979 belonged to right-wing parties¹⁸ and that the Ministry of National Infrastructure was headed by left-wing minister during only 7 years since 1977.¹⁹ It should also be noted that many of the funds belonging to the "Contributions" item were donated by ideological supporters residing in Jewish communities abroad, although no exact figure can be quoted.

The figures cited previously do not accurately represent total government allocations enjoyed by the settlements. In effect, the settlements have benefited from other incomes, transmitted through numerous "hidden" channels that have been kept in the shadows and were not made public for political reasons.

One of these channels is the Rural Building and New Settlements Districts Administration, located in the Ministry of Construction and Housing. For example, between 2000 and 2002, through several of the Administration's regional councils, the settlements received almost US\$ 68.2 million or about 47 percent of the Administration's budget²⁰

Conclusion

The Six Day War created a situation on the ground allowing Israel to build settlements and populate them. In the first decade after the war the building activity was relatively restricted, and was limited to areas of sparse Palestinian population. In terms of geographical spread, the settlements built were mostly intended to counter security concerns with the "Eastern Front."

With the rise of the Likud governments, settlements were established over a much wider area, including areas of dense Palestinian settlement and with limited security value. This settlement activity continued, even by governments which conducted intense negotiations over peace accords with the Palestinians; the main difference was that these governments refrained from establishing new settlements, while allowing the expansion of existing ones. In addition, the budgeting towards the infrastructure of settlements was always generous. As Claire Spencer wrote recently: "pursuing settlement activity has been a constant of Israeli governments, whatever their political persuasion"²¹.

In the past twenty years, despite ongoing peace negotiations, the population of settlers in the West Bank has more than doubled, at a growth rate much higher than that of the general Israeli population. This increase could not have been achieved without the active support of all of the Israeli governments in this period.

21. Claire Spencer, "New Challenges for EU-Israel Relations after the Gaza War," 2009.

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