RESTRICTED FM TEL AVIV 121005Z JUNE TO PRIORITY FCO TELNO 269 OF 12 JUNE INFO PRIORITY AMMAN, CAIRO, DAMASCUS, WASHINGTON, UKMIS NEW YORK, JERUSALEM(PASSED).

77.

Prime Minister

ISRAELI SETTLEMENT POLICY.

1. MR BEGIN HAS REACTED VIGOROUSLY TO THE SHARP CRITICISM, BOTH INTERNAL AND FROM OVERSEAS, OF THE ISRAEL GOVERNMENT'S DECISION TO PRESS AHEAD WITH THE DEVELOPMENT OF THE NEW GUSH EMUNIM SETTLEMENT AT ELON MOREH. IN A LONG STATEMENT DRAFTED IN HIS OWN HAND, AND ISSUED YESTERDAY, HE HAS VIGOROUSLY REITERATED ISRAEL'S "FULL RIGHT TO SETTLE IN ALL PARTS OF ERETZ ISRAEL''.

- 2. IN A SPECIFIC REFERENCE TO THE USE OF THE WORD .. 'PROVOCATION' BY "PEACE-NOW" ACTIVISTS AND THEIR SUPPORTERS, INCLUDING SOME OPPOSITION POLITICIANS, MR BEGIN SAID THAT THOSE APPLYING THIS TERM TO JEWISH SETTLEMENT SHOULD BE ASHAMED OF THEMSELVES. "ONE RECALLS TIMES WHEN IT WAS ASSERTED THAT THE VERY PRESENCE OF JEWS WAS OF ITSELF ''PROVOCATION''.....' THE USE OF THIS WORD WAS ''PERHAPS THE MOST DISTASTEFUL ELEEMENT OF THE WHOLE INCITEMENT CAMPAIGN ..... " IF NOW THERE BE ISRAELIS OF CERTAIN OUTLOOKS WHO ACCEPT THE ASSUMPTION THAT THE PRESENCE OF JEWS ALONGSIDE ARABS IN OUR HISTORIC HOWELAND, ERETZ ISRAEL, CONSTITUTES A "PROVOCATION" -THEN SHAME ON THEM. BY SO DOING THEY ADOPT THE EVIL PATH OF THE ENEMIES OF OUR PEOPLE. \*\*
- 3. TURNING TO RE ENT CRITICISM IN THE 'THE NEW YORK TIMES'. MR BEGIN ARGUED THAT AN ARTICLE ACCUSING HIM OF BREAVING A PLEDGE TO FREEZE SETTLEMENT WAS BASED ON ''DISTORTIONS ORIGINATING EITHER IN CYNICISM OR IN IGNORANCE''. THE ALLEGATION THAT HE, MR BEGIN, HAD PROMISED THAT SETTLEMENT ACTIVITY WOULD NEVER BE CARRIED OUT IN AREAS OF ERETZ ISRAEL SEIZED FROM THE ARABS "'ABSOLUTELY WITHOUT FOUNDATION". "EVER SINCE MY VERY FIRST VISIT TO PRESIDENT CARTER, IN 1977,

I HAVE STATED AND REITERATED THAT WE HAVE AN ABSOLUTE RIGHT
TO SETTLE IN ALL PARTS OF ERETZ ISRAEL, SINCE THIS IS OUR LAND,
PARTS OF WHICH WERE CONQUERED IN 1948, IN THE EAST AND IN THE
SOUTH, BY AGGRESSION AND INVASION BY JORDAN AND EGYPT. UNDER
NO CIRCUMSTANCES DID I EVER AGREE WITH THE ASSERTION, WHATEVER
ITS ORIGIN MIGHT BE, THAT OUR SETTLEMENTS ARE ILLEGAL OR THAT
THEY CONSTITUTE AN OBSTACLE TO PEACE?.

- 4. IN RESPONSE TO OTHER CRITICISM FROM OVERSEAS, MR BEGIN WENT ON TO SAY THAT ''SINCE FORMING THE GOVERNMENT WE HAVE NOT MISLED ANYBODY. AT EVERY OPPORTUNITY, AND PARTICULARLY DURING THE 12 DAYS OF THE CAMP DAVID DISCUSSIONS, WE DECLARED AND REITERATED THAT: JERUSALEM IS THE ETERNAL, INDIVISIBLE CAPITAL OF ISRAEL: WE HAVE THE FULL RIGHT TO SETTLE IN ALL PARTS OF ERETZ ISRAEL. SUCH SETTLE-MENT IS ALSO A VITAL SECURITY NEED TO PREVENT THE MURDER OF OUR CHILDREN: UNDER NO CIRCUMSTANCES WILL WE PERMIT THE ESTABLISHMENT OF A PALESTINIAN STATE IN JUDAEA. SAMARIA AND THE GAZA DISTRICT. " 5. MR BEGIN'S STATEMENT CONTINUED: "WE HAVE PROMISED AUTONOMY TO THE ARAB INHABITANTS OF JUDAEA, SAMARIA AND GAZA. WE WISH TO CARRY OUT THIS PROMISE IN ACCORDANCE WITH EVERY WORD WE SIGNED IN THE CAMP DAVID AGREEMENT. FOR THE TRUE UNDERSTANDING OF THE CAMP DAVID AGREEMENT IS: AUTONOMY FOR THE ARAB INHABITANTS OF JUDAEA, SAMARIA AND GAZA: JEWS AND ARABS LIVING TOGETHER IN ERETZ ISRAEL: AND SECURITY FOR ISRAEL AND ALL ITS CITIZENS,"
- IN THE KNESSET WAS DEFEATED YESTERDAY WHEN THE PRAESIDIUM (THE SPEAVER AND DEPUTY SPEAVERS) RULED THAT THE SUBJECT DID NOT MERIT AN URGENT DEBATE. BUT THE QUESTION WILL COME UP TOMORROW (13 JUNE) AS AN ORDINARY MOTION FOR THE AGENDA TABLED BY ALIGNMENT WE YOSSI SARID. WE SHLL REPORT ON THE DISCUSSION IN THE KNESSET AND COMMENT ON THE LATEST STAGE IN THE SETTLEMENT ISSUE LATER THIS WEEK, WHEN WE HAVE GONE OVER THE GROUND WITH A REPRESENTATIVE GROUP OF ISRAELI'S INCLUDING MEMBERS OF PEACE NOW.

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