



After 60 Years, No Peace Yet

Three leaders—two Israeli, one Palestinian—reflect on the history and future of Israel.

SHIMON PERES: 'Practically All of Us Were Hawks'

ISRAELI PRESIDENT SHIMON PERES, 85, IS THE LAST REMAINING FOUNDING father of the Israeli state still in office. A hawk who helped build Israel's military-industrial complex, in recent years Peres has been a leader in the search for peace with the Palestinians. As part of Israel's 60th-anniversary celebrations, Peres is hosting a conference this week titled "Facing Tomorrow," which will be attended by President George W. Bush and other dignitaries. Last week Peres looked forward as well as back in an interview with NEWSWEEK's Lally Weymouth in Jerusalem. Excerpts:

WEYMOUTH: Is there a realistic chance of peace with the Palestinians?

PERES: I think we have to follow a two-track approach—one political, the other economic. We have unbelievable economic proposals as to how to make accommodations between us and our neighbors. In the political negotiations, the gaps are not very great, but they are highly emotional. It will be extremely difficult to put them on paper because each party looks to its own audience and will be very careful not to appear as losers.

So do you think you should be focusing on improving the day-to-day lives of the Palestinian people rather than trying to achieve a political agreement?

Both. The economic coordination depends upon three [parties]—the Jordanians, the Palestinians and us ... What I think can be done is to take the whole length of the border between us and the Jordanians and the Palestinians and convert it into a free-trade zone. We can create close to a million jobs, change the standard of living, solve the water problem which is becoming catastrophic for the Jordanians, Palestinians and us, and build a new era.

What should be done about Gaza?

I think the ones who will change the situa-

tion in Gaza will be the people of Gaza. They are getting tired of Hamas. They say, "What the hell are you doing to us?" They are looking for a ceasefire.

As a young man, you were head of manpower under Prime Minister David Ben-Gurion. Your assignment was to purchase arms for Israel, but the United States had imposed an arms embargo on your country. Sam Bronfman in Canada helped you. How did you meet him?

I went to his office without an appointment. **You just rang the bell?**

Yes. I was in my 20s and was head of our mission in the United States.

You persuaded Mr. Bronfman to help you?

I told him that we wanted to buy surplus guns from the Canadian government. So, being a businessman, he asked me how much they were asking. I said, "Two million dollars." He said, "It's too much. We can cut it." Then he called up the minister of Commerce and Industry, C. D. Howe, in Ottawa and started to yell, "Two million dollars? Haven't you any shame? I want to see you." So Bronfman took his Cadillac and the two of us went to Ottawa. In Howe's office, he started to argue. My God! The poor Howe said, "OK, we shall halve it. Instead of 2 million, 1 million."

Then Bronfman asked me, "Where are you going to get the other million?" I said, "From you." He wanted to kill me. He called up his wife and told her, "Tonight at 8 o'clock we will invite 50 people. Every-

one will pay \$20,000. We need a million dollars." In the evening we had a million dollars.

A few years later you made a deal with the French Defense Ministry to sell Israel arms. These arms were crucial to Israel's survival in the '67 war.

Yes, the '67 war, the Sinai war and part of the Yom Kippur war. They gave us old arms. There was an embargo on arms sales by the United States, Great Britain and France. While Russia supplied free arms to the Arabs, we didn't have any guns, tanks or planes ... So I went to France and started to work. Finally, they were convinced. All of a sudden France opened up to Israel. It changed the whole situation.

Now you are known for your dedication to the search for peace. But when I first interviewed you in 1981, you were still hawkish.

Half of Israel was under the impression that the Arabs would not make peace with us. As long as they thought they could overpower us, they wouldn't make peace. So practically all of us were hawks. The minute that Israel showed its muscles and proved that you cannot overcome [it was] the first time we saw some chances for peace. And then we went over to the other side. It's not that I changed my character. I found a different situation.

Do you worry for your country on its 60th anniversary when there is such a scandal around your prime minister?

The prime minister is innocent until it will be shown otherwise. But, what shall I say? Better a democracy with scandals than an authoritarian system without scandals.

What do you believe should be done about Iran's nuclear program? After all, you were once the creator of the military-industrial complex here, including the Dimona reactor.

We never said we were going to wipe anybody off the map, but they have. It's not a problem of nuclear capability but of political intention.

What do you think about that?

I think it's terrible. I think today [Iranian President Mahmoud] Ahmadinejad is becoming more and more a problem for the world, not only for Israel. Sooner or later, the world will wake up.

You told me once that you've known every U.S. president since Harry Truman. Is that correct?

Yes.

So, how does this president impress you?

I think Bush did something which is very courageous. And that was to topple down Saddam Hussein. Imagine today that we would have in the Middle East both Ahmadinejad and Saddam Hussein. The problem with the Europeans is, they are

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right but they are always late. And here to be late is to be wrong.

What about President Clinton?

Clinton was a friend. Bush's father was a friend and President Ronald Reagan was a friend ... Reagan could conquer your heart in five minutes by his modesty. You couldn't meet Reagan without being equipped with an anti-Russian joke. And you could be sure that he had another one.

The title of your conference this week is "Facing Tomorrow"?

Yes. I think the world has changed, the

Jewish world has changed and Israel has changed ... I think that relations with the Jewish people shouldn't be based so much on finance but rather on intelligence and intellect, arts and spirit. Because, after all, it's not the pocket that enriches our minds. It's the mind that enriches our pocket and we are looking too much to the pockets and not enough to the minds. We want to be citizens of the world and not just followers of our faith. We would like to be as old as the Ten Commandments and as new as nanotechnology.

EHUD OLMERT: 'I Was Not Born to Be Prime Minister'

LAST THURSDAY, AFTER IT WAS REVEALED THAT ISRAELI POLICE WERE investigating charges that Prime Minister Ehud Olmert had accepted hundreds of thousands of dollars in illegal campaign contributions when he was mayor of Jerusalem, Olmert pledged not to resign unless he was indicted. But earlier in the week, in an interview with NEWSWEEK's Lally Weymouth, Olmert sounded resigned to the possibility of standing down. He also spoke of his hopes for achieving peace with both the Syrians and the Palestinians this year. Excerpts:

WEYMOUTH: Is it true that the talks with the Palestinians have gone fairly far?

OLMERT: Yes, I think so—far enough to justify the efforts we are making and the desire to continue. Whether it is sufficient is a little bit premature to say.

What can you say about the talks in detail? Do you think Israel would give up settlements and retreat to the pre-1967 borders?

Well, one can say that the borders, once agreed, will be closer to what they were in '67 than what they are today because we will give up a large part of the territories ... in the context of full, comprehensive peace and the total end of any hostilities.

Does that mean the Palestinians will give up the right of return?

I don't think they have to give it up. They don't have a right of return, and I don't think that this is on the agenda as far as Israel is concerned.

What about Jerusalem?

Some of the issues will be discussed later by agreement. The future of Jerusalem is one of them. It is probably going to be the last issue.

Do you want peace with Syria, and do you think it's obtainable with President Bashar Assad?

We are very unhappy with the continued intensive involvement of Syria in the affairs of Lebanon and the lack of a democratic process in electing a new president in Lebanon. We are also unhappy with the continued links between Iran, Syria, Hizbullah and Hamas. [But] the relations between us and Syria have to be re-examined [as well as] the possibility of making peace. It's not something that can be done



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publicly. I don't mind that President Assad made an announcement that there will be negotiations, but the actual negotiations ought to be discussed quietly. In principle, we are ready for it if they are.

In order to have a full peace with Israel, would Syria have to break with Iran? Is such a break possible?

Look, I don't know if this is a possibility or how you can describe it in terms of probabilities. But one thing I know—if I don't check it, I will never find out. At the end of the day, this will have to be the choice of Syria. If we engage in a serious manner with the Syrians, there is a probability.

Hasn't the United States been apprehensive about Israel-Syria negotiations?

The international and local press ... [has left] the impression that America does not

allow Israel to engage in negotiations with Syria. This is not true. I never heard from my friend George W. Bush any warning or any request not to negotiate with the Syrians. I think that if the Syrians will handle the negotiations with us in an appropriate manner, they will be surprised to see how these negotiations can improve their status with America ... I believe, for reasons that I don't want to go into, that for Syria the road to Washington must cross [through] Jerusalem. I know what I'm talking about. **Officials in the U.S. government are reportedly concerned that Syria's real price for peace is Lebanon.**

I know what our expectations are. I know what the Americans' expectations are. I'm not going to do anything which [is in contradiction] to my understanding of [what] the fundamental interests of the United States are in this part of the world.

What is your assessment of Assad?

Look, Assad is the president of Syria. He enjoys fairly effective control over his country. And I'm looking forward to negotiating with him.

What will you do about the situation in Gaza—is it getting to the point where you have no other choice but to take action?

I don't like this terminology that you have no choice. You always have a choice.

What about the investigations you are dealing with?

I'm dealing with them and, unfortunately, as a matter of law I can't talk about it. It's unpleasant.

Have you thought of saying, "OK, I'll just resign"?

I don't really see that this will bring any better outcome for the country at this point. Not that a person is indispensable or irreplaceable. I don't believe in this. We are all human beings and there are many great guys in this country that can one day become prime ministers. But, given the circumstances right now, I think it will not do good that I step down at this point. I have to think about it. I have to think about the possible ramifications of an early retirement. I was not born to be prime minister, and I'm not going to stay here until the end of my life. I'm too young for that. Right now I think it will be a mistake [to leave], and I have a job to accomplish, a vision to realize. This is the great vision of peace, which I think is possible this time more than ever.

What about Iran? You told me more than a year ago that tolerating an Iranian nuclear weapon was not possible.

Yes, Israel will not tolerate a nuclear weapon in the hands of people who say openly, explicitly and publicly that they want to wipe Israel off the map. Why should we?

If you're not prepared to live with it, is Israel capable of striking Iran's nuclear facilities?

I don't want to go into this issue every time I'm asked, "Do you have plans?" The United States is the leader of the interna-

tional effort to stop the Iranians from becoming nuclear. The European countries, the Russians, the Chinese, the Japanese—all the most powerful nations of the world are joined together in an effort to stop the nuclearization of Iran. I hope they will be successful.

But didn't Iran's President Ahmadinejad just say that he has added 6,000 more centrifuges to his program?

We have to listen to him, but that doesn't mean that we have to believe everything he says. ■

people do what they do simply because they are not told there is a line here ... One side of it is OK, the other side isn't. There have to be rules.

Is Hamas still strong in the West Bank?

I wouldn't say that they are very strong, but I wouldn't say that they have no strength either.

How is Palestinian security performing on the West Bank?

Our security performance has improved markedly.

Is there security cooperation with Israel?

It's been dead for a long time, to tell you the truth. What do you do? Israel says it is taking care of security, but it's doing so from its point of view. I asked them, "What do you think happened to security conditions in the West Bank during the time period when you assumed the authority of the Palestinian Authority?" A state of lawlessness has emerged. How can there be security unless there is security for Palestinians and Israelis alike?

How do you unite Gaza and the West Bank again? How do you get rid of Hamas?

My starting point is not to get rid of anyone. We have to be accepting of political pluralism.

If Hamas keeps shelling Israel, won't the Israelis go into Gaza?

I spoke out publicly against violence from Gaza. Also, I spoke publicly against the disproportionate Israeli response. This is a cycle of violence that has to stop.

I have heard that you have good relations with Marwan Barghouti.

I do.

SALAM FAYYAD: 'This Is a Cycle That Has to Stop'

ISRAELI DEFENSE MINISTER EHUD BARAK SAYS THAT PALESTINIAN PRIME Minister Salam Fayyad is like an American CEO—a man who gets things done. Fayyad, a former World Bank economist with a reputation for probity, first joined the Palestinian Authority as Finance minister, and was appointed prime minister after the Hamas takeover of Gaza in 2007. A future leader of a Palestinian state? He faces several hurdles: he has no popular base and is not a member of the ruling Fatah party. Last week NEWSWEEK's Lally Weymouth spoke with Fayyad in Ramallah. Excerpts:

WEYMOUTH: You are popular with Israeli officials.

FAYYAD: That's good.

Why did you join the Palestinian Authority?

I came here when the IMF [first] set up an office here in December 1995 ... Particularly after Oslo, a lot of people began to come in as experts. I started to feel antsy about being in the Washington area and just sitting there on my deck on Sunday. When the time came for me to go back to Washington, I just didn't want to leave this place.

Did you think it was possible to do anything with Arafat in charge?

There is hardly anything I did here that was easy. Changing the way business is done in finance in the PA was not easy. You just didn't know where to begin.

The elements of failure by far outweighed the elements of success.

Do you blame the Americans for pushing the election in which Hamas won?

No. From what I remember, everyone, myself included, pushed for elections to be inclusive.

How do you explain the result?

When you really think about what happened, it should not have come as a surprise. It is a problem of an incumbent. There was dissatisfaction with the way the PA had governed. You had a newcomer running against the system. They claimed to be clean; they claimed Fatah was corrupt.

Is it true that Fatah was corrupt?

The PA clearly didn't manage properly throughout. It does not really have to be a clear case of impropriety for there to be strong public opinion against a sitting au-



What do you do? How can there be a state of security unless the security is for Palestinians and Israelis alike?

thority. The context in which we live, occupation and checkpoints, people don't like that. In the early '90s, expectations were high, but then there was setback after setback. People started to say life before was easier.

But when you were sworn in, you spoke out against violence and incitement.

My first speaking engagement was to clergymen.

What did you say?

Essentially, that the party was over. Places of worship are places of worship. Religion is about tolerance, not about incitement. It was something I did out of deep conviction. It was evident we were not on the right path.

What was the reaction?

They complied. You know, oftentimes

What's your impression of him?

He thinks strategically. [He has a] clarity of view as to how things could work out. He definitely has a strong presence within his party, that's for sure—within Fatah.

Is it a problem for you that you're not in Fatah?

I don't think it really is a plus for someone to be in politics without a party.

Do you want to join?

If I did not become a party man when I was younger, I'm not going to do that now. What I want to do is to give our people a sense of hope and possibility. You want your people, who are down but not out, to begin to think, "We can do this." Israel itself was not established in 1948; it was declared in 1948. It had the institutions of state before 1948. And that's what I want to [create]. ■