

**SHAS COULD TOPPLE GOVERNMENT  
AND SET BACK THE PEACE PROCESS**

By David Landau

JERUSALEM, Aug. 17 (JTA) -- There is mounting concern among Israeli leaders that controversies surrounding two top officials may bring down the government and derail the Middle East peace process.

Political observers here are saying the Labor-led government may implode as a result of legal proceedings involving two key officials of the Shas party, a junior partner in the coalition.

Interior Minister Aryeh Deri, who heads the fervently Orthodox party, faces charges of bribery and misappropriation in connection with his personal financial affairs.

And another Shas member of the Knesset, Deputy Religious Affairs Minister Raphael Pinhasi, has been under investigation on fraud charges -- including alleged campaign-finance offenses -- in connection with his position as party treasurer.

As with Deri, he has so far avoided a court indictment because he is protected by parliamentary immunity.

Petitions to force both men to step down from their posts are before the High Court of Justice. If it rules against them, Shas may very well quit the coalition.

Such a move would likely topple the government and could also alter the course of the delicate peace negotiations.

Government ministers, watching in mounting anguish from the sidelines, say it would be tragic if the peace process -- felt to be nearing its "moment of truth" -- were halted in its tracks by all the legalistic procedural wrangling within the Israeli government.

On the other hand, advocates of what is being called the "rule of law" school insist that even progress toward peace must make way for legal and constitutional propriety.

Some pundits are predicting that Prime Minister Yitzhak Rabin may survive a coalition crisis by reconstituting the same party line-up in a renewed government, with an entirely different allocation of Cabinet portfolios.

**A More Centrist Government?**

But there are alternative scenarios being discussed in political circles here -- all of which assume that Rabin himself will survive his present bruising battles with top state justice officials.

According to one option, Rabin will bring other religious parties into the coalition in the event of a Shas defection. The most frequently discussed candidate is the United Torah Judaism bloc, or at least its major component: the Agudat Yisrael party.

Rabin recently held a lengthy conversation with Agudah's leader, Rabbi Pinchas Menachem Alter, fueling speculation that the mainly Hasidic party might be invited to join the coalition.

According to another option, Rabin would form a more centrist coalition, adding the right-wing Tsomet party and National Religious Party to his currently left-of-center Labor government.

A centrist coalition is Rabin's "dream" government -- one that expresses the widest possible spectrum of parties. But given the hawk-

ish tendencies of the Orthodox NRP and the secularist Tsomet, it is likely that the secular-dovish Meretz ministers would take their leave of such a coalition.

There is, of course, one additional option for Rabin -- to call for new elections.

According to most pundits, a new centrist coalition or early elections would cause the peace process to suffer a severe setback, at the very least. At worst, these two options would leave the talks in a state of complete paralysis.

A breakdown of this sort could not come at a worse time -- as Rabin himself observed pointedly Tuesday. During an address to his Labor Knesset faction, he noted that "new avenues" had just opened up both with the Syrians and with the Palestinians.

Standing in stark opposition to those concerned about a breakdown in the peace negotiations are the "rule of law" advocates, whose champion is Attorney General Yosef Harish.

The question of the day among pundits here is whether Harish is a high-minded defender of the law, whatever the costs, or whether he is simply a maverick, eager to make political hay out of Rabin's partisan attempts to keep his coalition together.

**Reluctant To Fire Harish**

Rabin has been engaged in a serious standoff against the entire top echelon at the Justice Ministry in the cases against Deri and Pinhasi.

The High Court of Justice was scheduled this week to review petitions asking that Deri be forced to take leave from his post at the Interior Ministry until he is cleared of the charges of bribery and misappropriation that have been leveled against him.

The Knesset is to debate in late September Harish's request to remove Deri's parliamentary immunity so he can be tried on those charges.

Deri refuses to step down until the charges are filed in court, citing a letter to that effect that he sent to Rabin last year when the coalition was formed -- and which was endorsed at the time by Harish.

Now, however, Harish has changed his position and insists that Deri step down at once -- even before the Knesset rules on his immunity.

Rabin has taken issue with Harish's stance, despite the long-held tradition that prime ministers accept unquestioningly the advice of their attorneys general on legal issues.

Shas leaders warn that the forced departure of Deri -- or Pinhasi, who has also found protection from court action by virtue of his parliamentary immunity -- would lead almost inevitably to Shas' secession from the coalition.

The issues in the Deri and Pinhasi cases could thus develop into a protracted political-legal crisis.

Rabin has stopped short of actually firing Harish or Justice Minister David Libai, who agrees with Harish that the two Shas figures should step down from office until their names are cleared in court.

Rabin has apparently reached the conclusion that firing either Harish or Libai is a drastic step that could trigger a wave of public criticism that could lead to his own downfall.

**EMBATTLED JEWISH AGENCY CHAIRMAN DENIES NEGATIVE IMPACT ON CAMPAIGN**

By Cynthia Mana

JERUSALEM, Aug. 17 (JTA) -- Simcha Dinitz is refusing to speculate on what he will do if an advisory committee of Diaspora leaders recommends at the end of the month that he step down as chairman of the Jewish Agency for Israel.

He also is denying claims that the Jewish Agency's fund-raising campaigns in North America have been hurt by allegations that he used agency funds for personal use.

But in a strong indication of concern from the fund-raising community, a Massachusetts federation has publicly and formally demanded that Dinitz take a leave of absence while an Israeli police investigation of his alleged financial misdeeds continues.

The Jewish Federation of the North Shore also recommended reconsidering the longstanding arrangement by which the Jewish Agency receives virtually all of the money raised for Israel by the United Jewish Appeal.

That arrangement is renewed every five years and is up for discussion next month. The prospect of changing the relationship of the federations to the Jewish Agency -- a move that could end up destroying it -- has been an undercurrent in the harsh arguments over various Jewish Agency issues in recent years.

But the Massachusetts resolution is believed to be the first public venting of such a change, which is the ultimate weapon in the hands of the Diaspora philanthropists.

Dinitz has refused to comment on the pending police investigation of the charges against him, which is expected to conclude this month.

But this week, in an interview with the Jewish Telegraphic Agency, he said the premise of innocence must prevail until a determination of guilt is made.

"When judging behavior prior to a legal determination," he said, "the totality of the record of an individual must be taken into account, not press allegations or other assumptions."

"A record of a public servant who for 35 years served his people and his country without a blemish cannot be set aside when an assessment is made of his credibility and his value to the organization," he said.

**Support From Zionist Leaders**

Dinitz, who also chairs the World Zionist Organization, is receiving strong support from Zionist leaders, who have long been battling with the Diaspora fund-raising establishment for control over the Jewish Agency.

On Aug. 13, the executive of the WZO in North America issued a resolution calling on the Jewish Agency leadership not to take any action against Dinitz until all the legal and investigative proceedings are complete "and the attorney general determines a course of action."

The Jewish Agency Board of Governors has appointed a special senior advisory committee to monitor the impact of the affair on fund-raising efforts. The committee is charged with making a recommendation by the end of this month as to a course of action on the Dinitz matter.

But according to the Jewish Agency's bylaws, the Board of Governors does not have the power to dismiss Dinitz.

When asked whether he would abide by a

board recommendation that he step down, Dinitz said he does "not comment on anything having to do with the inquiry," that he "relies completely on the instruments of justice as instituted by the law of Israel" and that he "doesn't answer speculative questions."

Dinitz said he has been "flooded with hundreds of letters" of support, including "scores from the biggest contributors." He leafed through a folder of papers and read aloud a list of illustrious names to support his claim.

**Fund-Raising Efforts Hurt?**

The embattled chairman dismissed reports that the affair puts the fund-raising endeavor into jeopardy and that some federations are threatening to cut off their contributions unless he steps down.

In fact, contributions are actually up, he said, comparing fund-raising levels during the past six months with the totals for the same six-month period last year.

"I cannot believe that a single Jew will withhold his contribution" or "injure in any way the tremendous work done by the Jewish Agency," Dinitz said, citing its role in rescuing Jews from lands of distress and bringing them to Israel.

In Marblehead, Mass., however, Neil Cooper, executive director of the North Shore federation, said it is too early to gauge any possible impact on the campaign.

Noting the promise by Jewish Agency and UJA leadership to resolve the Dinitz issue by the end of the month, Cooper said that if they succeed in doing so, "I don't think there will be any impact on the campaign."

(Contributing to this report was JTA staff writer Larry Yudelson in New York.)

**HEZBOLLAH RESUMES LIMITED ACTIVITY IN SOUTHERN LEBANON SECURITY ZONE**

By Hugh Orgel

TEL AVIV, Aug. 17 (JTA) -- Little more than two weeks after the U.S.-brokered cease-fire brought relative calm to the region, Hezbollah militias have resumed limited military activities in the southern Lebanon security zone.

The Iranian-backed Shi'ite extremists exchanged fire with an Israeli patrol Monday and fired on an Israeli-allied South Lebanon Army outpost the following day.

But Hezbollah units did not launch any Katyusha rockets at Israeli settlements along the Galilee border.

Repeated Katyusha attacks on Galilee had prompted Israel to begin its weeklong shelling of southern Lebanon in late July.

Hezbollah officials are now claiming that they will only fire Katyusha rockets at Israel in response to Israel Defense Force attacks on Lebanese civilians in Lebanon.

But according to recent Hezbollah announcements, the militia units plan to continue targeting IDF and SLA troops in the security zone as part of their ongoing efforts to force Israeli troops and their allies from Lebanese territory.

IDF sources said that light arms fire had been directed at an armored patrol operating near Kaukaba in the eastern sector of the security zone Monday.

The assault caused neither casualties nor damage, said the Israeli military sources, and their patrol returned the fire.

## U.S. AND JEWISH GROUPS MAKING LAST-DITCH BID TO BAR DEMJANJUK By Deborah Kalb

WASHINGTON, Aug. 17 (JTA) -- The U.S. Justice Department and Jewish groups were using every legal means available this week to fight the return of John Demjanjuk to the United States.

The Justice Department filed repeated motions with the 6th U.S. Circuit Court of Appeals in Cincinnati urging the full court to reconsider a three-judge panel's recent ruling allowing Demjanjuk back into the country.

Jewish groups were also urging U.S. Attorney General Janet Reno to appeal the case to the U.S. Supreme Court.

Israel's Supreme Court meanwhile was expected Wednesday to decide if Demjanjuk would be freed or tried for other wartime crimes, following last week's recommendation by the Israeli attorney general not to prosecute him further.

In a July 29 ruling, the Israeli Supreme Court overturned Demjanjuk's conviction as the notorious Treblinka death camp guard known as "Ivan the Terrible," but said there was compelling evidence he served as an SS guard at other concentration camps, including Sobibor.

Last week, Israeli Attorney General Yosef Harish said another trial would not be in the Israeli public's interest. The Israeli Supreme Court was expected to accept Harish's recommendation and free Demjanjuk.

If the full U.S. appeals court continued to take no action to stay the three-judge panel's decision, the 73-year-old former Cleveland auto-worker was likely to return to the United States by the end of the week.

On Tuesday, just a day before the Israeli Supreme Court decision was expected, the Justice Department made yet another filing in the case, again asking that the Cincinnati court's ruling be stayed.

In Jerusalem, Demjanjuk's son-in-law, Edward Nishnic, acknowledged that if Demjanjuk is freed he will try to return to the United States, rather than return to his native Ukraine, which has granted him asylum.

### 'Voice Of Moral Conscience Will Follow'

Rep. James Traficant (D-Ohio), a prominent Demjanjuk supporter, flew to Israel to escort Demjanjuk home.

Meanwhile, the World Jewish Congress' American Section held an emergency session Tuesday, at which it vowed to fight Demjanjuk's return by any legal means necessary.

On Tuesday, the WJC sent a letter to Attorney General Reno, urging the Justice Department to appeal the lower court's decision to the U.S. Supreme Court.

The Justice Department is fighting Demjanjuk's return on the grounds that, despite the Israeli court ruling, Demjanjuk still committed other war crimes and lied to immigration officials in entering and becoming a citizen of the United States.

Demjanjuk was stripped of his citizenship in 1981 and extradited to Israel in 1986.

But Justice Department spokesman Carl Stern said Tuesday that the department would "have to respect and obey" the lower court order unless "on further review the court concludes that the Justice Department is correct and Demjanjuk is ineligible" to return.

In New York, Rabbi Avi Weiss, religious

leader of the Hebrew Institute of Riverdale and president of AMCHA-Coalition of Jewish Concerns, was planning to leave for Cleveland to demonstrate in front of Demjanjuk's home with about 10 people if Demjanjuk is returned there.

Weiss said, "Our message is that the voice of moral conscience will follow him wherever he goes as we followed (Kurt) Waldheim," the former Austrian president who hid his Nazi past.

*(Contributing to this report were JTA staff writer Susan Birnbaum in New York and JTA correspondent Cynthia Mann in Jerusalem.)*

## POPE SAYS 'SHALOM' TO TWO RABBIS AT CATHOLIC YOUTH EVENT IN DENVER By Debra Nussbaum Cohen

NEW YORK, Aug. 17 (JTA) -- Two Jewish interreligious affairs leaders were among those who met with the pope last week during the World Youth Day event in Denver.

In brief meetings, Pope John Paul II greeted Rabbis Jack Bemporad and A. James Rudin by saying "shalom" and told them each how pleased he was that they had come to the mass gathering of young Catholics.

The encounter was perhaps the dramatic highlight of the four-day event for the rabbis, but they also held more substantive meetings with leading Catholic officials involved in Catholic-Jewish relations.

They also met with about 20 Catholic, Protestant, Greek Orthodox and Muslim leaders to discuss how they can work together to advance morality and combat what Bemporad described as "the hedonism and relativism rampant" in contemporary society.

Bemporad is director of the Center for Catholic-Jewish Understanding at Sacred Heart University in Fairfield, Conn.

"Breakthroughs don't happen" in interreligious dialogue, said Rudin, who is director of interreligious affairs for the American Jewish Committee. "It's incremental, particularly in Catholic-Jewish relations because there are long institutional memories on both sides.

"It's an enormous amount of effort, building relationships in the lobby, at meals, where you push the agenda," said Rudin.

His agenda at the Aug. 12-15 event included emphasizing to the pope and other Catholic leaders the need for diplomatic relations between the Vatican and Israel.

Each opportunity to meet with Catholics is "one more building block," he said.

Bemporad found the entire event useful because he made "very important" contacts with Muslims and the Orthodox church. "We are going to concentrate on the fundamental issue we face -- this moral anarchy."

Rudin, while in Denver, also spoke at Friday night Sabbath services at Temple Sinai, where he met an elderly woman who was born in Eastern Europe during World War I.

"She told me that 'If 200,000 Catholics and the pope had descended on our town in those days, we would have boarded up our doors, shuttered our windows and locked our children in the basement for fear of anti-Semitic violence,'" said Rudin.

In contrast, several Denver synagogues and Jewish families offered their facilities and homes to the Catholic youth who poured in from around the globe for World Youth Day, so that they would have a sheltered place in which to camp.

## U.S. JEWISH LEADERS MEET EGYPTIANS TO DISCUSS JOINT BUSINESS VENTURES

By Cynthia Mana

JERUSALEM, Aug. 17 (JTA) -- In a move hailed as unprecedented, a group of major American Jewish philanthropists met last week with top Egyptian business leaders to explore the idea of cooperative business ventures.

The Americans were members of the United Jewish Appeal's prestigious Prime Minister's Mission, a delegation of contributors who have given a minimum \$100,000 each to the UJA campaign. Many of them have investments and businesses in Israel.

They met with their Egyptian counterparts at the Taba Hilton, Israeli-owned until it was surrendered to Egypt as part of the Camp David peace accord.

The visit to Taba, organized around the mission's theme of peace, began with a brief introduction by Joel Tauber, UJA's national chairman from Detroit.

"We are very excited about the (Arab-Israeli) peace process," he said. "But we all know peace is not a piece of paper. We all know that peace (means) Egypt and Israel doing business together."

Tauber said the meeting was intended to spark the development of business contacts that will create a fertile climate for a meaningful peace.

The two groups were seated together at sparsely laden round tables. Largely ignoring the fruit and bottled water, they exchanged niceties, traded business cards and then plunged eagerly into conversation.

The UJA delegates had come from a briefing in Eilat by Egyptian ambassador to Israel, Mohamed Basiouny, who insisted that the peace with Egypt is no longer a cold one. He added that Arab-Israeli economic cooperation could create a "paradise" in the region.

Still, even as they talked taxes and labor costs, the business leaders on both sides were aware of the symbolism of the meeting, which they described as unprecedented. Some even used the word "historic."

"This is my first time in Egypt," said Nancy Siwak, owner of a hat manufacturing concern in St. Louis. "It's very exciting."

### 'Our Purpose Is To Make Business'

Opposite her sat Ahmed Arafa, chairman of the Golden Tex Group Co., one of Egypt's largest manufacturers of textiles and supplier to stores he owns in Cairo. He handed Siwak his card.

"We have met with many Americans," said Arafa, "but this is the first time we have met with an American Jewish delegation."

"Our purpose is to make business. It doesn't matter where (people) come from," he added.

"We're all business people interested in new ideas," said Loula Zaklama, president of the Rada Research and Public Relations Co. in Cairo. "For us it's very important to establish channels of communication with businesses in other countries."

"But with a Jewish group," Zaklama continued, "it's different and more exciting. The fact that they've gone to the effort to meet with their (Egyptian) counterparts is already a big step."

"We believe that the only glue that will make this peace is commerce and that should be encouraged," said James Pringle, president of the American Chamber of Commerce in Egypt and

regional vice president of the Morrison Knudsen Corp.

One member of the UJA mission suggested the UJA could help finance Israeli investments in Egypt but stressed the key is building a stable region.

Pringle and the Egyptian business people stepped up to the microphone one by one to answer questions and to describe Egypt's favorable business climate. They stressed the time is now for the region to build strong economic ties in order to compete with the European Community, Asia and North America.

Arafa described himself to the gathering as a former top officer in Egypt's Air Force. But "military principles are finished all over the world," he said. "Now we're building peace, building the (regional) economy. Cooperate with us."

Siwak later hesitated when asked whether she was inspired to begin doing business with an Egyptian outfit. She said the markets and their profitability would have to be investigated. "But that's what it's all about."

But she was unequivocal about the impact of the meeting. "I felt I was part of history in the making," she said. "I didn't realize how unprecedented it was. It was a very significant first step."

### TEL AVIV'S SPIFFY NEW BUS STATION IS 7-STORY, AIR-CONDITIONED RELIEF By Hugh Orgel

TEL AVIV, Aug. 17 (JTA) -- Tel Aviv's new Central Bus Station, which opens its doors to the public this week, is being described as among the largest and most modern in the world.

The new station is a seven-story building with 276,000 square yards of indoor space. In addition to being fully air conditioned, the structure has special gas-extraction pumps to remove bus exhaust from the building.

Four floors are reserved for the arrivals and departures of the 87 bus lines of the Egged Interurban Bus Cooperative and the 40 Dan bus lines serving the Greater Tel Aviv metropolitan area.

Interurban buses linking the entire country will enter and leave the station via ramps connected to the Ayalon Limited Access Throughway, which leads to Jerusalem and the area north of Tel Aviv.

Private concessions -- including stores, restaurants and souvenir shops -- will occupy the three remaining floors.

Some parking lots and taxi facilities still need to be completed.

Opening ceremonies were held Tuesday night -- a quarter of a century after the cornerstone was laid.

The station has had a succession of owners and builders since the idea for the terminal first took shape on drawing boards 25 years ago.

One after another, these hopeful entrepreneurs went broke because of rising costs and construction and licensing delays.

Residents in streets adjoining the new terminal fought a long legal battle to prevent the station from opening, claiming that noise and gas fumes would pollute the neighborhood.

As part of the settlement that enabled construction to go ahead, private homes in the neighborhood will have acoustic panels fitted to their windows.