

**PERES URGES UNITED NATIONS TO MOVE FROM 'PEACEKEEPING TO PEACEMAKING'**

By Larry Yudelson

NEW YORK, Sept. 26 (JTA) -- Israel wants the United Nations to adopt the newly autonomous Palestinian region of Gaza as "a showcase" for international development efforts.

In a preview of his address to the U.N. General Assembly, Israeli Foreign Minister Shimon Peres said in an interview here Sunday that such a move by the world body would transform itself from "a peacekeeping" force to a "peacemaking" force.

Peres praised the work of the U.N. Development Program in Gaza, but said that doubling its current \$30 to \$40 million budget would have a "quite large" effect in reducing poverty in Gaza and thereby increasing the chances for peace.

Peres was scheduled to address the General Assembly on Thursday.

Earlier this month, Peres asked U.N. Secretary-General Boutros Boutros-Ghali to ask Germany and Japan to commit money for such a project.

Peres, in his conversation with Boutros-Ghali, hinted that a positive response from Germany and Japan could pave the way for Israel's support for both countries' admission as permanent members of the Security Council. Both Germany and Japan are actively seeking admission to the Security Council.

Asked to reflect on the year since the signing of the Israeli-Palestinian Declaration of Principles in Washington, Peres said that "the Middle East will never look the same again."

'A Basic Change'

"It is not just an added policy -- it is a basic change," the foreign minister said during the half-hour interview right after his arrival in New York Sunday night.

"In the past Israel has had to struggle heavily to defend ourselves in a region of hostility," he said. "Now we think that a region without hostility will add greatly to the prosperity of other people and the security of Israel."

This change, said Peres, will be in evidence next month at a regional Middle East economic conference slated to be held in Casablanca, Morocco. The conference, a brainchild of Peres, was originally proposed earlier this year for Jordan, but King Hussein backed out.

"If, until now, all the moves that were made were to produce peace among countries," Peres said, then the conference in Morocco will be the first move "to build a Middle East of peace, which means to build regions of peace, not only relations between countries."

Such peace, he said, means having regional enterprises in areas of water, energy, tourism, infrastructure, and industry.

Peres said he hopes that the Casablanca conference will lead to the creation of a Middle East Development Bank. The United States was reportedly cool to the idea initially, but is now apparently willing to support it.

"Every region has its own development bank," Peres said. "The World Bank provides financing opportunities for countries, not to regions. The Middle East has to develop itself regionally, not just nationally."

Peres said he envisions a \$10 billion capitalization for such a development bank. He said that at least a quarter of the funds would be raised as equity, with 40 percent of the shares purchased locally and 60 percent by outside countries.

DEPARTURE OF HAITI-BOUND POLICE DELAYED FOR POLITICAL, LEGAL CONCERNS
By Hugh Orgel

TEL AVIV, Sept. 26 (JTA) -- The departure of a 30-member Israeli police contingent that was to assume peacekeeping duties in Haiti has been postponed pending further consideration by the Cabinet and the High Court of Justice.

The 28 men and two women who volunteered to help restore stability in Haiti were to have left Israel on Monday for Puerto Rico for pre-Haiti training. But Prime Minister Yitzhak Rabin decided to wait first for the approval of his Cabinet at a meeting scheduled for later in the week.

Rabin authorized the contingent on Sept. 11, after President Clinton telephoned for Israeli assistance in the multinational effort to bring democratic rule to Haiti. The request marked the first time Israel was invited to participate in an international force.

At the same time, the High Court of Justice is considering an appeal by former Kach activist Noam Federman regarding the legality of sending Israeli police on an overseas mission.

Federman argued Sunday that the peacekeeping mission violates Israeli law, which authorizes the police to deal only with domestic issues.

The court apparently agreed that Federman had a point, despite arguments by government attorney Arye Romanov that the policemen were not being sent as police, but rather as volunteers who happened to be police.

Justices Dov Levine, Yitzhak Zamir and Theodor Orr agreed that sending volunteers would be within the government's authority. But they said the government appeared to be blurring the line between volunteers and acting police, and this might create a legal problem.

The justices also criticized the government for not investigating the legal issues surrounding the sending of the peacekeeping mission. They called on Attorney General Michael Ben-Yair to prepare a legal opinion on whether new legislation was needed.

A Jordanian military contingent, meanwhile, reportedly left Amman on Sunday to serve in Haiti. The 150-soldier force, dispatched following a request from Clinton, boarded a U.S. military aircraft as King Hussein and the U.S. ambassador to Jordan, Wesley Egan, Jr., looked on.

In the aftermath of the U.S. occupation of Haiti, some 17 countries are expected to send peacekeeping missions to the Caribbean nation in an effort to help restore the country's elected government.

NEWS ANALYSIS:

RABIN-ARAFAT SUMMIT PAVES WAY FOR 'MOMENT OF TRUTH' IN RELATIONS

By David Landau

JERUSALEM, Sept. 26 (JTA) -- This week's successful -- and unusually warm -- encounter between Prime Minister Yitzhak Rabin and Palestine Liberation Organization Chairman Yasser Arafat has paved the way for what could become the real moment of truth in Israeli-Palestinian relations.

After meeting for more than an hour Sunday at an Israeli army post near the border between Israel and the Gaza Strip, the two leaders agreed to launch negotiations next week in Cairo for the next phase of their ongoing peace initiative: the timing of Palestinian elections and the withdrawal of the Israel Defense Force from the West Bank.

Some analysts in Israel -- among them government officials -- predict months of tough, perhaps fruitless negotiations. Israeli officials maintain they are in favor of the elections. The more difficult issue is the withdrawal of Israeli troops from the West Bank, which according to the Declaration of Principles signed by Israel and the PLO in Washington last September, must be accomplished before the elections are held.

The problem of providing security for the approximately 100,000 Jewish settlers currently living in the West Bank following an IDF redeployment is virtually unsolvable, according to many observers.

Because of the difficulties that lie ahead, some believe that Rabin is planning to sign a full peace treaty with Jordan, and make significant progress with Syria, before searching for an accommodation with the PLO.

Israel, Jordan Drafting Peace Accord

Indeed, according to Israeli media reports, Israeli and Jordanian negotiators have already begun drafting a peace accord. The two sides have reportedly been making significant progress in their talks on border issues and water rights since Prime Minister Yitzhak Rabin and Jordan's King Hussein signed a non-belligerency pact in July.

Foreign Minister Shimon Peres and Jordan's Crown Prince Hassan are scheduled to meet with President Clinton in Washington on Monday, in a meeting analysts have suggested could hasten the completion of an Israeli-Jordanian peace treaty.

According to this theory of Jordan and Syria first, Israel, when it decides to refocus its full attention on the Palestinians, will be in a stronger position to address some of the thornier issues.

At the same time, Arafat may be in a weaker position and, consequently, will be more amenable to Israeli pressure.

In effect, the PLO leader could be forced to accept an interim autonomy agreement -- and perhaps a permanent-status agreement as well -- that leaves the Jewish settlements, or most of them, in place and under continued Israeli sovereignty and protection.

With the notoriously secretive Rabin playing his cards even closer to his vest than usual, no one can say authoritatively whether this indeed is his long-term strategy.

But whatever Rabin's ideal preferences, some differences -- even discord -- among top Israeli

leaders have become evident as Jerusalem prepares for its next phase of negotiations with the Palestinians.

The more hard-line approach, focusing on the settlers and their security, is demanding that there be no significant redeployment by the IDF unless and until an adequate alternative security system can be put in place.

Few in Jerusalem believe adequate security can be provided by a "strong Palestinian police force," as envisioned in the Declaration of Principles.

Given the Palestinian police's spotty security record in Gaza and Jericho since autonomy went into effect in May, there is widespread skepticism that the Palestinians would be able to monitor security on all major road arteries throughout the West Bank.

Police Minister Moshe Shahal disclosed midweek that he has proposed to Rabin that Israeli police and border police be deployed at strategic locations in the West Bank even after IDF forces are withdrawn.

But such a proposal is not likely to sit well with the Palestinians.

A more flexible school, represented by Foreign Minister Shimon Peres, is proposing a piecemeal approach to redeployment. According to this proposal, the IDF would withdraw from towns such as Nablus and Ramallah, where Jewish traffic is minimal and could be channeled through one main highway.

IDF withdrawal from Hebron, on the other hand, is seen as potentially disastrous, given the small Jewish settlement within the city as well as the often explosive center of Kiryat Arba on Hebron's outskirts.

According to this approach, the Palestinian Authority would continue to extend its power incrementally throughout the West Bank. The "early empowerment" agreement signed in August, under which Israel transferred authority over civilian areas such as education to the Palestinians, marked one such step in the incremental approach.

Momentum Must Be Maintained

This school of thought also proposes that if no agreement on elections is reached for all of Gaza and the West Bank, then Palestinian elections could be held incrementally, beginning in individual areas or towns where the IDF redeployment has been satisfactorily completed.

Above all, in this view, the momentum of the Israel-Palestinian track must be maintained.

For the Palestinians, the elections -- which Arafat aides confidently expect will be won by Arafat and his mainstream Al Fatah movement -- are a vital stage toward domestic and international legitimacy, and also to independence.

Arafat, in remarks to reporters Sunday, continued to voice confidence that the elections could be held by Nov. 1. But hardly anyone, on either side, seems to believe that date is realistic.

Arafat and Rabin agreed to meet again in a month. By then, their negotiators will doubtless be in the thick of the issues and doubtless at loggerheads as well.

If, despite the problems up ahead, the atmosphere at the next summit meeting is as cordial as it was Sunday, that in itself will be a major success for the Israel-Palestinian track.

RABBI TO RABIN: CAVING IN TO SHAS COULD COST SUPPORT AMONG U.S. JEWS

By Cynthia Mann

JERUSALEM, Sept. 26 (JTA) -- The head of the American Reform movement has called on Prime Minister Yitzhak Rabin to resist making critical concessions on religious matters to the fervently Orthodox Shas Party, warning of "severe" consequences if he does.

Rabbi Alexander Schindler, president of the Union of American Hebrew Congregations, the U.S. Reform movement's congregational arm, warned Rabin in a recent letter that caving in to Shas demands would bring "lasting damage to Israel-Diaspora relations," and would dampen American Jewish support for the peace process.

Schindler's warning comes at a time when Rabin and his Labor Party are negotiating with Shas in a scramble to shore up their Knesset majority in the event of a politically explosive peace deal with Syria.

Israeli public opinion is divided over whether to withdraw from the Golan Heights in return for peace with Syria, and Rabin needs all the Knesset backing he can muster to support any eventual peace deal with Damascus.

Shas, a member of the governing coalition when Rabin assumed office in 1992, defected from the coalition last fall when the party's political leader, former Interior Minister Aryeh Deri, was indicted on charges that included receiving bribes and violating the public trust.

Including Shas Gives Knesset Jewish Majority

In the time since the defection of Shas, Rabin has had to depend on the support of Arab parties within the Knesset to obtain a parliamentary majority in support of his peace moves with the Palestinians.

With the return of Shas, which holds six crucial Knesset votes, Rabin would be able to claim a Jewish majority in the Knesset.

Rabin has been further weakened in recent days by the actions of several Labor Knesset members who are pressing for special Knesset majorities on any votes concerning withdrawal on the Golan.

Shas has said it would return to the coalition only on one condition: It wants a pledge from Labor to pass a law nullifying any Supreme Court ruling that challenges the status quo on religious affairs.

The status quo, in effect, gives the Orthodox establishment a virtual monopoly over all religious affairs in Israel.

Shas leaders say that such counterlegislation is needed in light of recent court decisions which have "chipped away" at the status quo.

These decisions have been issued largely in response to petitions by Israel's Reform and Conservative movements in their struggle for legitimacy here.

Rabin agreed to Shas' demand two months ago, sparking opposition within his own party, most notably from his own justice minister, David Libai.

And this week, leaders of Labor's other coalition partner, the left-wing Meretz bloc, refused to sign on to the deal.

Meanwhile, Shas leaders threatened late last week that they would join the opposition on the

Golan question if they do not get what they want.

Rabbi Moshe Maya, a Shas Knesset member, explained the party's position in an interview on Israel Radio.

"We support the peace process (in the) hope that peace will come to the land (so) that Jews can keep the Torah and mitzvot," he said.

But, he added, "the moment the status quo is eroded and broken from all sides, there is no sense to peace."

Rabbi Uri Regev, head of the Israel Religious Action Center of the Reform Movement, blasted the demands of Shas and the acquiescence of Rabin.

"Giving religious coercion constitutional sanction and pre-empting the rulings of the Supreme Court (strike) at the heart of democracy and the character of Israel," Regev said.

Regev referred to Shas leaders as "extortionists" and "horse traders" on the political scene.

"I cannot accept (their view) of peace as a piece of merchandise that is up for sale," Regev said.

In his letter, Schindler reminded Rabin of the strong support within the Reform movement for his government's peace initiatives.

And he warned that the deal with Shas "would diminish enthusiasm" among American Reform Jews for the peace process.

He also noted that "for many American Jews, succumbing to Shas' demands would be further indication that Israel is unwilling to accept their authenticity as Jews."

"We urge you to refrain from actions which will corrode the character and soul for the Jewish people," he said in the letter.

No one at the Prime Minister's Office could be reached for comment on the Schindler letter.

But Rabin has maintained that such a deal is an acceptable price for the peace process, which he views to be of paramount importance.

Negotiations between Rabin and Shas and Meretz are expected to continue.

DINITZ TRIAL OPENS THIS WEEK

By Cynthia Mann

JERUSALEM, Sept. 26 (JTA) -- Simcha Dinitz, currently on a leave of absence as chairman of the Jewish Agency, was scheduled to go on trial this week for the alleged misuse of Jewish Agency credit cards.

Dinitz was indicted in February on charges of aggravated fraud and abuse of the public trust for allegedly charging personal expenses to Agency-issued credit cards and for failing to report and reimburse the expenses properly.

Dinitz took a paid leave of absence until the conclusion of his trial, which was scheduled to begin Wednesday, or until the end of the year.

He has agreed to retire if his case is not concluded by that time.

He has also said he plans to retire if he is exonerated before then, although he has reserved the right to remain in the post.

In Dinitz' absence, Yehiel Leket has been serving as the acting chairman of the Jewish Agency.

He is a candidate to fill the post permanently if and when it becomes vacant.

FIRE RIPS THROUGH SYDNEY SYNAGOGUE, DESTROYING AT LEAST 15 TORAH SCROLLS

By Jeremy Jones

SYDNEY, Australia, Sept. 26 (JTA) -- A major fire ripped through the largest synagogue here this week, devastating the inside of the three-story building and destroying the main sanctuary.

All of the Central Synagogue's Torah scrolls, including 15 stored inside a recently installed fireproof safe, were completely burned after the intense heat caused the safe to buckle.

Although congregants were at the synagogue for Sukkot celebrations, everyone inside the building complex escaped Sunday's conflagration unharmed.

On Yom Kippur, some 3,000 congregants attended services at the Orthodox synagogue.

Arson was originally suspected, but the latest reports from police and fire officials indicated that the blaze was caused by a malfunction in the air-conditioning unit.

Congregants wept and watched with horror as 12 firefighting units battled the flames for more than two hours.

Jewish leaders have designated Oct. 3 as a day of mourning for Sydney's Jewish community. At that time, remains of the religious books will be buried and a special service will take place in a hall that will serve as a temporary synagogue for the Orthodox congregation.

Among the many messages of support received by the Jewish community was a personal call to the Executive Council of Australian Jewry from Iftikhar Aziz, the president of the Australian Federation of Islamic Councils, who expressed the Muslim community's "deepest sympathy and concern for the individuals and the community who have suffered this tragic blow."

MUSEUM'S EXHIBIT ON BOSNIA DRAWS IRE -- AND LETTER -- FROM SERBS

By Matthew Dorf

WASHINGTON, Sept. 26 (JTA) -- A photo exhibit at the U.S. Memorial Holocaust Museum here has drawn the ire of some in the Serbian community who say it ignores Bosnia's record during World War II and glorifies its role in the ongoing war in the Balkans.

The controversy over the exhibit on the atrocities of war in the former Yugoslavia also has raised questions about the role of the museum.

The exhibit, "Faces of Sorrow: Agony in the Former Yugoslavia" is the museum's first exhibit not directly related to the Holocaust since the facility's opening last year. Prime Minister Haris Silajdzic of Bosnia-Herzegovina spearheaded a program last week marking the collection's opening for a four-month stay at the museum.

An open letter to the Serbian and Jewish communities from the Serbian-Jewish Friendship Society says the group is "appalled that the museum has chosen to present this exhibit, and has chosen to add its prestigious name to the already one-sided hateful propaganda campaign against the Serbs.

"It is ironic that the adversaries of Serbs and Jews then are very active today seeking to destroy and damage two small nations of people:

Serbs and Jews," the letter signed by 11 Serbian activists says.

But museum officials are defending their decision to display the photos as part of their mission not only to teach the history of the Holocaust but also its implications for current world events.

Miles Lerman, chairman of the museum's council, acknowledged Bosnia's past in a speech marking the exhibit's opening.

"The truth is that during the Holocaust there were Bosnians and Croats who were Nazi collaborators," Lerman said. "If we were only to deal with crimes of yesterday we could have turned our heads, but human morality demands that we not remain complacent."

Lerman said Bosnia is "our own personal dilemma and we cannot and should not turn our heads away."

The exhibit in the museum's Hall of Remembrance includes graphic photos of the ethnic cleansing taking place in the former Yugoslavia and other horrors of that war. The exhibit includes 65 photos, including one photo depicting a Serbian soldier kicking a woman who had just been shot for coming to her husband's aide, according to the photographer Ron Haviv.

Jewish Community Seen As Having Clout

The exhibit premiered at the United Nations one year ago and was recently displayed at the Simon Wiesenthal Center's Museum of Tolerance in Los Angeles.

Mark Weitzman, director of the Wiesenthal Center's task force against hate, underscored what he called the "importance" of the exhibit.

All sides in the war "see the Jewish community with tremendous political clout and a key element to involve on their side in this campaign," Weitzman said.

Despite the Bosnians' "troubling past," he said, "what happened 50 years ago doesn't justify what is happening today." Silajdzic used the occasion of the exhibit's opening to call for the international community to lift the arms embargo on Bosnia. Calling the war a "deep wound on the face of humanity," the prime minister asked for American support in removing the embargo so the Bosnians can "defend ourselves."

Earlier in the day, amid words of praise and two standing ovations, Silajdzic accepted the Congressional Human Rights Foundation's Raoul Wallenberg Human Rights Award on behalf of Bosnian children.

Wallenberg was a Swedish diplomat who saved the lives of thousands of Hungarian Jews during World War II.

Sen. Joseph Lieberman (D-Conn.) called Silajdzic a truthful example of Wallenberg's heroic lesson, and said many members of Congress support Bosnia.

"We will be with you, we will stand with you, until you and your people achieve the victory that you so rightfully deserve," Lieberman said.

The U.S. ambassador to the United Nations, Madeleine Albright, who presented the award, called Bosnia's children courageous, and recognized Silajdzic as a leader who has upheld the principle of ethnic pluralism.

(JTA intern Jennifer Batog in Washington contributed to this report.)