



NEWS AT A GLANCE

■ An Israeli soldier and three Arab terrorists were killed in southern Lebanon during a clash with Hezbollah. Hezbollah said it had set off a bomb near an Israeli patrol in the eastern sector of the security zone. Israeli helicopters and artillery fired on the area in response.

■ The Council of Jewish Federations strongly endorsed a plan aimed at dramatically increasing funding for Hillel and other Jewish activities on campus. "I want to thank you for triggering a Jewish renaissance," Richard Joel, international director of Hillel, told the CJF Board of Delegates after the vote. [Page 3]

■ A major Japanese magazine was shut down and its editors fired after publishing a Holocaust-denial article. The publishers of Marco Polo terminated the publication within one week of receiving a barrage of protests from American Jewish organizations and the Israeli government. [Page 2]

■ Israeli Housing Minister Binyamin Ben-Eliezer reportedly told Israeli journalists in Washington that a majority of Israelis no longer support the peace process and that the government should slow down its negotiations with the Palestinians. During his visit, Ben-Eliezer met with Dennis Ross, the State Department's special Middle East coordinator, members of Congress and former President George Bush.

■ Housing and Urban Development Secretary Henry Cisneros launched an investigation into government-funded security contracts with the Nation of Islam. The move came following a year of pressure from Jewish organizations and members of Congress to investigate the employment of Nation of Islam security services at low-income housing developments. [Page 4]

■ Finance Minister Avraham Shohat announced the cancellation of a controversial capital gains tax. Shohat said his decision came in the wake of "political and public pressure" to cancel the tax and did not reflect a change in his own thinking. The move resulted in sharp gains on the Tel Aviv Stock Market. [Page 4]

NEWS ANALYSIS

Reversal on capital gains tax reflects government in turmoil

By David Landau

JERUSALEM, Jan. 31 (JTA) — The credibility of the Rabin government reached a new low this week when the prime minister and the minister of finance decided to abolish a controversial tax on stock market profits.

The decision, announced by Finance Minister Avraham Shohat, followed a massive pressure campaign by many of the nation's top industrialists. The campaign was also supported by the hundreds of thousands of ordinary Israelis who invest in the Tel Aviv Stock Exchange.

A poll conducted for the Israeli daily Yediot Achronot showed that despite widespread support for the decision to cancel the capital gains tax, nearly half of those surveyed felt the decision to abolish the tax weakens the government's credibility.

Most ominously, many Israelis wondered aloud whether the prime minister's waffling on the tax issue — first he supported it, then reversed himself — reflected a similar inconstancy on the life-and-death issues of the peace process.

After the double suicide bombing at Beit Lid Junction near Netanya on Jan. 22, newspaper polls indicated that 50 percent of Israelis favor suspending talks with the Palestinians because of the ongoing series of terror attacks.

Faced with an increasingly skeptical public, the prime minister declared a new goal: the physical separation of the Israeli and Palestinian populations. In a televised talk to a mourning and angry nation last week, Rabin asserted that erecting a fence between Israel and the Palestinian territories was possible and was the ultimate purpose of the peace process.

This week, the Cabinet moved to extend the closure of the territories, an action that had been imposed within hours after the attack.

Rabin seems uncertain how to proceed

The move, adopted repeatedly in the past following terror attacks against Israelis, prevents thousands of Palestinians from entering Israel for work. Palestinian officials protested the action, saying the closure amounts to collective punishment. Palestine Liberation Organization Chairman Yasser Arafat has repeatedly stated that Israel's ban on the entry of Palestinians from Gaza and the West Bank represented a breach of the self-rule accord.

As the Cabinet dwelt on how to fight the ongoing battle against terror, Rabin seemed uncertain how to proceed.

At one point, he seemed almost ready to abandon the peace process, declaring that Israel is "not ready to declare peace at any price or condition."

He was quoted as saying that "terrorism has become a strategic danger" and the peace process cannot continue without additional security measures taken by both Israel and the Palestinian leadership.

The next day, however, he told Israeli high school students that the peace process must continue. But he reiterated his position that future progress with the Palestinians would depend on their willingness to live up to security arrangements spelled out in the self-rule accord.

Last week, Rabin's aides said a high-level committee would be appointed to work out the details of this separation.

Police Minister Moshe Shahal circulated his plans for a beefed-up police presence along the Israeli border, replete with dogs and radar. The security measure, he asserted, would keep the two peoples safely apart.

Israeli settlements in the West Bank, according to this thinking, would be "concentrated into blocs" around Jerusalem and adjacent to the Green Line, the pre-1967 border.

Although not specifically enunciated, it is believed that under such a plan, some settlements outside these blocs would have to be abandoned.

All these ideas were bandied about by government officials during the past two weeks in a near-desperate attempt to convince the media and public alike that the peace process is still on track, despite its sinking popularity among both Israelis and Palestinians.

But on Sunday, Rabin sounded to his Cabinet colleagues a good deal

less certain and determined — so much so that Communications Minister Shulamit Aloni, leader of the left-wing Meretz bloc, said Rabin seemed to be dropping the peace process altogether.

Instead of a high-level committee with a clear mandate, Rabin announced that Shahal and Shohat would examine the idea of separation — one from a security standpoint, the other from an economic perspective — and would report to the Cabinet in a month.

Many observers interpreted this as a vintage device for shelving an idea, especially because Shahal and Shohat are in a state of open warfare that was only exacerbated by this week's decision to shelve the capital gains tax.

The question of the day was: Is separation about to go the way of the capital gains tax?

Are both the victims of a weakening prime minister who is showing himself to be prey to conflicting pressures?

The weeks ahead, in the view of observers here, will be critical for Rabin.

They will determine whether his current decline in authority and popularity will become an uncontrolled tailspin from which the prime minister and his government cannot pull out. □

Major Japanese magazine shut down after printing Holocaust denial story

By Tom Tugend

LOS ANGELES, Jan. 31 (JTA) — A major Japanese magazine has been shut down and its editors fired after publishing an article denying that Jews were systematically killed in Auschwitz.

The publishers of Marco Polo, a monthly news and commentary magazine with a circulation of about 250,000, terminated the publication within one week of receiving a barrage of protests from American Jewish organizations and the Israeli government.

The protests were given considerable muscle by the decision of major international advertisers to suspend their dealings with the magazine.

The 10-page article ran in the magazine's February issue, timed to coincide with the 50th anniversary of the liberation of Auschwitz.

An editorial preamble to the piece expressed "major doubts regarding the 'Holocaust' and the massacre of Jews at the hands of the Nazis." The preamble characterized the article itself, titled "The Greatest Taboo of Postwar History: There Were No Nazi 'Gas Chambers,'" as "the new historic truth."

Bungei Shunju, Japan's leading conservative publishing house of prestigious weekly and monthly magazines, pulled all unsold copies of Marco Polo from newsstands.

The radical crackdown by the publisher surprised protesting representatives from the Simon Wiesenthal Center, American Jewish Committee and Anti-Defamation League, who had mainly asked for an apology and retraction from the editors.

Even a few days before the abrupt closure of the magazine, a top editor brusquely rejected a modest request by the Israeli Embassy in Tokyo that he exercise more caution in the future.

The decision to close down Marco Polo was first conveyed privately last Friday by Ko Shioya, Bungei Shunju's chief representative in North America, who flew from New York to Los Angeles to inform Rabbi Abraham Cooper, associate dean of the Wiesenthal Center.

Cooper flew to Tokyo on Tuesday to meet with Kengo Tanaka, president of Bungei Shunju. A formal announcement, in English and Japanese, was expected Thursday.

Cooper said he could not divulge its content, but called it a "remarkable document" that will include an apology to the Jewish people.

Word of the crackdown on Marco Polo has caused a considerable stir in Tokyo, where NHK, the country's largest television network, taped an interview with Israeli Ambassador Amos Ganor. The magazine was only 3 years old and not yet profitable, according to news reports.

As part of its protest, the Wiesenthal Center had asked the magazine's major advertisers, including Microsoft, Philip Morris, Cartier, Philips Electronics, Mitsubishi and Volkswagen, to cancel future ads in the magazine.

Volkswagen and Mitsubishi complied almost immediately with the request, and some of the other companies were expected to follow suit.

Neil Sandberg, director of the AJCommittee's Pacific Rim Institute, was in Tokyo when the article appeared and expressed his dismay to Japanese leaders in person.

Sandberg hailed the publisher's decision and noted that "the Japanese are developing a clearer understanding that publishing entails a sense of responsibility."

Abraham Foxman, national director of ADL, had also demanded that Marco Polo's editors "reject historically inaccurate and incendiary articles."

During his stay in Tokyo, Cooper of the Wiesenthal Center was expected to discuss the continuing publication in Japan of virulently anti-Semitic books and articles, linked to the country's economic problems and trade conflict with the United States. □

Israel's chief negotiator: Talks on hold at 'Syrians' choice'

By Naomi Segal

JERUSALEM, Jan. 31 (JTA) — Neither Washington nor Jerusalem will attempt to woo Damascus back to the negotiating table to end the long-standing deadlock in Israeli-Syrian peace talks, Israel's ambassador to the United States said this week.

In remarks broadcast Monday on Israel Radio, Ambassador Itamar Rabinovich said the talks were currently on hold.

"There is for the moment a timeout or delay in the peace talks, at the Syrians' choice," Rabinovich said.

"If they had a hope that in the wake of these steps [to suspend the talks] there would be either an American or Israeli courtship, indeed that hope has been disappointed."

Rabinovich and his Syrian counterpart, Walid Muallem, along with Israeli and Syrian security experts, had been holding informal meetings in recent months.

According to earlier Israeli news accounts, Rabinovich had been scheduled to meet Muallem in the United States last week for talks on arranging a summit between Prime Minister Yitzhak Rabin and Syrian President Hafez Assad. But the Syrian ambassador was still in Syria this week, indicating that Damascus was not interested in pursuing contacts with Israel at this time.

"The ball is in Syria's court in two senses," Education Minister Amnon Rubinstein said in Jerusalem on Monday. "First, they haven't sent their ambassador to Washington to continue negotiations. And secondly, they haven't done anything to show the Israeli public they mean business."

Talks between Israel and Syria have long been stalled over Syria's demand that Israel make a commitment to a full withdrawal from the Golan Heights before negotiations begin.

Israel, in turn, has said it would make a limited pullback, but will not discuss details until Damascus clarifies the nature of the peace it envisions. □

CJF votes to increase funding to Hillel in new collective plan

By Larry Yudelson

NEW YORK, Jan. 31 (JTA) — The Council of Jewish Federations strongly endorsed a plan this week aimed at dramatically increasing funding for Hillel and other Jewish activities on campus.

More than 80 percent of the votes cast by the CJF Board of Delegates on Monday night supported the proposal, which for the first time assigns each federation a recommended level at which it should fund Jewish campus life.

The vote was held at the CJF Board Institute meeting in Phoenix, with some federations casting their ballot by telephone.

“Our feeling is very upbeat that we are moving along a track on the total Jewish identity agenda, for which university students are a focal point at the moment,” CJF President Maynard Wishner said in an interview after the vote.

“I want to thank you for triggering a Jewish renaissance,” Richard Joel, international director of Hillel, told the Board of Delegates after the vote.

Legally, the CJF plan does not bind any of its member federations.

But CJF officials are optimistic that participation in the plan will be well above 90 percent.

All the largest federations either voted for the plan or abstained for procedural, rather than substantive, grounds.

Wishner said the approval of the plan shows that federations recognize “that there are moments where we come together collectively.”

Previous examples have included the “collective responsibility” formulas by which the costs of resettling Jews from the former Soviet Union in both the United States and Israel were allocated to CJF member federations based on their size and income.

The question of collective responsibility, however, remains a sore point for many federations that are fearful of losing control over their allocation process.

Community leaders opine before they vote

This was reflected in several comments before Monday’s balloting.

Miriam Schneirov, past president of the Jewish Federation of Greater Philadelphia, expressed her community’s concern that “in a time of decreasing or flat campaigns, there is a demand of premandated allocations off the top, and that we not move forward with these premandated allocations.”

Nevertheless, her federation voted to support the plan.

A representative of another federation, which voted against the plan, explained its rationale in similar terms.

“There’s a concern about precedent, about where collective responsibility is going in the future.

“The fact that we are entering a new era generates our concern,” said the representative.

Michael Rukin of Boston, who headed the CJF task force that drew up the plan for campus funding, told the CJF Board of Delegates before the vote that “the action before us is a first step in collective continental action for Jewish continuity.”

But Rukin assured his listeners that CJF “has heard your concern” that other plans for “collective responsibility for Jewish continuity” might be coming down the road.

He assured the federations that the student funding is unique because of the dispersal of students across the country.

“It is unlikely that other collective responsibility issues for Jewish continuity will come to the table,” he said.

The CJF expects that the new, higher level of allocations to the campus will begin for the next academic year.

Already, federations have begun to meet in order to organize the new regional bodies called for in the plan.

These bodies will bring federations together to fund campus activities jointly in their area in an effort to eliminate some of the current inequities. For instance, some campuses in smaller Jewish communities have been left underfunded.

The new plan calls for total federation allocations to Hillel programs to rise from \$11 million to \$20 million over the next seven years.

At the same time, Hillel is expected to increase its other funding sources from \$10 million to \$30 million.

One of these sources of funding will continue to be B’nai B’rith International, of which Hillel had been a division.

In January, B’nai B’rith voted its approval for the new Hillel structure, which makes Hillel: The Foundation for Jewish Campus Life an organization that is independent.

B’nai B’rith will join CJF in maintaining a significant role in the new entity.

B’nai B’rith voted to continue contributing at least \$2 million a year to Hillel and to encourage local B’nai B’rith chapters to support local Hillels.

“We see this as something that will enable Hillel to thrive and B’nai B’rith to maintain its historic relationship to it,” said Harvey Burke, director of communications at B’nai B’rith. □

Labor Party chairman resigns, adding to turmoil within party

By Naomi Segal

JERUSALEM, Jan. 31 (JTA) — Knesset member Eli Dayan resigned last week as chairman of both the Labor Party and the Labor coalition.

The move was expected after Dayan defied party discipline a week earlier by voting for a specific amendment to the Economic Arrangements Bill, which represents a key portion of Israel’s budget process.

Dayan had unsuccessfully tried to have an extended school day included in the state budget.

When his proposal was rejected, he submitted an amendment to the Economic Arrangements Bill, despite his party’s opposition.

Dayan’s defiant action highlighted the Labor Party’s recent internal strife, with members wondering how the party could be kept in line if its leadership was not doing so.

Dayan’s critics accused him of being overcome by “primaries fever” and ditching party decisions in order to advance his own political interests before next year’s elections.

In announcing his resignation at a Jan. 24 Labor caucus meeting, Dayan had said he felt that he should remain true to the commitment which he and the party had made to education.

Prime Minister Yitzhak Rabin said he respected Dayan’s decision.

According to some observers, Dayan’s resignation saved Rabin from having to launch a political battle for Dayan’s removal.

After Dayan announced his resignation, Labor Knesset member Raanan Cohen announced his candidacy for the posts vacated by Dayan. □

Responding to pressures, HUD investigates Nation of Islam

By Matthew Dorf

WASHINGTON, Jan. 31 (JTA) — Responding to pressure from Jewish organizations and members of Congress, the Housing and Urban Development Agency has launched an investigation into government-funded security contracts with the virulently anti-Semitic Nation of Islam.

HUD Secretary Henry Cisneros recently broke months of silence when he announced a wide-ranging investigation of the employment of security services affiliated with Louis Farrakhan's Nation of Islam at low-income housing developments.

Announcing his investigation in a recent letter to Sen. Bob Dole (R-Kan.), the majority leader, Cisneros confirmed that at least three public housing agencies currently have contracts with the organization's security services.

The contracts, worth almost \$10 million, are in Baltimore, Chicago and Los Angeles, Cisneros said.

The investigation has prompted action on Capitol Hill, where Rep. Spencer Bachus (R-Ala.) intends to hold hearings on the subject before the House Banking and Financial Services subcommittee that he heads.

For more than a year, Jewish organizations and members of Congress had tried in vain to convince HUD to investigate the Nation of Islam contracts on the grounds that the group's security companies discriminate against whites and Jews in their hiring practices.

They also said the Nation of Islam is a virulently anti-Semitic and anti-white hate group and that the organization had reportedly been proselytizing on the grounds of the housing developments.

During the past several years, in speeches and interviews, Farrakhan and his followers have repeatedly attacked whites in general, and Jews in particular.

A HUD official said the secretary chose to act this month after the department received 4,000 postcards in a letter-writing campaign initiated by the American Jewish Congress. The official also said Cisneros was prompted to act after Dole took an interest in the charges.

Rep. Peter King (R-N.Y.), who had been unsuccessful in his attempt to raise the issue with HUD, had led the effort to recruit Dole to the cause.

Letter made public last week

In his Jan. 6 letter to Dole, which was made public last week, Cisneros pledged to "undertake all appropriate action to eliminate and correct any discriminatory conduct identified in the investigation."

He said HUD could terminate the contracts or, alternatively, sever ties between the local public housing authority and the agency.

Jewish groups that had lobbied HUD — including AJCongress, the Anti-Defamation League and the American Jewish Committee — welcomed the HUD investigation. Americans "are entitled to be sure that the government is not subsidizing racial and religious discrimination," said Phil Baum, AJCongress executive director.

In letters sent to Dole and Cisneros, Abraham Foxman, ADL's national director, was quick to praise Dole for his "successful efforts to underline the importance of this issue."

But King remains unsatisfied. "It is my view that these contracts are helping to finance Farrakhan's empire of hate at the expense of taxpayers," King wrote in a Jan. 25 letter to Cisneros.

In the letter, King calls HUD's actions "unacceptable."

The congressman said he was disappointed by HUD's "inaction" in not yet uncovering other possible contracts beyond the three that he said were widely known.

Ongoing "disgraceful attacks against American Jews" by Nation of Islam leaders, King said, "leads me to wonder how you can justify continuing a taxpayer subsidy of millions of dollars to a hate group which has openly and repeatedly refused to disavow the most virulent strains of anti-Semitism, anti-Catholicism and racism."

King called on HUD to terminate immediately all contracts with the Nation of Islam.

Attempts to reach the Nation of Islam were unsuccessful.

King has introduced legislation that would give the secretary of HUD the authority to deny contracts to organizations "controlled by an individual or individuals who promote prejudice or bias based on race, religion or ethnicity."

Although some Jewish groups said they support King's initiative in principle, none has yet backed the measure. "The bill is too broad," one activist said, adding that the HUD secretary would have too much authority under King's proposal. □

Israeli government to cancel controversial capital gains tax

By Naomi Segal

JERUSALEM, Jan. 31 (JTA) — Capitulating to widespread pressure, the Israeli government is planning to cancel a controversial capital gains tax.

Finance Minister Avraham Shohat told reporters here Monday that at next week's Cabinet meeting he would recommend repealing the controversial tax, which was passed late last year and took effect Jan. 1.

If the Cabinet approves Shohat's recommendation, as it is expected to do, legislation will then be prepared to repeal the tax.

Shohat said his decision came in the wake of "political and public pressure" to cancel the tax and did not reflect a change in his own thinking. "I still believe a tax on stock profits is the right and just thing," he said.

Shohat had waged a personal political battle for passage of the tax, but he said he had no plans to resign in the wake of the controversy.

As for the projected \$167 million in state revenue the tax had been expected to generate, Shohat said the gap would have to be made up in some other way.

Prime Minister Yitzhak Rabin, who had waffled on the tax before its passage, said Monday that he accepted Shohat's decision to repeal the tax altogether. He added that his faith in the finance minister had not wavered.

The tax had been a source of controversy within the Labor Party prior to its implementation, with some government ministers and Knesset members fearing it would erode already waning support for the party.

On Monday, some of Shohat's Labor colleagues welcomed the move. Trade Minister Michael Harish called for a coordinated effort of ministries to ensure continued growth of the economy.

Meanwhile, opposition leader Benjamin Netanyahu of Likud said the government should never have passed such a tax.

The latest events only highlight that the "government is confused and can't make policy decisions," Netanyahu said, adding that the best thing for the Rabin government to do at this point is to step down.

The Tel Aviv stock exchange closed before the announcement was made.

But in New York, share prices of Israeli companies surged after the news. □