



NEWS AT A GLANCE

■ **America is considering cutting about \$50 million in aid to both Israel and Egypt. The money would be redirected to Jordan to show appreciation for its continued ties with Israel. [Page 1]**

■ **Israel's ambassador to the United States flew to Jerusalem for consultations about his future. The trip comes amid rumors that Eliahu Ben-Elissar might not serve out his full term as Israel's top diplomat in the United States. [Page 3]**

■ **Israeli Prime Minister Benjamin Netanyahu blamed the current crisis in the peace talks on the Palestinians' failure to fulfill their commitments under the signed agreements. His remarks came as the Knesset opened its summer session. [Page 2]**

■ **Israeli forces thwarted an attempted attack on a navy patrol. [Page 3]**

■ **A U.S. immigration judge ordered the deportation of a Pennsylvania man who served as a SS guard at several concentration camps. Nikolaus Schiffer, whose citizenship was revoked in February of 1995, will be deported to Romania.**

■ **A Jewish woman in Florida won a \$1.25 million lawsuit against the funeral home that misplaced her mother's amputated legs. The woman claimed that by misplacing the limbs her mother could not be buried whole as required by Orthodox law.**

■ **A former Hebrew teacher from New Jersey was sentenced to life in prison for the murders of his two children. Avi Kostner, who has a history of mental problems, claimed he killed his son and daughter to prevent his ex-wife from raising them as Christians rather than Jews.**

■ **Swiss legislators plan to propose new legislation to protect people who reveal secrets about bank accounts of Holocaust victims. The reported proposal comes as prosecutors consider whether to charge a former bank guard for violating security laws. Christoph Meili gave a Jewish group documents about Holocaust-era accounts that had been earmarked for the shredder.**

NEWS ANALYSIS

U.S. plan would cut aid to Israel while giving a big boost to Jordan

By Matthew Dorf

WASHINGTON (JTA) — The era of federal fiscal responsibility has collided with the Middle East peace process to result in a likely cut in U.S. foreign aid for both Israel and Egypt.

Under an emerging U.S. plan, \$50 million from each country would be redirected to a newly created Middle East fund for "peace and stability."

Jordan would be the primary beneficiary of the fund, as a sign of appreciation for its warmer peace with Israel, according to U.S. and Israeli sources.

The cut in Israel's \$3 billion in aid could be offset by additional military spending for the Jewish state.

Nonetheless, it would mark the first reduction since 1979, when Jerusalem began receiving significant U.S. aid in the wake of its peace treaty with Egypt.

The shift in funds, which is being supported by Israel, also comes at a time when some have questioned whether Israel, which is experiencing a healthy economy, should continue to receive \$1.2 billion in annual economic aid.

Israel, which also receives an annual \$1.8 billion in military aid, is the largest recipient of U.S. foreign assistance. Egypt, which receives \$2.1 billion, is the second largest recipient.

Even Israeli Prime Minister Benjamin Netanyahu told a joint session of Congress last year that before his term is completed, Israel would be ready to wean itself from its dependence on U.S. aid if the Israeli economy continues to be strong.

So delicate are the talks on the plan to cut aid that Howard Kohr, executive director of the American Israel Public Affairs Committee, traveled to Jerusalem last week for consultations, according to Israeli sources.

Aid to Israel cornerstone of lobbying efforts

For almost two decades, AIPAC, the pro-Israel lobby — along with many other Jewish organizations — has made aid to Israel the cornerstone of its political activities.

For that reason, even if the new fund is well-intentioned and supported by Israel, a cut in aid to the Jewish state would require a significant shift in American Jewish lobbying efforts.

Clinton and Netanyahu have spoken in recent weeks about the proposed aid cut, and Israeli Foreign Minister David Levy confirmed Netanyahu's support in principle during a meeting with Secretary of State Madeleine Albright last Friday.

"Aid to Jordan is a mutual desire of the United States and Israel. It's an important link to strengthen the peace process," Levy told reporters before meeting Albright. "I'm sure we will find a common way in order to achieve this goal."

When asked about the plan, Albright said, "The prime minister shares an interest in establishing a fund for Middle East peace and security."

She added, "We are now examining, with the Israelis, details on how best to move forward on this."

The plan arose out of a desire to increase aid to Jordan, which this year received \$47 million in U.S. aid. The Clinton administration has asked for \$75.6 million for next year.

Under congressional budget rules, any new spending must be offset by an equal cut in other programs. Given the current budgetary pressures, Congress would be unlikely to approve as part of the foreign aid package as much as the administration thinks the Hashemite kingdom needs.

The Middle East already receives nearly half of the total \$12 billion in global U.S. assistance.

In addition to providing Jordan with a substantial amount of U.S. aid, the fund would send an important signal to Arab countries that making peace with Israel still carries a "monetary dividend," according to a State Department official.

Officials said that in addition to the \$100 million taken from aid to

Israel and Egypt, the fund would include \$150 million contributed by U.S. allies.

The majority of that \$250 million fund, perhaps 90 percent, would go to Jordan to show appreciation, Israeli and U.S. sources say.

The Palestinian Authority could also benefit from the fund, although the fund's architects have yet to decide on all the specifics.

The United States hopes to ultimately provide Jordan with close to \$500 million in aid over five years from the Egyptian and Israeli reductions. With European and Japanese contributions, the total could top \$1 billion.

Egyptian officials refused to comment on the plan, but U.S. officials said that Cairo, like Jerusalem, would go along if both countries sacrificed aid.

Congressional aides who specialize in foreign aid said lawmakers, who must sign off on the plan, likely would accept it if Israel and AIPAC support the administration.

However, some members of Congress would probably oppose any additional aid to the Palestinians, arguing that the Palestinians have not fulfilled their commitments to the peace process.

Although U.S. officials would not discuss the details of the fund, they were quick to say that the cut in aid is not tied to the stalemate in the peace talks between Israel and the Palestinians.

Although most Jewish officials said they would go along with Israel's position, a Republican Jewish group attacked Clinton for suggesting such a cut.

Aid to Israel "has been sacrosanct," said Matthew Brooks, executive director of the National Jewish Coalition. Implications of a president recommending such a cut "are potentially worrisome."

Other Jewish activists expressed concern that the plan could set a precedent for further cuts.

"We all want to see Jordan get the aid," said Malcolm Hoenlein, executive vice chairman of the Conference of Presidents of Major American Jewish Organizations. "But there are implications of how this is done."

"Once you start instituting cuts, where do you draw the line?"

It is this question that Israel and the United States are working to answer as they put the finishing touches on the plan. □

U.S. official warns of breakdown in Israeli-Palestinian agreements

By Naomi Segal

JERUSALEM (JTA) — Prime Minister Benjamin Netanyahu is blaming the Palestinians for the current crisis in the peace process — and the Palestinians are blaming the Americans.

"The Palestinian side has begun expecting in the past few years that they would get everything they demanded," Netanyahu told reporters after appearing Monday before the Knesset Foreign Affairs and Defense Committee.

"But they won't. We will stand firm on our demands."

Netanyahu's remarks came on the heels of a remark by the U.S. Ambassador to Israel that "the core bargain of Oslo has broken down," a reference to the Israeli-Palestinian agreements that are commonly known as the Oslo accords.

"Terrorism on the one side, and unilateral acts which have created the impression that the final-status issues are being pre-empted on the other, have combined to break this trust," Martin Indyk said Sunday in an address to the U.S.-Israel Chamber of Commerce.

Indyk added that Israel wants security, the Palestinians want self-determination and both sides have to make efforts to understand the needs of the other.

Palestinian Authority leader Yasser Arafat, meanwhile, blamed the breakdown in the Israeli-Palestinian dialogue on the absence of "American pressure to save the peace process."

In a letter to President Clinton last week, Arafat expressed a lack of confidence in U.S. Middle East peace envoy Dennis Ross, and asked for direct intervention from the president or secretary of state.

His comments came as Ross concluded a two-week shuttle mission that failed to break the two-month impasse in peace talks. It was Ross' second mission in a month.

Netanyahu reiterated his attack on what he described as Palestinian non-compliance during the opening of the Knesset's summer session on Monday.

Insisting on Israel's determination to ensure its security, to continue building in Jerusalem and to move toward the final-status negotiations, Netanyahu said Israel would not capitulate to Palestinian pressure tactics.

Netanyahu, who restated his opposition to Palestinian statehood, lashed out at the Labor Party's decision last week to include a pro-state position, albeit with limited Palestinian sovereignty, in its party platform.

For his part, opposition leader Shimon Peres, who opened the Knesset's general debate after Netanyahu's speech, sharply accused the prime minister of conducting a policy that destroyed the peace process.

"One cannot say that the peace process is frozen. There is no peace process," Peres said.

"The peace you already ruined, the security you didn't bring," Peres added, referring to the twin promises of peace and security that Netanyahu had made in last year's election campaign.

Meanwhile, Itamar Rabinovich, Israel's former ambassador to the United States, warned that the United States may begin turning its attention away from the Middle East peace process.

But this was refuted by the prime minister's spokesman, Shai Bazak, who told Israel Radio that there was no sign of a change in American policy and that Washington remained as involved as ever in the region.

Meanwhile, Palestinian officials have warned of an outbreak of violence if Israeli security forces proceed with plans to demolish structures built by Palestinians in the West Bank.

Israel Radio reported Sunday that Israeli security forces and police, under orders from the government, were preparing to demolish some 500 buildings in West Bank areas under sole Israeli control.

Israel maintains that the buildings were erected illegally.

The report said the security forces were also planning to demolish illegal structures put up in the Jewish settlement of Yitzhar, located near the West Bank town of Nablus. □

Palestinian tourism official resigns

By Naomi Segal

JERUSALEM (JTA) — Citing his deteriorating health, Bethlehem Mayor Elias Freij has resigned as the Palestinian Authority official in charge of tourism.

Freij, 80, suffers from heart problems and other ailments. He has been receiving treatment at Hadassah Medical Center in Jerusalem and in Amman, Jordan.

Freij sent his letter of resignation this week from a private hospital in Amman, where he is being treated. He has served as Bethlehem mayor since 1972 and has maintained good ties both with Israel and Jordan. □

Top Israeli diplomat heads home amid rumors of uncertain future

By Matthew Dorf

WASHINGTON (JTA) — Amid growing strains between Israeli Prime Minister Benjamin Netanyahu and his ambassador to the United States, Eliahu Ben-Elissar has returned to Jerusalem for consultations about his future, according to Israeli officials.

Ben-Elissar has no intention of stepping down and wants to put an end to rumors that he will not serve out the remainder of his tour as Israel's top American-based diplomat, an Israeli official said.

But in a sign of the uncertainty surrounding his future, another official said Ben-Elissar will not serve in the post much longer.

The ambassador, who is eight months into the customary two-year posting, was scheduled to meet Tuesday with Netanyahu and Foreign Minister David Levy.

Israeli officials here long have complained that Netanyahu has kept Ben-Elissar out of the loop. The officials cite Netanyahu's violation of protocol by using his foreign affairs adviser Dore Gold in place of the ambassador as a note-taker during meetings with President Clinton.

Rumors have swirled in the Hebrew media for weeks that Netanyahu would name Gold to replace Ben-Elissar as ambassador to the United States.

Ben-Elissar himself has told close associates that he may want to return to a post in Israel. But for now, sources said, nothing has been decided.

Embassy denies envoy was recalled

Embassy officials went out of their way to say that Netanyahu did not recall Ben-Elissar. Instead he traveled at his own request, an official said.

The trip comes as Ben-Elissar has called on Netanyahu to launch a formal protest against the United States for monitoring communications at his embassy.

Israel has officially told the United States that a misinterpretation led the FBI to investigate whether a U.S. government official is passing sensitive information to Israel.

The controversy erupted two weeks ago when the Washington Post reported that the FBI had opened an investigation in January after the National Security Agency intercepted a telephone conversation between a senior Israeli intelligence official in Washington and a superior in Israel.

According to the Post, the two Israelis talked about whether to ask someone with the code-name "Mega" to obtain an unpublished letter that then-U.S. Secretary of State Warren Christopher had sent to Palestinian Authority leader Yasser Arafat.

The Post said the intelligence officer told his superior that Ben-Elissar, the Israeli ambassador, had asked him to request the letter from "Mega."

While the suggestion was rejected that "Mega" be asked for the letter, the intercepted conversation led officials to believe that "Mega" may be someone in the U.S. government who has provided information to the Israelis in the past," the Post reported.

According to the formal Israeli explanation, delivered last week through normal intelligence-sharing contacts, "Mega" is the code word for the head of the CIA's Israel desk, a normal "above board" U.S.-Israel contact, an Israeli official here said.

U.S. officials continued to refuse to comment on the issue.

Attorney General Janet Reno said last week that the FBI had opened an investigation into the incident.

Ben-Elissar, meanwhile, wrote in a cable to

Netanyahu, "The Americans are eavesdropping and intercepting out messages and talks.

"And that cannot be considered a friendly act undertaken toward a friendly nation," he wrote, according to a copy of the letter published in Yediot Achronot. □

Israel foils attack on navy; fighting in Lebanon heats up

By Naomi Segal

JERUSALEM (JTA) — As Israeli clashes with the fundamentalist Hezbollah heated up this week in southern Lebanon, Israeli forces thwarted an attempted attack on a navy patrol.

According to news reports, an Islamic militant was killed Monday after he ignored Israeli orders to stop.

The boat he was traveling in north of Rosh Hanikra, on the Lebanese border, and the explosive materials on it, were destroyed.

Shortly afterwards, Israeli navy patrols detained three Lebanese fishing boats with six fishermen on board.

The fundamentalist Amal organization claimed responsibility for the attempted attack.

In southern Lebanon, Israeli fighter planes raided Hezbollah targets southwest of the Bekaa Valley on Sunday, the third consecutive day of such strikes.

The planes hit areas where three Israeli soldiers were killed and seven were wounded May 15 in clashes with Hezbollah gunmen.

One of the slain soldiers, Capt. Eran Shamir, was buried Sunday in the military cemetery of his hometown, Mazkeret Batya, southeast of Tel Aviv.

The two other soldiers, Staff Sgt. Ze'ev Zomerfeld of Aseret and Staff Sgt. Ran Mezuman of Tiberias, were laid to rest last Friday.

The three had been part of an elite paratroop unit operating north of the security zone when they encountered Hezbollah fighters. Two Hezbollah gunmen were believed to have been killed in the clash.

During the fighting, anti-aircraft missiles were fired at Israeli helicopters, hampering rescue efforts. Maj. Gen. Amiram Levine, the head of the Israel Defense Force northern command, said Sunday that the rockets were fired by Lebanese army troops, not by Hezbollah.

Initial reports said that the fundamentalist fighters may have been using shoulder-fired missiles for the first time. But Israeli military sources later said there was no confirmation that Hezbollah was using the missiles. □

Hamas terrorist pleads guilty

JERUSALEM (JTA) — A Hamas terrorist pleaded guilty this week in an Israeli military court to 46 counts of murder resulting from suicide bombings he planned.

Israel arrested Hassan Salameh after a wave of suicide bombings a year ago. He was accused of planning three of the four bombings — two on the number 18 bus in Jerusalem, and the other at a hitchhiking post near the coastal city of Ashkelon. Salameh is likely to be sentenced to multiple life sentences. □

Israeli psychic may run for Knesset

JERUSALEM (JTA) — The Israeli known for his ability to bend spoons using his mind believes he has what it takes to make peace between Israel and Syria.

To that end, psychic Uri Geller said this week that he is considering running for the Knesset in the next general elections in the year 2000.

Geller said he may return from his current residence in London to prepare for the elections. □

Jewish group to publish book on Nazi activities in Argentina

By Sergio Kiernan

BUENOS AIRES (JTA) — The Argentine Jewish umbrella organization is set to publish a scathing report on Nazi activities in Argentina.

Controversy surrounding the report — including reported pressure from the government — almost prevented it from being published. A source close to the report's researchers said in an interview that it is "searing."

It carefully probes the role of former President Juan Peron in facilitating the arrival of Nazi officials here after the war. The report also describes in detail the role of several other administrations in protecting former Nazi officials and blocking legal actions against them.

Last week's decision to go ahead with it came as the result of a deal between the Jewish group DAIA, a team of researchers from a group known as the Witness Project and the independent board of supervisors of the project.

The Witness Project was established after President Carlos Menem ordered all official files about former Nazis who sought refuge in Argentina after World War II to be made public.

DAIA received a full set of documents and set up a \$2 million fund to support a team of researchers to examine the files. The Witness Project team was headed by Beatriz Gurevich. The research went on for two years.

All went well until March, when DAIA President Ruben Beraja met with Argentine Interior Minister Carlos Vladimiro Corach and presented him with a copy of the Witness Project's conclusions.

Interior Minister objected to chapter

Corach, who is a close adviser to Menem, apparently did not like what he read.

Corach specifically objected to a long chapter describing how Argentina consistently fought the deportation of suspected war criminals to Europe.

In the 50 years since the end of the war, Argentina only deported three people — Gerhard Bohne, Josef Schwammberger and Erich Priebke — while successive governments actively protected the likes of Joseph Mengele and Adolf Eichmann. Priebke, who was deported to Italy, is currently on trial there, accused of participating in a Rome massacre in 1944.

Corach reportedly asked Beraja to have the chapter removed from the manuscript.

Beraja flatly denies this happened. He maintains that the only reason he showed the report to Corach was to make the government realize the importance of making documents public.

Last week, the government created a national committee to probe how many Nazi officials arrived in the country after World War II, the level of protection extended to them by local authorities and the transfer of Nazi gold to Buenos Aires.

Beraja also said that he fired project director Gurevich, who had protested his meeting with Corach, because she had "unbridgeable differences with her colleagues in the project."

Beraja denied "any pressure from the government" and called allegations that they had called for Gurevich's dismissal "a fantasy."

After a long silence from all parties concerned, an agreement was reached last week to publish a two-volume book later this year.

It will contain the critical chapter on deportations, and Gurevich will receive full credit as head of the research team. □

Jerusalem street to close during Sabbath prayer times

By Naomi Segal

JERUSALEM (JTA) — After months of controversy, Israel has decided to close a main Jerusalem thoroughfare during prayer times on the Sabbath and Jewish holidays.

Transportation Minister Yitzhak Levy announced Sunday that the decision was in accordance with a recent High Court of Justice ruling that required him to provide alternative routes for secular drivers if Bar Ilan Street was closed.

The street, which has been at the center of a bitter — and sometimes violent — religious-secular dispute, runs through fervently Orthodox, or haredi, neighborhoods.

Levy said a section of the street would be closed to traffic for one hour and 45 minutes on Friday and Saturday evenings, and for several hours on Saturday mornings.

No police barricades would be set up on the road, but electronic signals would be erected to alert drivers. Emergency vehicles would have access to the road at all times.

Special provisions would be made for secular residents in the affected area, Levy said.

The transportation minister's announcement prompted protests from secular activists.

Knesset members Ophir Pines of Labor and Yossi Sarid of Meretz, said they would consider challenging the decision if it did not meet the High Court's conditions.

Ornan Yekutieli, the Jerusalem council member from Meretz who spearheaded the campaign to keep the road open, said he would petition the court if the road became de facto closed on the Sabbath.

"If no one drives on the road on the times between prayers, because the haredim become violent, this will be in violation of the High Court ruling," said Yekutieli, who was injured in the head by a rock thrown by haredim during a Meretz demonstration on Bar Ilan Street over the weekend. □

Israeli gun dealers accuse Europe of limiting exports

By Naomi Segal

JERUSALEM (JTA) — Israeli gun shop owners are claiming that European authorities recently stopped issuing licenses to exporters of hand guns and related equipment to Israel.

A Tel Aviv gun shop owner said his Belgian supplier had told him that his request for an exporting license had been rejected out of concern that such weapons, intended for self-defense and sporting activities, would be used against Palestinians.

Roni Argov, a representative for Israeli shooting ranges and gun shop owners, told the Israeli daily Ha'aretz that the incident was not an isolated one.

Argov said that Belgium and Austria in particular were creating difficulties for exporters sending products to Israel. Even small orders, totaling only 25 handguns, were being turned down, he said.

Such policies had been enacted during the height of the 1987-1993 Palestinian uprising against Israeli rule in the territories, he said.

Asked about the Ha'aretz report, a Belgian Foreign Ministry spokesman said that there was no decision to limit arms exports to Israel. Export requests are studied "on a case by case basis," he said. □

(JTA correspondent Joseph Kopel in Brussels contributed to this report.)