

**NEWS AT A GLANCE**

■ **Palestinian police aimed their rifles at Israeli soldiers during a third day of clashes near Rachel's Tomb on the outskirts of Bethlehem.** The West Bank city remains the only Palestinian city under an internal closure imposed by Israel after last month's twin suicide bombing attack in Jerusalem.

■ **A Wisconsin appeals court struck down a \$55 million school voucher program in Milwaukee.** Under the planned voucher initiative, private and parochial schools would have received \$3,600 per student. [Page 2]

■ **Israeli fighter planes rocketed suspected bases of Ahmed Jibril's Popular Front for the Liberation of Palestine — General Command south of Beirut.** No injuries were reported. [Page 3]

■ **Japanese officials urged Israeli Prime Minister Benjamin Netanyahu to ease Israel's economic sanctions against the Palestinians.** The premier is visiting the Far East in an effort to boost economic ties.

■ **A 49-year-old U.S. resident was reunited with her biological mother in Israel after DNA testing confirmed that the child disappeared from an Israeli clinic in 1948.** The development came amid renewed allegations by Israel's Yemenite community that some of its children were kidnapped and sold for illegal adoption in the 1940s and 1950s. [Page 3]

■ **The U.S. State Department said special Middle East envoy Dennis Ross has no specific plans to visit the region.** The remarks contradicted a statement made by Israeli Prime Minister Benjamin Netanyahu that Ross would soon return.

■ **A French court found a French newspaper guilty of bias against Maurice Papon, a former Cabinet minister slated to stand trial in October for the deportation of Jews during World War II.** The court ruled that the paper published as truth the allegation that Papon deported 1,600 Jews when he was a Vichy official. The court refused to award him monetary damages.

**NEWS ANALYSIS****Arafat's gambit: Court militants to strengthen political standing**

By Gil Sedan

JERUSALEM (JTA) — Palestinian Authority Chairman Yasser Arafat took a calculated gamble when he met last week with Hamas and Islamic Jihad officials.

Coming just three weeks after the twin suicide bombing in Jerusalem's Mahane Yehuda market, Arafat's embrace of the militants drew sharp criticism from Israel and a somewhat muted response from the United States.

Despite the criticisms, Arafat had a clear goal in mind: to bolster his standing among his own people.

But in the long run, Arafat's success at strengthening his domestic position, as one senior Israeli defense official observed, may weaken his political maneuverability.

"He needs to rally all the ranks, to make sure that they will follow him," said Jamal Zakkut, a member of the Palestinian Authority executive committee.

From this perspective, the so-called "national unity" conference Arafat convened Aug. 20-21 in Gaza and in the West Bank town of Ramallah reflected his adeptness at political survival.

Arafat had been on a downward spiral. He and several of his key ministers were recently accused of financial mismanagement by members of the Palestinian legislative council. The accusations dealt a strong blow to Arafat's popularity.

The closure that Israel imposed on Gaza and the West Bank in the wake of the July 30 Mahane Yehuda bombing had also hurt Arafat's standing among the Palestinian people, who were left reeling by the harsh economic aftershocks of the closure.

But much of that has changed since last week's meetings.

Relations between the Palestinian Authority and Hamas, the two leading players in the Palestinian political arena, are more positive than they have been in a while. And Arafat's political stock has risen, as evidenced by the prominent display of pictures of him by Palestinians demonstrating over the weekend against the closure.

In addition, there is no longer talk about the charges of deep-rooted corruption in the Palestinian Authority.

At last week's meetings, Arafat flatly told Islamic militant leaders that he would not submit to Israeli demands that he crack down on terrorism.

Indeed, that stance marked an abrupt departure from the arrests Arafat sanctioned after previous terrorist strikes against Israeli targets.

**Crackdown doesn't last long**

But that crackdown, Israeli officials point out, did not last long.

Far from arresting suspected terrorists in recent months, Arafat and his security officials have been giving them jobs. The Palestinian police chief, Brig. Gen. Ghazi al-Jabali, recently said that more than 150 members of Hamas and the Popular Front for the Liberation of Palestine are working in key positions in the Palestinian police.

According to Israel, some 23 of them are terrorist leaders.

Israel has charged that since January the Palestinian Authority has released from its jails another 14 terrorists.

Among those released, according to the Israeli government, were:

- Nabil Hassan Salam Sharihi, an Islamic Jihad member suspected of helping prepare the bomb used in the April 1995 attack in Gaza that killed American student Alisa Flatow and seven Israelis.

- Muhammad Hinawi, a member of Hamas who allegedly participated in the May 1996 murder of David Boim, an American immigrant to Israel, near Beit El in the West Bank.

Israelis "think we will submit to their conditions," Arafat told the unity conference. "I say to them, 'The Palestinian people are tough [and] don't submit except to their own wishes.'"

In a reference to the 1987-1993 Palestinian uprising, or intifada, Arafat said, "All options are open to the Palestinian people," including a renewal of the revolt. Arafat also told the gathering, "I am not Sa'ad

Haddad," a reference to the late Lebanese officer who was the architect of cooperation between Lebanese forces and the Israeli army during the 1980s in southern Lebanon. Haddad was considered a traitor by his own people.

Arafat was making it clear to Israel that he might yet give the green light for a violent confrontation that would once and for all bury the moribund peace process.

Israeli Cabinet Secretary Danny Naveh viewed Arafat's meetings with the militant leaders as a slap in the face to Israel's security concerns.

"We have no doubt that despite Arafat's internal difficulties, he has the power to cope with the Hamas terrorist infrastructure had he wanted to," Naveh said.

Hamas and Islamic Jihad both oppose the peace process and have claimed responsibility for terror attacks that have killed scores of Israelis since Israel and the Palestine Liberation Organization signed their first accords four years ago. Israel has charged that Hamas operatives carried out the Mahane Yehuda attack, though the identities of the terrorists have not been confirmed.

Some Israeli officials regard the unity conference as part of Arafat's traditional brinkmanship.

"He is good at creating crises on the eve of fateful decisions," an Israeli senior security source said in an interview.

With U.S. Secretary of State Madeleine Albright expected in the region, some observers believe Arafat is purposely escalating the situation. That way, as the security source said, when Arafat makes concessions, they will be seen as a gesture toward the Americans, not the Israelis.

"We don't think any of the leaders in the region who are our partners in the search for peace should leave any doubt that there is a tolerance for violence or terror," said U.S. State Department spokesman James Rubin, referring to Arafat's remarks at the unity conference.

"Arafat's escalation comes even at the cost of his own people," the senior security source said, citing as a case in point the partial boycott of Israeli products the Palestinian Authority initiated last week.

For example, the boycott prevents the import to the territories of organic manure from Israel, a move that has harmed Palestinian farmers.

The boycott has also forced the Palestinian people to buy foreign imports — if they can afford to.

The source also said that security officials have proposed that Israel engage in a dialogue with Hamas, but that this idea was rejected by Israeli political leaders.

According to the source, Israel should meet with Hamas for two reasons: to maintain an open dialogue with whoever wants to talk and to signal to Arafat that he is not the "only fish in the Palestinian sea."

But Naveh said in an interview that he knew nothing about such a recommendation. "We have one partner only, and that is the Palestinian Authority," Naveh said. "As far as we are concerned, the Hamas and the Islamic Jihad are terrorist organizations with whom we have nothing to talk about." □

## **School vouchers dealt blow with Wisconsin court ruling**

*By Matthew Dorf*

WASHINGTON (JTA) — A Wisconsin appeals court has delivered another setback to school vouchers, striking down a \$55 million Milwaukee program.

Under the planned voucher initiative passed by the state, private and parochial schools would have received \$3,600 per student.

Instead, the state court shut down the program, ruling last week that government funds could not go to parochial schools.

The court said the program violated the Wisconsin Constitution's prohibition that no state money shall be "drawn from the treasury for the benefit of religious societies, or religious or theological seminaries."

The Aug. 22 ruling marks the second recent legal decision to strike down a voucher program. An Ohio court ruled in May that a similar program violated its state Constitution.

Appeals are expected in both states.

Since both courts ruled that the programs violated state law and did not rule on federal grounds, the Ohio and Wisconsin decisions do not set any broad precedent in the national debate over vouchers.

Still, advocates on both sides of the issue plan to use these decisions to bolster their arguments when Congress begins to consider its own voucher proposals this fall.

The decisions mean that "judges are viewing these programs with great skepticism," said Marc Stern, co-director of the legal department at the American Jewish Congress.

"This is a warning shot across the bow for those who think this is an easy constitutional issue," Stern said.

But supporters of vouchers say the rulings have not dimmed their hope for such programs.

"It's always better to win than lose, but this is a decision that relies exclusively on state constitutional grounds," said Marshall Breger, vice chairman of the Jewish Policy Center, a think-tank affiliated with the National Jewish Coalition, a pro-Republican lobby.

"The times and tide are turning in our favor," said Breger, a law professor at Catholic University.

Both sides agree on at least one thing.

"Ultimately, this issue will be decided by the Supreme Court," Breger said. □

## **Labor employees stage sit-in after Barak hands out pink slips**

*By Naomi Segal*

JERUSALEM (JTA) — Israel's main opposition party is millions of dollars in the red, according to the party's leader.

The flood of red ink prompted party head Ehud Barak to dismiss 35 party workers last week.

But the abruptness of the dismissals caused some Labor Party colleagues to criticize Barak — and it also led to a four-day sit-in by workers at party headquarters.

On Aug. 21, Barak directed two lawyers to hand out pink slips to workers at the party headquarters.

Outraged by the dismissals, which were effective immediately, employees barricaded themselves in the building, remaining there over the weekend.

The employees said they were most angered by the fact that Barak did not meet with them personally in an effort to seek another solution.

During a meeting last Friday with Labor Knesset members, Barak tried to explain his decision to issue the pink slips, but he drew angry accusations that the former Israel Defense Force chief of staff could not hand down dictates as if he were still running the army.

At that meeting, Barak said reforms were essential if the party was to continue functioning.

He said the party had a total deficit of more than \$24 million, a situation he described as "unacceptable."

Labor Knesset member Ephraim Sneh said Barak should have discussed a possible recovery plan with party members and then decided on dismissals if necessary.

The sit-in ended Sunday after Barak announced that he had put off the dismissals for 10 days and would meet with the employees at party headquarters. □

**Yemeni woman finds mother  
49 years after their separation***By Naomi Segal*

JERUSALEM (JTA) — The dramatic reunion of an Israeli Yemenite woman with her biological mother has fueled allegations by members of the Yemenite community that hundreds of their children were kidnapped and sold for illegal adoption during the early years of the Jewish state.

The woman, 49-year-old Tzila Levine, was reunited Monday with her biological mother, Margalit Omassi, after DNA testing confirmed that Levine was Omassi's daughter.

The reunion between Levine, her mother and other members of her biological family took place at the office of an Israeli lawyer who collected inquiries from Israeli families after the media published reports about Levine's search for her biological relatives.

Levine, who was raised on a kibbutz and now lives in Sacramento, Calif., arrived in Israel a week ago when it appeared that her search was nearing an end.

"I feel like someone turned on all these lights in my heart," Levine said during the emotional reunion.

"I know from experience, people like me, who don't know who their biological family is, even if they have other relationships, are walking around in shock for their entire lives."

Levine explained that she could not find any documentation when she began looking for her biological parents.

She knew only that her adoptive parents, who did not have any other children, had told her that they had adopted her from a Haifa doctor.

Levine's efforts to locate her family were covered by the Israeli media and drew the attention of Yemenite families whose children disappeared in the late 1940s and early 1950s.

After dozens of the families underwent DNA testing, the genetics laboratory at the Hebrew University of Jerusalem linked Levine with Omassi.

The lab test report indicated that it was 99.99143 percent certain that Omassi was Levine's mother.

**'I never stopped looking'**

Omassi said that Sa'ada — as she had named her daughter — was five months old when she disappeared from a children's clinic in Rosh Ha'ayin in 1948.

Omassi added that she never abandoned her efforts to find her daughter.

"At night, I would dream about a sea of babies and looking for mine to appear," Omassi told reporters.

"I never stopped looking, for 50 years," Omassi added.

Between the embraces and tears, the two women searched each other for any physical resemblances to confirm what the blood tests had shown.

Levine said she hoped to bring her own children to meet Omassi.

The two said their next mission would be to determine how Levine was taken from the children's clinic and put up for adoption.

Members of Israel's Yemenite community have charged for years that hundreds of babies said to be dead had actually been given to adoptive parents of European descent.

Tales of missing children are so widespread in Israel's Yemenite community that two government commissions have investigated the allegations.

The panels attributed the disappearances to the chaos of mass immigration in the late 1940s and early 1950s.

The commissions found no wrongdoing on the part of Israeli authorities or medical officials in the transit camps where the Yemenite immigrants were housed during those years.

The authorities in charge of the camps have stated that many of the children who arrived there were sick and later died.

The commissions also concluded that cultural misunderstandings between the staff and the new immigrants could have contributed to numerous mix-ups.

Last week, Israeli investigators who opened four graves of Yemenite babies found three empty — and some bone remains in the fourth.

But the exhumations were not conclusive, according to a forensic examiner. He was quoted as saying that it could not be known that the other graves failed to contain any bones until a thorough examination was conducted. □

**Tensions high in Lebanon  
as Israel hits Palestinians***By Naomi Segal*

JERUSALEM (JTA) — The hostilities in southern Lebanon broadened this week when Israeli fighter planes fired rockets at suspected positions of a rejectionist Palestinian group south of Beirut.

The pilots reported hits during Monday's raid and returned safely to base.

Security sources in Lebanon said no injuries were caused in the attacks on positions of Ahmed Jibril's Popular Front for the Liberation of Palestine — General Command.

The air strikes took place on targets some 10 miles south of the Lebanese capital.

In a separate incident, a soldier with the Israel-allied South Lebanon Army was lightly wounded Monday when a bomb detonated near an SLA patrol in the southern Lebanon security zone.

Hezbollah claimed responsibility.

The latest incidents took two days after fierce ground fighting was reported between Israeli forces and Hezbollah gunmen.

The Israel Defense Force said at least two Hezbollah fighters were killed Saturday when Israeli forces repelled an unsuccessful attempt to attack an Israeli army outpost close to its northern border.

Saturday's fighting reportedly took place after a Hezbollah rocket attack on an Israeli position in the southern Lebanon security zone.

Last week, Hezbollah launched its heaviest Katyusha rocket attack on northern Israel since April 1996, when a U.S.-brokered cease-fire brought an end to more than two weeks of cross-border fighting.

Defense Minister Yitzhak Mordechai said Monday that Israel hoped to resolve the conflict in Lebanon through political means.

But he added that Israel would continue to take military action until an agreement was reached.

"We want dialogue, we want a political answer to political issues.

"But as long as we don't have it, we will fight in Lebanon to protect Israel's northern settlements and the entire security of the state," he told reporters during a visit to the town of Beit Shemesh.

Prime Minister Benjamin Netanyahu, currently on a tour of the Far East, said he was encouraged by Syria's efforts in recent days to calm the deteriorating situation in Lebanon.

Israel has appealed to Damascus via American intermediaries to rein in Hezbollah. □

## German insurance association may set up fund for survivors

By Deidre Berger

FRANKFURT (JTA) — A national German insurance association has announced that it may establish a general compensation fund for Holocaust survivors and their heirs.

A spokesman for the association, Gesamtverband der Deutschen Versicherungswirtschaft, told a German radio network that a decision will be made after member companies investigate the extent of open claims.

Two class-action suits against 16 European insurance companies have been filed in New York courts on behalf of more than 20,000 people who claim the firms never paid out on policies that were opened by European Jews before World War II.

The claimants are seeking \$16 billion in restitution from the insurers.

After the war, Holocaust survivors and their heirs were unable to collect on insurance policies taken out by relatives who died during the war, in part due to a lack of documentation.

In the past, insurance companies often asserted the policies lost legal validity because of the lack of premiums paid by the policy holders during the war.

They also claimed that restitution payments made by Germany to the governments of countries formerly occupied by the Nazis covered individual compensation claims.

The largest of the insurance companies, the Munich-based Allianz Group, set up an international hot line earlier this year to collect information about unpaid policies.

The company has received hundreds of calls, but says it has only located 14 unpaid policies so far with the information given by callers.

Last week, two Holocaust survivors who live in New York protested in Munich at the headquarters of Allianz and the German branch of the Italian insurance company Assicurazioni Generali to demand a speedy resolution of their claims. □

## Lithuanian officials minimize influence of nationalist groups

By Lev Krichevsky

VILNIUS, Lithuania (JTA) — A debate is growing here over whether the Lithuanian government should crack down on neo-Nazi and nationalist groups.

Lithuania's justice minister, Vytautas Pakalinskis, downplays the significance of the groups, saying they are "still in an embryonic stage and are therefore not subject to criminal prosecution yet."

But Simonas Alperavicius, the leader of the country's 5,000-member Jewish community, disagrees with the government's stand.

While acknowledging that "more attention is being paid by the state to Jewish problems," he believes that the government should be dealing with these right-wing groups.

"These young people have a very limited influence, but there is the threat that they will gain wider popularity," said Alperavicius.

A group representing Lithuanian minorities has recently been attempting to draw attention to the ever-growing popularity of extremists.

The Lithuanian Ethnic Minorities Council recently sent a letter to several security officials asking them to investigate organizations that propagate anti-Semitic, racist or xenophobic views.

According to Pavel Lavrinec, a representative of the country's Russian minority and head of the council, many of the groups openly advocate violence toward minorities.

Lavrinec fears that the groups may soon move beyond their rhetoric to acts of violence.

He said that although these groups are relatively small, they must be shown that their attitudes are not acceptable.

Various minority groups represent about 20 percent of the former Soviet republic's 3.75 million population. Ethnic Russians and Poles together comprise about 15 percent of the nation's population.

At the beginning of August, a group calling itself the Lithuanian National Socialists — a clear reference to the Nazis — held a news conference that generated front-page news in all of Lithuania's major newspapers.

Mindaugas Murza, the leader of the neo-Nazi group, vowed at the news conference to take his organization's activities underground if the government launched a crackdown.

But the director of the State Security Department, Jurgis Jurgelis, dismissed the threat.

Instead, Jurgelis chided newspapers for "turning the spotlight" on people such as Murza, whom he described as publicity hungry.

The National Socialists, which has about 100 members, emerged a year ago in the northern Lithuanian city of Siauliai.

In recent months, they have been increasingly propagating their anti-Semitic, anti-Polish and anti-Russian views, repeatedly promising "to clean Lithuania" of its minorities. □

## Russia, Israel sign accord on joint anti-crime efforts

By Lev Krichevsky

MOSCOW (JTA) — Israel and Russia have signed an agreement to broaden law enforcement cooperation.

The accord was signed last week during Israeli Public Security Minister Avigdor Kahalani's visit here.

Kahalani called the accord "historic."

Until 1993, Russian and Israeli police and intelligence agencies had no contacts.

The accord deals with criminal investigations, the prevention of terrorism and security measures on flights between the two countries.

Russian Interior Ministry representatives are expected to visit Israel soon to coordinate cooperation. An Israeli police official has been based in Moscow since 1994 to work with law-enforcement agencies.

The agreement follows an Israeli-Russian accord on combating crime signed when Russian Interior Minister Anatoly Kulikov visited Israel in May.

Kahalani also discussed with Russian officials the case of Zvi Ben-Ari, a Russian immigrant to Israel who is also known in Russia as Gregory Lerner.

Lerner is suspected of bank fraud and involvement in organized crime killings in Russia.

He was arrested by Israeli police in June, but no charges have yet been brought against him.

Russian police suspect him of misappropriating \$85 million from five Russian banks and ordering the murder of the bankers when they demanded the return of their money.

Several Russian newspapers have accused Moscow of not helping Israel in Lerner's case.

But on the eve of Kahalani's visit, Russian officials, for the first time, promised Israel "full cooperation" in the case. □