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81st Year

TOP NEWS IN BRIEF

Israel downplays British offer

Israel downplayed a British offer to host peace talks — a day after Israeli Prime Minister Benjamin Netanyahu accepted the offer.

British Prime Minister Tony Blair issued the invitation during a visit to Israel, where he met with his Israeli counterpart a day before meeting with Palestinian Authority Chairman Yasser Arafat, who also agreed to the meeting.

Meanwhile, the U.S. State Department confirmed plans to have U.S. Secretary of State Madeleine Albright mediate separate meetings May 4 in London between Israeli and Palestinian officials. [Page 4]

White House issues invitations

The White House began inviting hundreds of guests to a May 27 reception honoring Israel's 50th anniversary.

The Hebrew University of Jerusalem plans to award President Clinton an honorary doctoral degree at the celebration.

Poll conducted in U.S., Israel

More Israelis than American Jews support the Oslo peace process and are willing to return all of the West Bank to the Palestinians, according to polls conducted last month in the United States by the Los Angeles Times and in Israel by the newspaper Yediot Achronot.

On the other hand, the polls indicated that more American Jews than Israelis approve of an independent Palestinian state and believe that, in general, Israel "is off on the wrong track." The world's two largest Jewish communities agreed that they are important to each other, support religious pluralism in Israel and are less optimistic about the chance for a lasting peace in the Middle East than they were a year ago.

Disagreement over papal visit

An Italian newspaper quoted Rome Chief Rabbi Elio Toaff as saying he had agreed to Pope John Paul II's suggestion that they travel together to Israel before the end of the century.

But a senior Vatican official said there was little likelihood the pope would make such a trip while peace talks with the Palestinians are stalled and tensions are running high in Jerusalem. [Page 4]

ISRAEL AT 50

High-tech companies drive Israel's fast-growing economy

By Avi Machlis

TEL AVIV (JTA) — Israeli start-up companies showed off their wares from behind sleek, futuristic booths adorned with state-of-the-art multimedia presentations.

Magicians and scantily clad young women promoted the latest in high-tech products.

Representatives of some of the world's leading technology giants talked business behind closed doors — indeed, 3Com, a manufacturer of computer networking systems, unveiled plans to invest \$250 million in Israeli companies during the next few years.

The scene at Internet World '98, an information technology exhibition and conference held recently on Tel Aviv's exhibition grounds, was one that Israel's socialist founders probably couldn't have imagined in their wildest nightmares.

And the conference reflects a wider truth. Despite an economic slowdown this year, Israel has become a much wealthier country during the past decade — and analysts, economists and businessmen agree that the high-tech sector has helped generate the economic boom. No company illustrates the changes more than Check Point, a Tel Aviv-based network security software company.

Founded in 1993 by three young programmers, the company is now listed on Wall Street — along with about 100 other Israeli companies — at a market value of about \$1.5 billion. Industry analysts estimate Check Point has captured more than one-third of the world market for "firewalls," which are used for protecting computer networks from intruders. Gil Shwed, the 20-something founder and chief executive officer of Check Point, says it would have been difficult for the company to succeed in the more regulated economy of the 1970s.

"It is easier to succeed in high-tech today because the market is more liberal and open" and companies are able to raise money abroad, he said. "The possibility of linking up to companies across the world has helped us greatly."

Three main factors have driven Israel's entry into the global village, said Eli Nahum, head trader at Zannex Securities, which was established in 1994 as the first Israeli brokerage firm to provide comprehensive services for foreign investors:

- the worldwide technology revolution;
- the peace process, which — as the Arab boycott disintegrated beginning in 1993 — has opened Asian markets to Israel; and
- the immigration, since 1989, of more than 800,000 residents from the former Soviet Union, which has boosted the number of consumers of high-tech products and has contributed brainpower to the workforce.

"These three factors allowed Israel to come very close to the developed world and shift away from the developing world," said Nahum.

Indeed, during the early 1990s, Israel's gross domestic product, the value of the goods and services produced by its residents, grew at about 6 percent a year.

Incomes climbed to Western European levels, with GDP per capita reaching \$17,000 last year.

As any visitor to Israel during the past few years knows, there are more and more products to buy and more shops in which to spend money. Shopping malls have popped up across the country, housing outlets of foreign chains — from Burger King to Blockbuster Video — that were previously unknown in Israel. Meanwhile, during the past two years, the government's austere spending policy, along with high interest rates

MIDEAST FOCUS

Israel acts in wake of murder

Israeli officials ordered Jewish settlers to dismantle two mobile homes they had set up in the Hebron hills near the West Bank site where an Israeli farmer was murdered in a clash with Palestinian shepherds earlier this week.

The confrontation, in which two other Israelis and a Palestinian were wounded, stemmed from a long-standing dispute between the sides over land ownership.

The officials also ordered Palestinians to take down a tent they had set up in response to the Israeli homes.

Cohen visits Israel

U.S. Defense Secretary William Cohen called on Syria and Lebanon to accept a recent Israeli proposal to withdraw its troops from southern Lebanon.

Cohen, who was in Israel for one day as part of a regional tour, agreed to an Israeli request for an additional battery of Arrow anti-missile missiles.

Letter from Hussein denied

Israeli Prime Minister Benjamin Netanyahu denied media reports that he had received a letter from Jordan's King Hussein warning of dire consequences if the impasse in the peace process continues.

A high-ranking Jordanian official reportedly said the letter was written last Friday, one day after Netanyahu and Hussein met for surprise talks in Eilat.

Netanyahu to march in Poland

Israeli Prime Minister Benjamin Netanyahu is slated to join Holocaust survivors and some 7,000 Jewish youths from around the world in Thursday's annual March of the Living in Poland.

The march, to take place on Holocaust Remembrance Day, will go from Auschwitz to the nearby Birkenau death camp, where more than 1 million Jews went to their deaths in the Nazi gas chambers.

set by Israel's central bank, the Bank of Israel, brought inflation down to 7 percent last year, its lowest level in 28 years.

"The decline in inflation was the most dramatic change in recent years," said Nahum, "because without bringing down inflation you can't be a normal country."

But lowering inflation has created new problems. Unemployment rose from 6.7 percent in 1996 to 7.7 percent in 1997. Gross domestic product growth slowed to 4.5 percent two years ago, declined to 1.9 percent last year and is expected to remain sluggish in 1998.

The slowdown has prompted many business leaders to publicly lambaste Netanyahu's economic policies, even though international organizations such as the International Monetary Fund have given him fairly good marks.

Some businessmen admit the criticism is in part politically motivated — the lion's share of the business community backed the Labor Party's Shimon Peres in the last elections because of the increased foreign investment and improved economy brought about by the peace process.

Even Netanyahu's critics, however, openly welcome the government's privatization and deregulation program, which had stalled under the previous Labor-led government.

Last year, the government raised more than \$2 billion, a record amount, from privatization.

This included the largest-ever sale of a state-owned company in Israel — the sale of a 43 percent controlling stake in the country's largest bank, Bank Hapoalim, for \$1.37 billion to an investor consortium headed by Ted Arison, a billionaire who owns Carnival Cruise Lines. At the same time, Israelis were treated to some of the fruits of deregulation when the government broke the monopoly held by Bezek, the state-owned telecommunications company, over international calls.

Rates fell as much as 80 percent after two competitors were granted licenses to compete with Bezek.

All of these factors, said Ron Lubash, managing director of the Israel office of Lehman Brothers, the investment bank, have transformed Israel's economy.

"All of the basic parameters the economy was based on are now going through changes," he said. "Dependency on the government has been reduced substantially."

Lubash, 40, was born in Israel but earned a master's degree in business from Yale University and started out working at investment banks in the United States. Since returning to the Jewish state in 1993, he has been involved in about \$7 billion of financing deals for Israeli companies.

Lubash believes that the economy will eventually settle somewhere between pure capitalism and a social welfare state. "A new generation of players, without the hangups of the old guard, will create the balance," he said.

And the next stage of market reforms is on the horizon. On Israel's 50th birthday later this spring, the Bank of Israel plans to launch the last stage of reforms announced last year. The reforms will make the shekel a fully convertible currency.

The changes to Israel's economy, said one businessman, are captured in a joke told in Tel Aviv business circles.

"Businessmen used to say that if you came to the country to do business 20 years ago, you needed to meet three people: the finance minister, Rafael Recanati and Shoul Eisenberg," he said, referring to the two tycoons who dominated the private sector.

"Today, if you want to do business, you need to meet 10 times as many people," he said, "and if the minister of finance is one of them, it's simply a courtesy call." □

Contestant to wear famous handshake

JERUSALEM (JTA) — The Middle East peace process will be on display at next month's Miss Universe pageant in Honolulu.

The Israeli contestant in the pageant, Hagit Raz, 18, plans to don a white, sleeveless dress bearing the image of the historic 1993 handshake between Israeli Prime Minister Yitzhak Rabin and Palestinian leader Yasser Arafat on the White House lawn, with President Clinton behind them, as part of the contest's fashion parade. The word "peace," written in English, Hebrew and Arabic, will also appear on the dress. □



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JEWISH WORLD

Ghetto uprising remembered

Israeli and Polish officials were among those marking the 55th anniversary of the Warsaw Ghetto uprising against the Nazis.

Survivors of the uprising said Kaddish in memory of the 200 Jews who decided to fight when Nazi troops began to liquidate the ghetto. Most of the ghetto's residents were killed during the uprising, which was crushed after three months.

Court rejects church's appeal

The U.S. Supreme Court rejected an appeal by a New York City church that is barred by the state from renting space from public schools.

By refusing to hear the case, the high court let stand lower rulings that allow schools in New York to rent space to all groups other than those who will use the space for worship.

Premier opposes transfers

Russia's acting prime minister said he opposes the transfer of military technology to Iran or Libya. But Sergei Kiriyenko added that both countries "are future markets and whoever goes there now will have a strong foothold there in the future."

His comments came after U.S. State Department spokesman James Rubin confirmed a report in the newspaper USA Today that the United States has compiled an "informal list" of 20 Russian agencies that are receiving "extra scrutiny" because of their suspected dealings with Iran.

Slave workers interred

An ecumenical ceremony was held near Berlin to inter the remains of 32 Jewish and non-Jewish slave laborers who died during the final days of World War II. Their remains were recently discovered by construction workers at the site of the former Heinkel factory, which relied heavily on slave labor from the Sachsenhausen concentration camp to produce airplane parts. The 53rd anniversary of Sachsenhausen's liberation by the Soviet army is slated to be marked Wednesday.

Murder suspect commits suicide

The co-defendant of the U.S. teen-ager who fled to Israel after being charged with murder hanged himself.

Aaron Needle, 18, committed suicide one day before he had been scheduled to undergo psychiatric evaluation. Samuel Sheinbein is in Israel, awaiting a final judgment on whether he will stand trial there or in the United States.

Meanwhile, American prosecutors gave immunity to Sheinbein's brother, Robert, who had refused to cooperate with them unless given immunity, although there was no evidence to connect him to the murder.

Study raises questions about school vouchers

By Daniel Kurtzman

WASHINGTON (JTA) — A study of one of the nation's few school voucher programs has found that students who receive tuition subsidies to attend private schools are not doing any better than students in public schools.

The findings drew a predictably mixed reaction in the Jewish community, which remains divided over school vouchers initiatives, also known as "school choice."

Despite words of caution from the researchers themselves, the study is likely to further fuel the national debate over vouchers, which congressional Republicans have set at the top of their education agenda.

The study, commissioned by the state of Ohio, examined Cleveland's 2-year-old pilot program, which gives 3,000 students from low-income families up to \$2,250 to attend private or parochial schools of their choice.

Researchers found "no significant differences" in achievement in reading, math, social studies or science skills between students using vouchers and a comparable sampling of students from Cleveland's public schools.

While cautioning against reading too much into a single study, Marc Stern, co-director of the American Jewish Congress' legal department, said, "It shows that vouchers are not the magic bullet that people make them out to be."

Marshall Breger, a professor of law at Catholic University in Washington, D.C., said, "It tells us nothing because you can't have any serious comparative test" that "doesn't go on for a good number of years."

Some of the less tangible benefits that can be derived from school choice, such as more parental involvement and a more comfortable learning environment, "are lost in these kinds of studies," added Breger, who serves as vice chairman of the Jewish Policy Center, a think tank affiliated with the Republican-aligned National Jewish Coalition.

Most Jewish organizations oppose vouchers because of the concern that vouchers violate the constitutional separation between church and state. Many also worry about their impact on public education.

But many Orthodox and politically conservative Jews argue that vouchers are needed to provide better access to Jewish day school education, which many believe can help fight the Jewish continuity crisis.

While the Ohio study, conducted by Indiana University's School of Education, found that the promise of Cleveland's voucher experiment has not been fulfilled, other research has drawn different conclusions.

A privately funded study conducted at Harvard University last year found moderate gains among students who receive vouchers and greater satisfaction among parents.

Two of the professors who wrote that report, Paul Peterson of Harvard and Jay Greene of the University of Texas at Austin, called the Indiana University study "seriously flawed."

They criticized it for including only a small sampling of students, using "suspect" second-grade test scores that they said skewed positive effects recorded in other grade levels, and comparing the voucher students to a sampling of students attending above-average public schools.

Similar studies of a voucher program in Milwaukee have also produced mixed findings.

Concerned that the Indiana University study may be used for political purposes, the lead researcher cautioned that the data thus far is limited.

"Both proponents and opponents of voucher school programs should avoid using these data to build either case because the information is preliminary," said Kim Metcalf, an Indiana University professor.

The Ohio Supreme Court has already heard oral arguments in a constitutional challenge to Cleveland's voucher program.

As a preliminary move, the court stayed an appeals court decision banning the program, allowing it to remain in effect while the court deliberates. A decision on the case could come at any time. □

Britain, U.S. work to revive Israeli-Palestinian peace talks

By Naomi Segal

JERUSALEM (JTA) — Israel has downplayed a British offer to host peace talks — a day after Israeli Prime Minister Benjamin Netanyahu accepted the offer.

British Prime Minister Tony Blair issued the invitation during a visit to Israel, where he met with Netanyahu as part of his first trip to the Middle East as prime minister.

Speaking at a joint news conference Sunday night with Blair in Jerusalem, Netanyahu said that he was ready to go "anywhere, including London" for talks to try to advance the deadlocked peace process.

On Monday, however, Netanyahu assured his Cabinet ministers that he was referring to a meeting in Europe, and not necessarily to a summit meeting with European mediation.

Indeed, the U.S. State Department confirmed Monday that Secretary of State Madeleine Albright would hold separate meetings May 4 in London with Netanyahu and Palestinian Authority Chairman Yasser Arafat.

The Palestinian Authority has repeatedly called for a greater European role in the Middle East peace process, with several officials repeatedly charging that the United States is not an honest broker.

With Israeli officials adopting the opposite position — that the European Union would be biased in favor of Palestinian demands — Netanyahu's remarks to his Cabinet appeared to be aimed at calming fears that Blair's invitation could translate into increased pressure on the Jewish state to make territorial concessions to the Palestinians.

"We haven't decided the full extent" of what meetings would take place in London, Netanyahu told reporters Monday. "There are a number of possibilities involved in the bilateral working out of problems.

"But I prefer to wait until Mr. Blair has a chance to complete his round of discussions."

Meanwhile, Arafat told the British premier during a meeting Monday in the Gaza Strip that he was willing to go to London for talks on a U.S. proposal aimed at breaking the deadlock in Israeli-Palestinian peace negotiations, British and Palestinian officials said.

Abdel Ahmed Rahman, the secretary of the Palestinian Authority, said Blair had invited Arafat to take part in discussions with Israel, the United States and Britain.

The latter currently holds the rotating presidency of the European Union.

U.S. officials have drawn up a proposal that reportedly calls for Israel to redeploy from an additional 13 percent of the West Bank in tandem with Palestinian moves to live up to their security commitments.

Israeli officials have stated that they consider the plan unacceptable.

Some ministers have been quoted as saying they would not approve a redeployment of more than 9 percent.

Talks between the two sides have been stalemated for more than a year, since Israel broke ground for a new Jewish neighborhood at Har Homa in southeastern Jerusalem. □

Rome's chief rabbi ready to join pope on Israel visit

By Ruth E. Gruber

ROME (JTA) — There are conflicting accounts regarding when — or even if — the pope will visit Israel.

An Italian newspaper quoted Rome Chief Rabbi Elio Toaff as saying he had agreed to Pope John Paul II's suggestion that they travel together to Israel within the next two years.

In an interview last week with the Rome daily *La Repubblica*, Toaff said the pope told him he wanted to visit Jerusalem "before the end of the century." He added that when the pope suggested that they travel there together, "I told him certainly, if he wanted, I would be at his disposal for a trip together to the Holy Land."

But a senior Vatican official said there was little likelihood the pope would make such a trip while peace talks with the Palestinians are stalled and tensions run high in Jerusalem.

"Is it possible that this could happen in today's environment? I would say no, because the pope would be seen to be sanctioning a situation of international injustice," Archbishop Jean-Louis Tauran, the Vatican's foreign minister, told reporters after the interview with Toaff was published. Tauran deplored the standstill in the Israeli-Palestinian negotiations and said he feared "dramatic developments" in the Middle East.

The pope has long stated his desire to visit the Holy Land, and particularly Jerusalem, as part of celebrations marking the year 2000. The Catholic Church has designated 2000 a holy year marking the start of the third millennium of Christianity.

The latest speculation on a papal visit to Israel came just days after the pope delivered an Easter message critical of the Christian teaching that Jews bear responsibility for the death of Jesus.

A prayer read out by a speaker during the Good Friday service said it was not the Jews who were responsible for the crucifixion, but "all of us and each of us," and it decried the fact that Jews had been "crucified by us for so long" because of this false accusation.

The Vatican's 1965 *Nostra Aetate* — Latin for *In Our Times* — officially repudiated the idea that Jews were collectively responsible for the death of Jesus. But the Good Friday message was believed to mark the first time that this was expressed in a service commemorating the crucifixion and attended by the pope.

In a related development, the Roman Catholic Church presented Italian Jewish leaders with a formal letter strongly condemning anti-Semitism and apologizing for the church's past mistreatment of Jews.

The letter, written by the Bishops Conference's Secretariat for Ecumenism and Dialogue, was dated March 16, but was not made public until shortly before Passover. It noted that this year marks the 60th anniversary of the imposition of anti-Semitic racial laws by the fascist regime of Italian dictator Benito Mussolini.

Although individual Catholic religious and lay people stepped in to help Jews, the letter said, "We recall with discomfort, but with profound and conscious teshuvah, these events, in order to say that we do not and cannot forget them."

It said that passing time asks us "to recognize the truth of facts and responsibilities, even if they are painful. And the Catholic church in Italy, too, demonstrates very clearly that it does not intend to shy away from this duty, despite delays or some rash voice still lingering in prejudice." □