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TOP NEWS IN BRIEF

Albright seeks backing for aid bill

U.S. Secretary of State Madeleine Albright enlisted the aid of Jewish leaders in lobbying Capitol Hill for an increased foreign aid budget.

"Diplomacy is America's first line of defense. It should be treated as a budget priority," Albright told the meeting of the Conference of Presidents of Major American Jewish Organizations. A \$12.6 billion spending bill currently before Congress would cut funds for foreign aid by \$2 billion from what President Clinton had requested.

ADL settles 1993 lawsuit

The Anti-Defamation League reached a settlement with several groups that filed a lawsuit in 1993 accusing the Jewish organization of illegally obtaining information on them and their members. [Page 3]

Syria refuses to house Hamas

Syria refused to let the Hamas fundamentalist group set up its political headquarters in Damascus.

An Arabic-language newspaper attributed the move, which came after Jordanian officials closed the office in Amman, to the sensitive political situation as U.S. officials attempt to revive Israeli-Syrian peace negotiations.

O.U. joins art exhibit's critics

The Orthodox Union joined those criticizing a new art exhibit at the Brooklyn Museum that features works that some Christians may consider offensive. The "Sensation" exhibit, set to open Saturday, includes a painting of the Virgin Mary splattered with dung.

"Today, the offense is perpetrated against a Christian symbol; tomorrow, it might be a Jewish ritual item," the O.U. said Monday.

The exhibit has become an issue between the two undeclared candidates for New York's senate race.

New York Mayor Rudolph Giuliani has threatened to cut public funds to the museum if the offensive items are included in the exhibit. First lady Hillary Rodham Clinton said Monday the museum should not lose its funding.

Because of Simchat Torah, the JTA DAILY NEWS BULLETIN will not be published Monday, Oct. 4.

NEWS ANALYSIS

Israeli foreign minister issues warning as he engages in diplomacy

By Julia Goldman

NEW YORK (JTA) — Despite a new burst of energy in Middle East peace efforts, Israel's foreign minister came to town this week with a warning for the world.

"The language of peace will have no meaning if it remains on paper alone," Israel's foreign minister, David Levy, said here last week during a visit coinciding with the opening of the United Nations' General Assembly.

"Peace is not a code word. Peace must become a reality. It is not enough to talk about peace," said Levy, who was engaged in a flurry of diplomacy, including a discussion with U.N. Secretary-General Kofi Annan and an unprecedented meeting with Arab officials from countries who do not have diplomatic relations with Israel.

Since his arrival in New York on Sept. 22, Levy has met with leaders from around the world — reiterating Israel's commitment to peace with the Palestinians, as well as with Syria and Lebanon.

At the same time, Levy has used especially strong language to articulate Israel's uncompromising stance on principles essential to its internal and external security.

Levy's strong words contrast sharply with the message Prime Minister Ehud Barak brought to America in July. Whereas Israel's new leader stressed at the time his hopes for peace, Levy has emphasized the obstacles.

It is not clear whether the change in tone was a reflection of the developments in the last few months, or whether Levy's tough message was intended for those gathered at the United Nations, which continues to pursue hostile measures against the Jewish state.

In his Sept. 29 speech before the 188-member General Assembly, Levy was expected to call for an end to what he describes as "dualism," in which nations pursue peace with Israel on one hand and engage in hostile rhetoric and intimidation against Israel on the other.

"We would like to see this double talk cease," he said at a Sept. 24 breakfast briefing with U.S. Secretary of State Madeleine Albright and Egyptian Foreign Minister Amre Moussa, sponsored by the New York-based Center for Middle East Peace and Economic Cooperation.

Speaking to Jewish groups in the days leading up to his U.N. address, Levy offered his own explanation for the change in tone.

"Barak started out with great optimism, great enthusiasm," Levy said last Friday afternoon at a meeting of the Anti-Defamation League, the American Jewish Committee and the American Jewish Congress.

"But optimism and enthusiasm must sometimes make room for realism."

After a long hiatus, Israel restarted stalled peace talks with Palestinians at Sharm el-Sheik on Sept. 4. The two sides are aiming to complete a framework for final-status negotiations in February, with a full agreement to be reached in September 2000.

The United States is currently pushing for direct talks between Israel and Syria — discussions that have been on hold since 1996 when Syrian President Hafez Assad failed to condemn a series of Hamas terrorist attacks against Israelis.

Speaking Monday evening to members of the Conference of Presidents of Major American Jewish Organizations, Levy said that he made clear to Albright in their meeting that morning the obstacles Israel sees as standing in the way of achieving the ambitious timetables envisioned for peace in the Middle East:

- The Palestinians' continued "diplomatic war against Israel." Levy characterized Palestinian Authority Chairman Yasser Arafat's Sept. 23 address to the U.N. General

MIDEAST FOCUS

Safe-passage route to open

A safe-passage route for Palestinians traveling between the Gaza Strip and a point near the West Bank town of Hebron is slated to open Sunday. Israel agreed to open the route in the Wye II accord it signed Sept. 4 with the Palestinian Authority.

Israel and the Palestinians have yet to iron out outstanding differences regarding a second route, linking Gaza and Ramallah.

Settlement policy attacked

Israeli Prime Minister Ehud Barak's policy toward Jewish settlements has come under criticism after the Housing Ministry said the government had sought bids for building 2,600 housing units in Jewish settlements in the past three months. By comparison, the government of Former Prime Minister Benjamin Netanyahu had sought 3,000 such bids in a year.

Palestinian negotiator Saeb Erekat reacted to the figures by saying Israeli settlement expansion could torpedo the entire peace process.

Wine label stirs heady response

Palestinians are calling on an Israeli wine company to change the labels on bottles of wine released for the turn of the millennium because they contain a picture of the Dome of the Rock in Jerusalem.

Muslim leaders say the picture is offensive because under their religious laws, Islamic sacred places should not be associated with alcohol. The owner of the Tishbi Estate Winery said he had not considered the politics of the issue when he approved the label.

Israel lowers tourism estimate

Israel reduced its estimate of the number of tourists expected to visit the Jewish state and the Palestinian self-rule areas during the turn of the millennium. Basing its estimates on hotel booking and flight reservations, Israel's Tourism Ministry revised an earlier estimate from 4 million to 3.1 million.



Daily News Bulletin

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Assembly as "putting forth extremist positions which are unsuitable to direct negotiations and the spirit of peace." During his speech, Arafat, while expressing hope that negotiations would move forward, called on U.N. members to support "the establishment of an independent Palestinian state with Jerusalem as its capital" and the right of return for Palestinian refugees.

- Arab League actions, which work against success in peace negotiations. Levy said the nations in the Arab League "continue their intimidation against Israel normalizing relations with other countries," which his office has noticed during meetings with Arab leaders who wish to open ties with Israel. He also hinted at the threat of an Arab boycott against the Walt Disney Co., which was raised as a possible response to Arab discontent over an Israeli exhibit at the entertainment giant's EPCOT theme park in Florida.

- Multilateral peace talks being "held hostage." Levy criticized Egyptian Foreign Minister Moussa for suggesting that Arab countries would not resume multilateral talks on issues such as disarmament, water, environment and economic cooperation — begun in 1992 and suspended in 1996 — until Israel reopened negotiations with Syria and Lebanon.

"On these three issues, we will not give in," Levy said, adding that he made clear to Albright that the United States must demand compliance of "the other side."

Closer relations between "the PLO and the U.S.," he said, obligate America to make sure the Palestinians fulfill their promises to "stop incitement against Israel in international arenas."

Levy said Albright assured him that she would raise the issues he outlined in future meetings with Arab leaders. She renewed that pledge, and expressed hope for talks between Israel and Syria, at a meeting with the Presidents Conference on Tuesday.

In a brief address, Albright told the umbrella organization that both sides were "treating each other with unusual trust and respect."

The key, she said, "is to establish a basis on which to resume negotiations that neither side sees as prejudicing the negotiation."

Albright pledged a continued American commitment to the process.

"If we didn't think an agreement were possible, we would not be making the effort to bring them together," she said.

Israeli officials have expressed hope that those talks would start in October, but disagreement exists over the starting point for negotiations.

Syria wants Israel to agree to withdraw to the pre-1967 borders, based on its view of where negotiations left off under former Israeli Prime Minister Yitzhak Rabin. But Israel does not want to concede the outcome of negotiations before such talks begin.

"We do not have to engage in astrology to figure out what Syria's view on the Golan is," Levy said. "But only in face-to-face negotiations" can both sides clarify their positions.

Levy said that in his meeting with world diplomats, he had developed important contacts with Arab countries such as Qatar, Oman, Morocco, Tunisia and Mauritania.

On Sept. 24, the United States convened a meeting of "partners in peace," a group including about a dozen Arab countries, the European Union, Russia, Japan, Canada, Norway and the Palestinian Authority — entities that wished to show their engagement in or support for the peace process.

The gathering brought Israel together with several nations that do not have formal diplomatic ties with the Jewish state: Saudi Arabia, Bahrain, the United Arab Emirates and Yemen. Levy said that in his meetings, the foreign ministers "all praise Israel now, and this is good, this is important.

"But we must ask the following question: Will this last? What price will we have to pay in order to gain their sympathy?"

In his meetings and briefings over the past week, Levy outlined the four principles on which Barak's government — any viable Israeli government, he said — would not compromise: Jerusalem, undivided, will forever be the capital of Israel; Israel will never return to the pre-1967 borders; large settlement blocs will remain under Israeli sovereignty; and no foreign army will ever cross the Jordan River.

Meanwhile, American Jewish groups — including the AJCommittee, B'nai B'rith International, the National Conference on Soviet Jewry, the AJCongress and the Presidents Conference — made the rounds of diplomatic missions at the United Nations to garner increased international support for Israel and for global Jewish concerns. □

JEWISH WORLD

ADL settles case with ethnic groups, ending six-year-old class-action lawsuit

By Julie Wiener

NEW YORK (JTA) — The Anti-Defamation League has reached a final settlement with Arab American and other ethnic groups that filed a class-action lawsuit in 1993 accusing the Jewish defense organization's California office of spying on them and their members.

Under the settlement reached in a federal court in Los Angeles on Monday, the parties agreed to an injunction whereby the ADL will purge certain information, such as criminal arrest records and Social Security numbers, from any files it holds on the plaintiffs. The ADL also agreed to pay \$175,000 for the plaintiffs' legal fees and contribute \$25,000 toward a community relations fund to be jointly administered by representatives of its organization and the plaintiffs. The fund will support projects aimed at improving relations among Jewish, Arab American, African American and other minority communities.

David Goldstein, the ADL's attorney, said that by agreeing to the injunction, the ADL in no way admits guilt of any illegal activity.

The ADL, which monitors many groups, said that just because it had a file on a group did not indicate it opposed the group — and that the files were sometimes just compilations of newspaper clippings. The ADL chose to settle, he said, "to avoid time-consuming and costly discovery battles that would take years to resolve."

The case dates back to April 1993, when police raided the ADL offices in San Francisco and Los Angeles, seizing hundreds of documents.

Then-San Francisco District Attorney Arlo Smith accused the ADL of conducting a national "spy network" but dropped all accusations a few months later.

But several organizations pursued the issue, filing the class-action lawsuit.

Plaintiffs in the case included the American Arab Anti-Discrimination Committee, the American Indian Movement, two African American politicians in Los Angeles, the National Lawyers Guild, the National Conference of Black Lawyers, the Palestine Solidarity Committee, the Bay Area Anti-Apartheid Network and the Committee in Solidarity with the People of El Salvador. In 1996, the parties reached a tentative agreement, which was finalized this week after the ADL began the process of removing files and a federal judge approved the agreement, according to Goldstein.

The injunction included in this week's settlement "explicitly recognizes ADL's right to gather information in any lawful and constitutionally protected manner, which we have always done and will continue to do," said a statement issued by the ADL.

But the settlement bars the ADL from obtaining any document or other information from government employees and officials in California when the ADL "knows or was reckless in failing to know at the time" that the employee is precluded by law from disclosing it, says the settlement. The ADL has maintained that, like journalists, it has the right to use and publish information received from sources that volunteer such information. Nonetheless, the organization has agreed to the terms barring it from obtaining information from officials not at liberty to supply such information.

A news release issued by the ADC took a decidedly different view, quoting its president, Hala Maksoud, as saying that "ADL's admission that it has spied" on Arab American, anti-apartheid and civil rights organizations and individuals "vindicates our view that the ADL has engaged in illegal activities to undermine the work of such groups and damage the cause and reputation of the Arab-American community."

"This is clearly not the work of a legitimate civil rights organization, but much more along the lines of an espionage group," a spokesman for the ADC said in an interview.

Abraham Foxman, the ADL's national director, said the ADC's claims are "absolutely untrue."

"If it were true, they would have won their case," he said, noting that no court found the ADL guilty of any wrongdoing and that the group will continue its monitoring work. "In order to stop harassment and malicious prosecution, what you do is settle it. And in settling you say, I didn't do it and won't do it again — it's an absurdity." □

Text resembles Dead Sea Scrolls

A text that recently surfaced in Israel uses much of the same phraseology and imagery as the Dead Sea Scrolls, according to a scholar.

But scholars say it is too soon to tell whether the "Angel Scroll," which describes a believer's trip through the heavens, is a hoax.

Two Israelis currently have possession of the text, which was reportedly given to them by a German.

Insurer ready to pay claims

An Italian insurance company sent letters to 70 Holocaust-era policy-holders or their heirs stating its readiness to pay their claims.

The head of the International Commission on Holocaust Era Insurance Claims, former U.S. Secretary of State Lawrence Eagleburger, welcomed the move by Assicurazioni Generali, which comes in the wake of a recent meeting of the commission in London.

Looted Van Gogh to be sold

A Van Gogh sketch sold in Nazi Germany at a forced "Jew Auction" in 1935 and returned last month to the heir of its original owner will be sold at auction in London in December.

The Sotheby's auction house recently estimated that "L'Olivette," one of several pen-and-ink sketches completed while the artist was at a French asylum in 1889, could fetch up to \$3 million.

German experts estimate that the drawing is worth up to \$4 million.

First lady to deliver Rabin lecture

First lady Hillary Rodham Clinton is scheduled to deliver an annual lecture dedicated to the memory of Yitzhak Rabin in November.

Former U.S. Secretary of State Henry Kissinger and Jewish philanthropist Edgar Bronfman have delivered the previous Rabin Memorial Lectures at the Yitzhak Rabin Center for Israel Studies.

Parents want Beit Din to rule

Parents of students suspended from a Jewish day school in Australia for smoking marijuana want the local rabbinical court to arbitrate the issue.

But officials with Moriah College have yet to agree to allow the Sydney Beit Din to hear the case.

In August, 11 boys were suspended from the school for five school terms, for buying, selling or possessing marijuana on school premises.

The suspension was met by protests from 200 students.

Most of the suspended students are now enrolled at another Australian day school, while two of them are attending non-Jewish schools.

NEWS ANALYSIS

**Battle with Shas leaves scars,
but Barak still needs its support***By David Landau*

JERUSALEM (JTA) — A long and bitter battle over alleged financial irregularities in the Shas Party's school system has come to an end.

While all the parties to the dispute — including Prime Minister Ehud Barak, Education Minister Yossi Sarid and Shas leader Eli Yishai — claimed victory when they reached an agreement, the dispute could poison relations within the coalition in the months ahead.

For Barak this is a particularly ominous thought, since he hopes to make major steps forward in the peace process and will need the support of all his coalition allies if and when he brings new peace accords before the nation in a referendum, as he has pledged to do.

The school crisis ended Tuesday, when Sarid — the leader of the secular Meretz Party and a staunch political foe of the fervently Orthodox Shas Party — agreed to provide funds to pay the long-overdue salaries for the Shas system's teachers and staff.

To bring this about, the entire Shas leadership had been required to sign their names to a "recovery plan" for their financially troubled school system, Hama'ayan Hatorani.

The plan had been hammered out in long days and nights of negotiations between Yishai and Sarid, with Barak and his aides in close attendance. The new program is designed to halt what the Education Ministry charges has been the wholesale mismanagement and cavalier disbursement of state funding within Shas' rapidly growing network of schools.

One of the key conditions that Shas was forced to accept was the suspension of the school network's director, Rabbi Ya'acov Hemed, pending his trial on charges of misappropriation.

"We will not stand corruption," a furious Barak told Yishai last week. "And no one — I mean no one — threatens me!"

Barak's ire was aroused by a warning from Yishai that Shas had "other options" and that the Barak government would not survive if the crisis was not resolved. To illustrate his point about "other options," Yishai held a photo-op Sunday afternoon with the leader of the opposition Likud Party, Ariel Sharon.

The two men announced that Shas would be joining a "policy forum" that Sharon was setting up in which issues of foreign and defense policy would be discussed on an ongoing basis.

That same night, the Sarid-Yishai negotiations were finally brought to a successful conclusion.

This timing enabled Yishai and his supporters to claim, with much cogency, that their tough tactics had paid off.

Sarid, for his part, called a news conference to publish the text of the document that Shas leaders were being required to sign and to argue that it signaled the beginning of a new era of honest and efficient administration in the Shas school system.

For Barak, the agreement meant Sharon's "forum" would remain — for the moment at any rate — pretty much a dead issue.

Shas, for all its claims of victory, had opted to stay firmly put, with its crucial 17 Knesset members, inside Barak's coalition.

"Sarid has shown he is not the education minister of all the children of Israel," Yishai asserted Monday.

And a member of Shas' Council of Sages, Rabbi Shalom Ba'adani, said, "Life in the government is like in Sodom."

Nevertheless, Shas seems to have concluded, under the insistent direction of the party's spiritual leader, Rabbi Ovadia Yosef, that, Sodom or not, life inside the coalition is to be much preferred to life in the cold desert of opposition.

But the episode has left its scarring on the awkwardly woven fabric of the Barak coalition, with its seven disparate parties.

If Shas and Meretz had little love lost for each other prior to this latest episode, there is even less now, following a month of public wrangling and recriminations. If and when the referendums Barak promised on the peace process are held, they will ostensibly refer solely to the question or questions — regarding withdrawals from the West Bank or Golan Heights — on the ballot.

In practice, though, they may become a midterm test of Barak's popularity — in which case he cannot convincingly win without at least some of the growing Orthodox constituency.

These thoughts must cast a gray cloud over Barak's assessments of what the future may hold, despite his braggadocio about not being threatened by anyone.

For Sarid and his Meretz Party, the satisfaction of "teaching Shas a lesson" in civics must similarly be marred by the nagging awareness that Sharon and the Likud are waiting in the wings, eager to join the government and make up for any depletion caused by a defection of one or more of the present coalition partners.

Shas' less than happy encounter with Sarid dovetails into the ongoing trauma the party is undergoing in the wake of the March conviction for bribery of the party's former leader, Aryeh Deri.

Deri's conviction and subsequent four-year sentence led in the short term to Shas' huge backlash success in the May elections. The party grew from 10 seats to 17 in the 120-member Knesset. The battle cry, "He is innocent," accounted for at least six or seven of those seats.

But in the longer term, Deri's conviction, and Barak's insistence that he remove himself from active politics pending his appeal, has resulted in a wrenching upheaval within Shas.

Yosef, asserting his religious and moral authority against Deri's entrenched following among party activists, has installed a younger disciple, Yishai, as interim party leader.

Yosef has, in effect, reconciled himself to Deri's forced departure and is now forcing the party to reconcile itself, too.

More specifically, Yosef flatly overruled Deri's objections to Shas joining the Barak government, and in the just-ended crisis Yosef once again moved firmly and forcefully to neutralize Deri's efforts to bring about Shas' secession.

At a Sukkot rally in Jerusalem on Monday that brought together tens of thousands of Shas rank-and-file members, speaker after speaker praised Yosef, paid fealty to Yishai as the rabbi's choice of leader — and pointedly failed to mention Deri.

Here, too, the short-term effect is favorable: The battered party needs the smack of firm leadership, and Yosef has risen to the occasion. But down the road the outlook could be murky if Yishai fails to fill the large shoes of his able predecessor.

The infighting triggered by Deri's removal may have dealt a severe setback to Shas' goal of overtaking Likud, which has 19 Knesset seats, in the next election and becoming the second-largest party in the country.

And that setback was likely exacerbated by the just-ended crisis over funding for the party's school system. □