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TOP NEWS IN BRIEF

Sharon urges Arafat alternative

Ariel Sharon urged the United States to seek an "alternative leadership" to Yasser Arafat among the Palestinians.

Speaking to reporters Thursday night after an hour-long meeting at the White House, the Israeli prime minister called Palestinian Authority President Arafat "an obstacle to peace."

President Bush said he had sent Arafat a message "that couldn't be any clearer" that "he must do everything in his power to fight terror." Bush also said he was interested in helping the Palestinian people "get a better life."

Both Bush and Sharon said they envisioned a Palestinian state as the outcome of any Mideast peace process.

Israel retaliates for terror attack

Israeli planes rocketed a Palestinian Authority headquarters in Nablus in retaliation for a terror attack on a Jewish settlement. Palestinian sources said at least 11 people were wounded in the airstrike Wednesday night.

Just before the Israeli reprisal, guards at the Nablus jail released Hamas and Islamic Jihad prisoners. In Jenin, armed Palestinians broke into the jail and released militants, including the head of Islamic Jihad in the West Bank.

The Israeli strike came in retaliation for the Palestinian attack earlier Wednesday night on the settlement of Hamra. Three Israelis were killed by a Palestinian gunman wearing an Israeli army uniform.

Bombing victims win lawsuit

A U.S. court awarded the family of a 1996 bus bombing victim in Israel \$183 million in damages.

The court award to the family of Ira Weinstein includes \$150 million in punitive damages and \$33 million in compensatory damages from Iran, a supporter of Hamas. It is now up to U.S. officials to take steps to ensure the family collects the money.

Hamas claimed responsibility for the February 1996 attack, which killed 25.

The families of two other American victims who died in the bombing, Sara Duker and Matthew Eisenfeld, already have received compensatory damages given by the United States against frozen Iranian assets.

BEHIND THE HEADLINES

Israeli-Palestinian conflict spills from battlefield to the pocketbook

By Gil Sedan

JERUSALEM (JTA) — Israeli-Palestinian violence is spilling over from the battlefield to a new venue — the pocketbook.

Bank accounts, accounting books, checks and cash are being recruited against the other side. And like much in this bitter conflict, even accounting systems have become emotionally laden.

Israel is considering dipping into tax funds it has withheld from the Palestinian Authority to make up for losses due to the ongoing intifada.

Eager to find every available shekel to shrink Israel's growing government deficit, Finance Minister Silvan Shalom first raised the idea last month. Although Foreign Minister Shimon Peres opposes adding a financial aspect to the conflict, Prime Minister Ariel Sharon last week ordered Israeli Cabinet Minister Dan Naveh to tally the cost of the 16-month-old Palestinian offensive.

On the other hand, the Palestinian Authority — ignoring the fact that it initiated hostilities — says Israel owes it \$8 billion for damages the intifada has caused to Palestinian trade and wages lost from workers barred from their jobs in Israel due to security measures.

Complicating matters further, the European Union now says Israeli retaliation against Palestinian targets has damaged some \$17 million in E.U.-financed infrastructure projects. Israeli officials worry that the E.U. announcement may be a prelude to a formal claim for compensation.

Naveh's team met last week to assess the economic damage of the intifada. Initial estimates, he said, indicate that the Israeli economy has suffered billions of shekels of direct and indirect damage since September 2000, according to reports.

In addition, the National Insurance Institute reportedly paid some \$50 million to terror victims last year.

Actual damages may be much higher, but a thorough accounting job would be needed to come up with more exact figures.

Naveh requested that within the next few days the different government offices collect economic data, which will be reviewed by a subcommittee representing the Prime Minister's Office, the Treasury and the Bank of Israel.

Naveh's investigation coincided with a lawsuit 22 Israeli companies filed last week for compensation for \$4.4 million in unpaid Palestinian bills.

The firms charge the Palestinians are refusing to pay their bills for political reasons, and are demanding that the Israeli government make good from some \$400 million in tax funds it owes the Palestinian Authority.

The money comes from income taxes and Social Security payments for some 100,000 Palestinians who worked in Israel before the fighting began, along with custom duties and sales taxes on items such as gas and cigarettes.

Israel froze the tax transfers shortly after the intifada began, arguing that the Palestinian Authority would use the money to pay the salaries of its security services, which have aided and at times led the attacks on Israel.

The Palestinians, too, have their share of economic grievances, particularly over the frozen tax money.

Before the intifada, Israel used to transfer the payments to the Palestinian Treasury each month.

The amount — more than \$50 million a month, on average — was enough to meet

MIDEAST FOCUS

Cheney to seek 'regional stability'

Vice President Dick Cheney's trip to the Middle East will focus on 'regional stability.'

White House spokesman Ari Fleischer said Thursday that Cheney's trip to Israel and eight other Middle East nations next month will focus on the war against terrorism.

Contrary to earlier reports that said Cheney would visit next week, Fleischer said the trip would take place March 10-20.

Bomb shelter preparation urged

Israeli officials want local municipalities to prepare bomb shelters for possible use.

The development came after the defense establishment concluded that Israel would suffer a retaliatory strike from Iraq if the United States targets Iraq in its war on terrorism.

Israel uncovers terror cell

Israeli security forces captured members of a Hamas terror cell allegedly involved in a double suicide bombing in Jerusalem. The Shin Bet security service revealed Thursday that it had apprehended four Hamas members from Abu Dis, a neighborhood on the edge of eastern Jerusalem.

Cell members allegedly used their status as Jerusalem residents to buy a vehicle with Israeli plates that was used to transport the suicide bombers to the site of the Dec. 1 attack, the daily Ha'aretz reported.

Possible Arafat successors

Yasser Arafat mentioned two officials who could eventually succeed him.

In an interview published Thursday in an Egyptian magazine, Arafat named Ahmed Karia, the speaker of the Palestinian legislative council, and Mahmoud Abbas, Arafat's current deputy. Both are considered advocates of a peace agreement with Israel.



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the entire Palestinian government payroll, from doctors and teachers to bureaucrats and policemen.

The Palestinian minister for economy and trade, Maher Al-Masri, warned Israel against dipping into the funds.

"This would be sheer robbery," Al-Masri said. "The Israelis have no right to take our money."

Evidently, there is no end to the list of mutual claims. According to U.N. reports, which have followed the Palestinian economy since the early days of the intifada, Israeli restrictions on Palestinian goods and workers have cost the Palestinians hundreds of millions of dollars in lost wages and sales.

Unemployment in the Palestinian areas has climbed to approximately 60 percent since the outbreak of fighting, and more than half the Palestinian population now lives in poverty, double the rate before the intifada, according to official figures.

The violence also has taken a serious economic toll on Israel production. Before the intifada, Israel's Treasury predicted annual economic growth of about 4 percent. Those estimates now have fallen to 1 percent or lower.

Tourism has vanished and foreign investors have quit, leaving the Tel Aviv stock exchanges to fluctuate nervously according to the general mood of economic uncertainty.

Farmers and contractors who used to employ Palestinian workers have switched to foreign workers — but the government, in its fight against unemployment, is trying to cut down on the number of foreigners in Israel, leaving farmers without workers.

Last week, the Labor Ministry was forced to reverse a decision to send home 4,000 foreign workers after citrus growers staged a violent demonstration in front of the Prime Minister's Office.

Several factors argue against presenting a bill for intifada damages. For one, every claim raised seems likely to be faced with a counterclaim. For example, if the Palestinians file a bill for damages to the Gaza airport — Israeli bulldozers destroyed the runway in response to a terror attack — Israel can reply that the Palestinian Authority is responsible for allowing the terror.

Likewise, if Israel uses the Palestinians' tax money, the Palestinians likely will argue that this contradicts international law, as well as agreements between Israel and the Palestinian Authority.

In addition, humanitarian considerations may serve as a brake. For example, the Palestinian Authority owes the Israel Electric Company and the Bezek telephone company tens of millions of dollars, but service is not likely to be cut off because of the hardship it would cause.

Israel's national infrastructures minister, Avigdor Lieberman, one of the hawks in Sharon's Cabinet, recently suggested halting power supply to the Palestinians, but his proposal was rejected.

Whatever financial claims the Israelis and Palestinians put forward primarily are intended for symbolic purposes.

Because of the fragility of the P.A.'s budget, the withholding of tax funds is the most serious sanction Israel has used against the Palestinians — but it has been balanced by increased contributions from Europe and the Arab world. □

Holocaust historian retracts review

NEW YORK (JTA) — A Holocaust historian has apologized for errors in her review of a book about IBM and the Nazis.

Judith Baumel admitted to a number of mistakes in her review of "IBM and the Holocaust" by Edwin Black, including the charge that Black insinuated that the Nazi's Final Solution could not have taken place without IBM technology.

Black clearly states in his book that the Holocaust would have occurred without the company, but said he wanted to "identify the crucial role of automation and technology." Following the apology, the review, published by the Jerusalem Report, was pulled from the magazine's Web site, and the editors ran a letter of correction from Black.

Black said in a statement that he wanted to "correct the record and ensure that only accurate information about this important Holocaust topic circulates." □

JEWISH WORLD

As Sharon heads to White House, Palestinians wreak terror in Israel

By Naomi Segal

Jewish leaders to visit Argentina

U.S. Jewish leaders plan to visit Argentina next week to assess the crisis there. The leadership of the United Jewish Communities' newly formed "Argentinian Response Task Force" plans to arrive there Feb. 13. They then will travel to Israel for the Jewish Agency for Israel's Board of Governor's meeting, where the Argentine crisis is expected to be a focal point.

The task force, which has more than 50 members, is just starting to determine how to raise and allocate funds for Argentine aliyah and for rebuilding the country's 200,000-strong Jewish community through the UJC's overseas partners, the Jewish Agency and the American Jewish Joint Distribution Committee.

JDC already has requested \$8.7 million for its relief and welfare operations in Argentina, \$4 million of which it hopes to raise there.

The Jewish Agency, which oversees aliyah, has not yet publicized its budget needs for Argentine immigrants. Those needs are estimated to range from \$50 million to \$200 million.

ADL blasts French anti-Semitism

Anti-Semitism in France has reached a "crisis situation," the Anti-Defamation League charges.

In a letter to French President Jacques Chirac, the ADL called on the French leader to publicly denounce anti-Semitism and anti-Jewish actions in France, saying "for too long, French authorities have turned a blind eye" to the situation.

"To be silent while an anti-Semitic campaign is being waged against Jewish institutions and members of France's Jewish community is to shirk the responsibility of government to protect its citizens," the letter said.

Bush praises power of prayer

President Bush lauded the power of prayer, saying it helped the United States through the difficult period following the Sept. 11 terror attacks.

"We have all been witnesses, these past 21 weeks, to the power of faith to see us through the hurt and loss that has come on to the country," Bush said Thursday at the National Prayer Breakfast.

Putin, chief rabbi meet

One of Russia's two chief rabbis praised Vladimir Putin's openness after the two met in the Kremlin.

After the meeting Thursday, Rabbi Berel Lazar said that he and the Russian president had discussed various issues of concern to Russian Jewry, including Jewish emigration, the return of synagogue buildings to Jewish communities and the relationship between Russian Jews and other Jewish communities throughout the world.

JERUSALEM (JTA) — Prime Minister Ariel Sharon's meeting with President Bush this week comes amid continued violence back home.

On Wednesday night — a day before the meeting at the White House — a Palestinian gunman brought terror into an Israeli home in the West Bank.

The gunman was able to infiltrate the West Bank settlement of Hamra by wearing an Israeli army uniform.

He opened fire in an Israeli home there, killing 11-year-old Yael Ohana and then the girl's mother, Miri, 50.

First Sgt. Maj. Moshe Medjus Mekonan, 33, an Ethiopian immigrant from Beit Shean, was killed in the clash with the gunman. Two other soldiers were wounded.

The terrorist later was shot dead by Israeli forces.

Both Hamas and the Al Aksa Brigades, a group affiliated with Palestinian Authority President Yasser Arafat's Fatah movement, claimed responsibility for the attack.

Soon after, Israeli planes retaliated by rocketing a Palestinian Authority headquarters in Nablus. Palestinian sources said at least 11 people were wounded in the airstrike Wednesday night. Just before the Israeli reprisal, guards at the Nablus jail released Hamas and Islamic Jihad prisoners. In Jenin, armed Palestinians broke into the jail and released militants, including the head of Islamic Jihad in the West Bank.

Earlier Wednesday, Israeli police nabbed a suicide bomber en route to Jerusalem.

A bus driver stopped Wednesday at a military checkpoint on the outskirts of the city and told police he had spotted a suspicious-looking man on board, according to a police spokesman.

"There was some sort of a struggle on the bus," the spokesman said.

When the police took the suspicious man off, they found an explosive belt on his body. Experts called to the scene safely defused the bomb.

In another incident, Israeli soldiers intercepted a shipment of eight missiles hidden aboard a Palestinian truck.

The soldiers found the Kassam-1 missiles after setting up a surprise roadblock late Tuesday night in Palestinian-controlled territory between the West Bank cities of Nablus and Jenin. The missiles were hidden beneath a cargo of fruits and vegetables.

Hamas terrorists have fired Kassam missiles at Israeli settlements in the Gaza Strip, but the weapons have not yet been used in the West Bank, from which they could reach cities in central Israel.

Sharon already was en route to Washington when the Hamra attack occurred. Aides traveling with him said Sharon holds Arafat responsible for the attack.

Sharon said last week that he would ask Bush during their meeting to sever ties with Arafat. On Wednesday, however, a top U.S. official said the United States will continue dealing with Arafat.

At a meeting in Cairo, William Burns, assistant secretary of state for Near Eastern affairs, said Arafat remains the Palestinians' chosen leader.

His comment came after Israeli Defense Minister Benjamin Ben-Eliezer suggested during a visit to Washington that the United States should bypass Arafat and deal with other Palestinian officials.

On Thursday, National Security Adviser Condoleezza Rice told Ben-Eliezer that Israel's policy of isolating Arafat could boomerang and actually strengthen his position in Palestinian eyes. Ben-Eliezer also asked U.S. officials to provide Israel with advance notice in case the United States attacks Iraq as part of its war on terrorism.

Ben-Eliezer said he told U.S. Secretary of State Colin Powell during a meeting Tuesday that Israel needs time to prepare for a possible retaliatory attack by Iraq.

In another development, the White House announced Thursday that Vice President Dick Cheney will visit the Middle East from March 10-20.

White House spokesman Ari Fleischer said Cheney's trip will focus on regional stability and the war against terrorism.

Cheney will visit Israel and eight other countries, but more significant may be who is left off the itinerary — Yasser Arafat. It's unclear whether Cheney will meet with other Palestinian leaders. □

BEHIND THE HEADLINES**Talks at economic forum show role of spirit after Sept. 11***By Rachel Pomerance*

NEW YORK (JTA) — Among the Who's Who of business and political leaders roaming the halls of this year's World Economic Forum was an unprecedentedly large contingent of rabbis, priests and imams.

The new members of one of the world's most elite clubs demonstrate that, especially since Sept. 11, religion increasingly is seen as an integral force in economic and political relations.

"What Sept. 11 demonstrated more forcefully than ever is that religion can be terribly abused for violent purposes that can affect us all," said Rabbi David Rosen, director of interreligious affairs for the American Jewish Committee and a participant at the economic forum.

"You have to strengthen the moderates who can make religion a constructive force rather than a destructive one," Rosen said. "You can't ignore religion in terms of political and social processes."

In fact, the founder and president of the World Economic Forum, Klaus Schwab, was having breakfast with Rabbi Arthur Schneier at his Park East Synagogue in New York when the two jets struck the World Trade Center, Schneier said.

Schneier, who heads the Appeal of Conscience Foundation, a coalition of business and religious leaders in New York, had intended to discuss increasing the participation of religious leaders at the economic forum. After the attack, the notion seemed even more urgent.

With Schneier's assistance, Schwab decided to commemorate the world disaster by moving his forum — traditionally held in the Swiss ski resort of Davos — to New York City, Schneier said. And he doubled the number of religious leaders to 40, including eight Jews.

While Western nations have distanced religion from public life in recent decades, the forum's new line is to embrace religion, understand its traditions and glean its wisdom.

As international companies expand their markets and governments, and corporations see peace as essential to progress, leaders increasingly are giving religion a role in enhancing international stability.

This year's five-day forum, which ended Monday, included interfaith dialogue groups and, for the first time, spread the religious leaders out on panels throughout the forum such as migration and citizenship, the Middle East conflict, and cultural diversity.

The religious figures were also slated to discuss the creation of a Religious Leaders Council, a permanent body that will offer its guidance to companies and nations — a matter that was, ultimately, tabled for further discussion.

Yet the trend is not without risk. Much of Jewish success in America has hinged on the separation of church and state enshrined in the Constitution. World history is replete with examples of religiously motivated conflict.

That leads some to ask: Is the new trend opening a Pandora's box for the Jewish community?

Great Britain's chief rabbi, Jonathan Sacks, said the key is to give religion influence, but not allow it to hold power.

"So long as we keep that distinction clear, we will not endanger our liberties," he said.

Sept. 11 exemplifies how "religious groups seeking power have a devastating effect on the world," Sacks said. "We have to make sure the lesson is learned without too great a tragedy."

In any case, the partnership between heads of state and heads of religion and interfaith activity is growing. It reflects a world whose conflicts have shifted from ideological battles to inter-ethnic disputes whose roots often include religion.

With the end of the Cold War, for example, conflict areas have included such religious hot spots as the Balkans, the Middle East, Northern Ireland and East Timor.

The economic forum came on the heels of Pope John Paul II's interfaith meeting last month in Assisi, Italy, a summit of religious leaders in Alexandria, Egypt, and a recent gathering of religious leaders at the United Nations.

Sacks recalled that Britain's prime minister, Tony Blair, called the country's religious leaders to 10 Downing St. after Sept. 11 to help calm the atmosphere in Britain.

Rabbis at the forum said religious leaders sometimes can build trust where politicians can't. Sacks, who has developed friendships with Muslim leaders in England, described a "common language" among people of faith. Skeptics, however, note that while Muslim participants at interfaith dialogues indeed criticize violence, they often phrase it in ways that legitimize Arab attacks on Israel.

Israeli pundits, for example, noted that the Muslim clerics who helped draft the statement of January's Alexandria summit — which called the murder of innocents a desecration of God's name — still declined to condemn current terror attacks on Israel.

In addition, some say the economic forum's decision to add a religious element to the conference is not entirely altruistic. One religious leader involved described the religious panels as a "fig leaf" for the forum's capitalist outlook, designed to deflect criticism leveled by the growing anti-globalization movement.

At a YWCA not far from the Waldorf-Astoria, the "Eye on Davos" alternative conference was busy criticizing the forum.

Mark Helm, spokesperson for Friends of the Earth, an environmental advocacy organization and one of the coordinators of the alternative conference, called the forum's incorporation of religious leaders "questionable."

"Is it a good start? Sure," he said. But "there's nothing to indicate that the incorporation of religious leaders has caused an epiphany for these global polluters."

Jewish leaders described the interreligious dynamic at the forum as warm and receptive. But Rosen said it's understandable that some might dismiss it as a symbolic gesture with no real effect.

Because Schwab, the forum's president, offered them "limited integration" this year as a way to gradually test the arrangement, Rosen said next year will prove whether the forum really intends to fully integrate the religious leaders.

For Sacks, the question is whether "there is a serious commitment on the part of political leaders to establish a permanent group of religious leaders to act as an advisory group" and a "conflict-resolution force in conflict areas throughout the world."

He said such a group could be led by the outgoing archbishop of Canterbury, George Carey, who headed the recent Alexandria summit. Carey would be "ideal," Sacks said, because of his "distinguished career" of bringing together interfaith leaders from the Middle East. □