



Daily News Bulletin

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85th Year

TOP NEWS IN BRIEF

Israeli army: big bomb a mistake

Israeli military officials questioned the wisdom of using a one-ton bomb to kill a Hamas leader in the Gaza Strip. Faced with a wave of international criticism, the officials are saying the manner in which Tuesday's airstrike was carried out was a mistake.

House passes Israel aid

The U.S. House of Representatives approved an additional \$200 million in aid to Israel on Tuesday night. The aid measure, which was part of an anti-terrorism supplemental spending bill, passed 397-32.

The bill also includes \$50 million for humanitarian assistance to Palestinians in the West Bank and Gaza Strip, which will be distributed by international humanitarian organizations.

The Senate is expected to approve the same bill Wednesday, but it is unclear whether the president will sign it into law. White House officials believe it includes too much spending for legislators' pet projects. **[Page 4]**

Peres to visit Washington

Israeli Foreign Minister Shimon Peres is planning to visit Washington next week.

Peres will meet with White House and State Department officials on Aug. 1.

He will be in Washington at the same time as Jordan's King Abdullah, though there are no plans for the two to meet. Peres and Abdullah will be attending an international conference in Aspen, Colo., before they travel to Washington.

Tel Aviv attack claims new victim

A man died of wounds from a double suicide bombing last week in Tel Aviv.

The man was identified as Li Ben, 33, a foreign worker from China, according to the Jerusalem Post. His death on Wednesday brought the death toll from the July 17 Palestinian terror attack to four.

Israel tourism off by 42 percent

Some 399,700 visitors arrived in Israel during the first six months of 2002, a 42 percent drop from the first half of last year. During June, 62,700 tourists visited Israel, a 38 percent decline from June 2001, according to Israel's Central bureau of Statistics.

Restitution shake-up proposed as debate over funds drags on

By JTA Staff

LUXEMBOURG (JTA) — The leader of international Holocaust restitution efforts is proposing a major organizational shake-up that could affect the distribution of hundreds of millions of dollars.

Israel Singer, the president of the Claims Conference and the co-chairman of the World Jewish Restitution Organization, is proposing a merger of the two groups to make restitution efforts more efficient.

However, some officials attending the Claims Conference meeting in Luxembourg this week worry that such restructuring would only create new problems and not resolve the larger debate over how restitution money should be distributed.

A debate has been raging for years over how restitution funds should be distributed, who the real heirs of survivors are, whether survivors are getting the compensation they should — and how well organizations entrusted with restitution efforts are doing their jobs.

Singer told JTA he was "absolutely committed" to change, but did not expect it to take place quickly.

"The devil is in the players," he said here at the start of two days of meetings in the city where Germany signed its historic Holocaust survivor compensation agreement 50 years ago.

"I'm going to try to streamline," he told JTA, adding that this was the place for the discussions to begin. "I want to integrate political leaders of both organizations and create a body of importance."

But some are questioning the necessity of major changes, which are sure to spark turf battles.

"You have to be cautious," said a source close to the issue. "Even when there is duplication, a world war is not worth it."

The source and other officials who declined to be named were skeptical that organizational change is really needed since the WJRO coordinates Jewish communal claims and negotiates with appropriate authorities while the Claims Conference is involved in negotiations, but also provides hands-on processing of claims.

"There is no duplication," one official said. "There is a perfect distribution of labor."

The WJRO, created in 1992, is an umbrella organization including the Jewish Agency for Israel, B'nai B'rith, the American Jewish Joint Distribution Committee and survivor organizations.

It deals with restitution issues outside of Germany and Austria.

The Claims Conference, a founding member of the WJRO, is responsible for restitution of Jewish property and assets in Germany and Austria, but has been involved in other restitution efforts as well.

For the past 50 years, it has been primarily responsible for \$50 billion in reparations to more than 500,000 Holocaust survivors.

Naftali Lavi, chairman of the executive for the WJRO, said he welcomes any suggestion to streamline the restitution efforts.

"If there can be a merger, it can only serve the purpose of more efficiency and better organization," he said. "But I don't know if results in restitution will be affected."

A dizzying array of settlements and negotiations has evolved since restitution was first thrust onto the world stage during the 1990s, mostly at the behest of leaders of the World Jewish Congress, of which Singer is now chairman. The Claims Conference has

MIDEAST FOCUS

Yeshiva dispute shifts to court

The dispute over granting yeshiva students draft deferrals moved to Israel's High Court of Justice.

Legislators from the secular Shinui and Meretz parties, as well as the Movement for Quality Government, filed a petition Wednesday claiming that a newly passed law enshrining the deferrals contradicts Israel's Basic Law on Human Dignity and Freedom.

The basic laws serve the Jewish state in lieu of a constitution.

The move came a day after the Knesset gave final approval to the Tal bill, which grants yeshiva students draft deferrals until the age of 22, when they can take a year off to decide whether they want to continue their religious studies, do a shortened military service or perform one year of national service.

Israeli tax reform law approved

The Knesset approved a tax reform bill that paves the way for Israel's first capital gains tax.

The measure was given final approval Wednesday by a vote of 61-13, with 10 abstentions.

The law, which goes into effect on Jan. 1, will tax stock profits and overseas income while providing a gradual reduction in income tax over a five-year period.

Finance Minister Silvan Shalom praised the government for bringing about passage of what he called the "most important tax legislation" in Israel's history.

New Israeli official named

Labor legislator Weizman Shiri will become Israel's new deputy defense minister.

Shiri was offered the post by Defense Minister Benjamin Ben-Eliezer after the current deputy defense minister, Dalia Rabin-Pelossof, resigned over what she said was the government's unwillingness to negotiate with the Palestinians.

paid — or is finalizing payment — to almost 100,000 survivors, mostly in Eastern Europe. The sums include nearly half a billion dollars from a German foundation and \$94 million from the Swiss banks settlement, both for slave labor compensation, with another \$12.9 million forthcoming from this latter fund.

Some organizations, such as the International Commission of Holocaust Era Insurance Claims, are accused of mismanagement, and property restitution efforts in Eastern Europe have been floundering for years.

Funds to be disbursed from the insurance claims portion of the Swiss settlement and the sale of heirless properties in Central and Eastern Europe could total hundreds of millions of dollars.

It is the future fate of these potential funds that is generating significant debate in the community.

Survivors' groups have argued that the needs of elderly survivors are being disregarded, and they are running out of time.

Singer and other officials say as long as there are Holocaust survivors in need, they will be the primary beneficiaries of restitution efforts.

But Singer believes that leftover money should be used to revitalize and create a renaissance for the Jewish people.

"Holocaust survivors are not the only persons charged with making decisions for the Jewish people about how to use monies that will not be needed after they die," Singer wrote recently in the publication *Sh'ma*.

"The entire Jewish people are the heirs of survivors, and as a child of survivors and having worked for them my entire life, I say this with some authority," he said, reiterating the position he has been staking for a while.

The debate, then, is likely to continue over the use of restitution funds, and whether a proper balance can be struck among survivors, Holocaust education and Jewish education, and identity-building in the Diaspora.

Sam Dubbin of the Holocaust Survivors Foundation says the Claims Conference itself is at fault because it has not properly represented survivors' interests.

Whether the restitution involves insurance, banking or property issues, the basis of any negotiation should be around an amount that can make survivors' lives better, according to Dubbin.

Claims Conference officials say they monitor and oversee distribution and do not run direct service projects nor allocate the money to begin with, and have gotten millions to survivors.

Critics of the progress of restitution efforts do not see the proposed reorganization as the solution that will correct underlying problems.

When the Claims Conference last reorganized in April, creating four leadership positions, several controversies surfaced.

The Jewish Agency for Israel, which had hoped for a greater role in deciding how to distribute outstanding reparations, complained that the new leadership would not properly represent Israeli interests.

Noach Flug, newly elected president of the International Auschwitz Committee and chairman of the Center of Holocaust Survivors in Israel, agrees with Singer on the need for streamlining.

"Today, the center of the Claims Conference is in New York and the center of the World Jewish Restitution Organization is in Jerusalem. I think we should build a united organization with two centers: the political center in New York, and the financial, organizational and administrative center in Jerusalem," Flug, 77, said between closed-door meetings here on Tuesday.

But Flug also said he supported using some of the restitution funds for Holocaust education and memorials only "when there are no more survivors," adding that most survivors live in Israel.

"The money should go first of all to the needy," said Vladka Meed, a survivor of the Warsaw Ghetto who fought in the Jewish underground in Poland.

"But that does not mean that all the money should go to survivors. Because there are future generations, and for the sake of history, we have to remember in order to prevent." □

(JTA correspondents Sharon Samber in Washington and Toby Axelrod in Luxembourg contributed to this report.)



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JEWISH WORLD

Group presses German insurers

The Claims Conference may take action against German insurance companies that fail to pay restitution funds to Holocaust survivors.

The group could withdraw from agreements reached two years ago that protect the insurers from lawsuits by survivors, according to Israel Singer, the group's president. But "we are not threatening anything now," Singer told JTA. "We are holding out a hand in friendship and saying, 'Have the generosity to pay the people while they are still alive.'"

New U.N. rights commissioner

The U.N. General Assembly approved the nomination of a Brazilian diplomat to serve as the next high commissioner for human rights.

As a result of Tuesday's approval, Sergio Vieira de Mello will assume the post in September.

He succeeds Mary Robinson, whom pro-Israel advocates accused of hostility toward the Jewish state.

Vieira de Mello, 54, previously held U.N. postings in East Timor and Kosovo.

Hadassah blasts UNRWA

Hadassah, the Women's Zionist Organization of America, called on the U.N. Relief and Works Agency for Palestinian Refugees to reform its operations.

In a resolution passed at its national convention this week, Hadassah condemned UNRWA for ignoring, and therefore permitting, terrorist activity emanating from Palestinian refugee camps, and urged the United States to audit the use of its tax dollars by UNRWA.

Hundreds gather at Potok funeral

Hundreds of people gathered near Philadelphia on Wednesday for the funeral of novelist and Jewish scholar Chaim Potok. Potok, 73, the author of "The Chosen," "The Promise" and "My Name Is Asher Lev," died Tuesday morning of brain cancer.

Y.U. president staying on

Yeshiva University President Rabbi Norman Lamm reportedly will remain at the school's helm.

Lamm was expected to resign in August, but when a presidential search committee could not find a successor, he agreed to remain in his post until one is found. The search committee is expected to recommend final candidates by year's end.

White supremacist dead at 68

William Pierce, a white supremacist leader who founded the far-right National Alliance, died of cancer Tuesday at 68. Pierce "was by far the most dangerous and effective American extremist and racist in recent memory," said Rabbi Abraham Cooper, associate dean of the Simon Wiesenthal Center.

Israel debates pros and cons of attack on terror mastermind

By Naomi Segal

JERUSALEM (JTA) — Israelis are wondering whether the price for killing a top Hamas official this week in the Gaza Strip will be too high.

Like the public at large, Israeli military officials questioned the wisdom of using a one-ton bomb to kill terror mastermind Salah Shehada in a densely populated area of Gaza City. Soon after Tuesday morning's airstrike, it became clear that the attack on Shehada was not what Israeli officials like to call a "pinpoint operation."

With 14 civilians, including nine children, also killed in the operation, the attack drew widespread international condemnation. The White House called the strike "heavy-handed."

Israel officials expressed deep regret Wednesday for the civilian losses. Senior political officials reiterated that had Prime Minister Ariel Sharon and Defense Minister Benjamin Ben-Eliezer known there were civilians in the area, they would have put off the operation, as had been done on prior occasions.

As the apologies were issued, the Israeli public braced for likely revenge attacks from Hamas.

While Sharon called Shehada's assassination "one of our major successes," he also said the airstrike now "necessitates all of us being on top alert."

Meanwhile, one question nags the public: Was the targeted killing of Shehada worth it? During the past two years of conflict with the Palestinians — in which hundreds of Israelis have been killed and wounded in terror attacks — those who defend the targeted killings of terrorist leaders maintain that the policy can help prevent scores of additional casualties.

From this standpoint, Shehada was considered a legitimate target.

The commander of Hamas' military wing in the Gaza Strip, he topped Israel's list of wanted terrorists. He was the mastermind behind hundreds of terror attacks against Israelis and was actively planning more attacks, Israeli officials said.

The Palestinian Authority had ignored repeated Israeli requests to arrest Shehada. "No one disputes the legitimacy of striking a murderer responsible for killing so many Israelis and continuing to plan attacks," Amnon Lipkin-Shahak, a former Cabinet minister and Israel Defense Force chief of staff, told Israel Radio.

Concern about retaliation is one consideration for Israeli officials, he said. But just the same, he added, terrorists like Shehada should be pursued.

Some observers questioned, however, why Israel carried out the operation in a heavily populated Gaza City neighborhood.

Furthermore, when it was learned that the operation had been called off earlier in the week following information of civilians in the vicinity, some wondered how the situation could have been different only days later. The timing of the strike also raised questions, as it came amid renewed international efforts to restart the diplomatic dialogue between Israel and the Palestinians.

It also followed reports that Palestinian Authority President Yasser Arafat's Fatah faction was on the verge of announcing a cease-fire on attacks against civilians, though Israeli officials downplayed the credibility of such reports.

Lipkin-Shahak said if any cease-fires were in the offing, "it should have been clear that such an action would not accelerate" peace moves — though the Palestinians long have argued that violence and peace talks could continue simultaneously.

Meanwhile, Israeli politicians debated the wisdom of Tuesday's airstrike. Legislator Zahava Gal-On of the dovish Meretz Party called the airstrike a "miserable, negligent operation," adding that the only way to eradicate terrorism was through political negotiations.

Public Security Minister Uzi Landau rejected her argument.

Landau said that the death of civilians, especially of children, is deeply regrettable. But he said this is a time to show support for the army, which must engage in an ongoing battle with terrorists.

"Especially now, in light of the motivation of terrorist organizations to hurt us, we must strike at them to destroy the terrorist infrastructure," he said on Israel Radio. □

Montreal's Israeli Consulate to close, angering city's Jews

By Joe Berkofsky and Bram Eisenthal

NEW YORK (JTA) — The Israeli Consulate in Montreal will be closed due to Israeli Foreign Ministry funding cuts, though consulates in the United States will escape the budget knife.

"In the end, the decision was taken not to close anything in the United States of America," said Mark Regev, spokesman for the Israeli Embassy in Washington.

The budget axe fell on consulates in Montreal and three other cities, and on four embassies around the world. The final decisions came after a series of news reports had circulated for days that several consulates in the United States — including Houston, Philadelphia and San Francisco — also would close.

"The idea was not to close anything in the U.S., because the United States is our closest ally and the work we do here is very, very important," Regev said.

This was not the first time that news of an impending budget crisis in Israel's Foreign Ministry stirred talk that consulates in the United States would be shut. Back in 1996, the government of Prime Minister Benjamin Netanyahu slated 16 diplomatic missions for closure.

At that time, too, the Philadelphia and San Francisco missions were reported to be slated for closure, but they were not included in the final list.

Members of Montreal's Jewish community reacted strongly to news of the mission's fate. Considered one of the strongest Jewish communities in the Diaspora — and an unwavering supporter of Israel, both morally and financially, since the state's birth — Montreal Jews took the decision as a slap in the face.

It is the second major blow to Israel-Montreal relations in recent years, after El Al relocated its chief Canadian office from Montreal to Toronto. The airline also ended direct flights from Montreal to Tel Aviv.

Joseph Gabay, president of the Quebec region of the Canadian Jewish Congress, said Montreal's consul general, Shlomo Avital, has always been "a part of the Montreal Jewish community's events, and we cannot imagine holding such events without his presence."

Saulie Zajdel, regional director of B'nai Brith Canada Quebec, predicted the closure would have terrible ramifications for the community.

"We are exceedingly disappointed by this decision and are writing letters to the Israeli Foreign Ministry strongly urging them to reconsider," Zajdel said. "They are ignoring the important French fact of this province, in the overall context of our country, and this sends the wrong message to the people of Quebec and Canada."

Montreal's Jewish population has decreased during the past decade, in part because of worries over French nationalism.

"This community needs the formal presence of the government of Israel in its midst, playing a vital role," he said. "We have been such staunch supporters of Israel, day in and day out, and we boast one of the highest percentages of Jews in North America who have actually been to Israel. This is a very short-sighted decision on Israel's part."

In Washington, Regev expressed regret that closures were necessary, and said the Israeli Embassy in Ottawa and the consul-

ate in Toronto would pick up the slack left by the Montreal closure. A staffer at the Israeli Consulate in New York said that while "nobody has the nuts and bolts" of why certain missions are being shuttered, speculation centered around "cost-effectiveness."

"A lot of consideration is given to closing a consulate in San Francisco, for example, when you have a large one in Los Angeles, and maybe they could absorb the extra work," the staffer said.

But Ami Nahshon, executive vice president of the Jewish Federation of the Greater East Bay, near San Francisco, said that reasoning didn't hold for Northern California.

The Northern California region, which begins in Fresno and includes Oregon, Washington, Idaho, Montana and Alaska, "is one of the most difficult and challenging environments for Israel anywhere in the United States," he said.

Other missions slated to be closed include the embassies in Zimbabwe, New Zealand, Panama and Belarus, and consulates in Marseille, France; Rio de Janeiro; and Sydney, Australia.

"This is not good, but this is the least bad we could do," Regev said. □

Congress approves more Israel aid as part of anti-terror spending bill

By Matthew E. Berger

WASHINGTON (JTA) — Congress has granted an additional \$200 million in aid to Israel as part of an emergency anti-terrorism spending bill.

The bill, which also includes \$50 million for humanitarian assistance to Palestinians in the West Bank and Gaza Strip, passed the House of Representatives on Tuesday night by a vote of 397-32.

On Wednesday, the Senate passed the bill, 92-7.

President Bush is expected to sign the \$28.9 billion spending bill. The White House had been concerned that the legislation had been bogged down by spending for lawmakers' pet projects. Bush proposed a \$27.1 billion bill in March, which did not include aid for the Middle East.

The bill mainly contains funds for homeland security, the war against Afghanistan and the rebuilding of infrastructure in New York damaged by the Sept. 11 attack on the World Trade Center.

Debate on supplemental aid for Israel began in April, when House Majority Whip Tom DeLay (R-Texas) promised additional aid for Israel in a speech to the American Israel Public Affairs Committee.

The funding faced opposition from some lawmakers, who felt the United States should not be taking sides in the Israeli-Palestinian conflict. Rep. Sonny Callahan (R-Ala.) tried to get the Middle East funding removed from the bill, to no avail.

The original amendment for additional Israeli aid was introduced by Rep. Jack Kingston (R-Ga.), but was revised by Rep. Jim Kolbe (R-Ariz.) to include the Palestinian aid.

The Palestinian money was considered a deal sweetener for the Bush administration, which has stressed the need to revive the Palestinians' security and economic infrastructure.

Israel has been seeking additional funds for several years. While it currently receives \$3 billion a year through the foreign operations appropriation process, it has been requesting an additional \$800 million that President Clinton promised to aid Israel's withdrawal from Lebanon in 2000. □