



# Daily News Bulletin

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86th Year

## TOP NEWS IN BRIEF

### Bomber kills Israeli grocer

A suicide bomber killed an Israeli man in an attack in northern Israel. A terrorist carrying a bag with a bomb inside blew himself up Thursday at the entrance to a grocery store at Moshav Sde Trumot, near Beit She'an.

Store owner Avner Mordechai, a 63-year-old father of six, was killed. Islamic Jihad claimed responsibility for the attack.

### Powell en route to Middle East

Israeli Defense Minister Shaul Mofaz met with U.S. envoy John Wolf to discuss the "road map" peace plan.

During Thursday's meeting, Mofaz accused the Palestinians of failing to carry out security commitments they took upon themselves at the recent Aqaba summit, Israel Radio reported.

The meeting came on the eve of a brief scheduled visit to Israel and the Palestinian territories by U.S. Secretary of State Colin Powell to boost peacemaking efforts. Before Powell arrived, Palestinian Authority Prime Minister Mahmoud Abbas held talks with representatives of Palestinian groups to try to advance a cease-fire.

### Giuliani: Fight anti-Semitism

Former New York Mayor Rudy Giuliani proposed an eight-point plan to fight anti-Semitism.

Giuliani made his recommendations as head of the U.S. delegation at a two-day conference on anti-Semitism organized by the 55-member Organization for Security and Cooperation in Europe. The meeting is being held in Vienna. [Page 4]

### Settlers, army clash at outpost

Settlers at Mitzpeh Yitzhar set fire to Palestinian fields in an attempt to disrupt the evacuation of the outpost. Thursday's army operation was the first in which Israel removed an inhabited outpost.

Scuffles between settlers and soldiers erupted despite calls by the settlement umbrella organization, the Yesha Council, for settlers to use only non-violent means in resisting the operation.

About 30 soldiers and civilians were lightly injured, and seven Molotov cocktails were found in settlers' possession, Israel Radio reported. There were 15 arrests in the operation.

## MONEY & FINANCE

### After bond success, Netanyahu stumps for investment in Israel

By Joe Berkofsky

NEW YORK (JTA) — Shortly after Israel floated its largest bond issue in history, Finance Minister Benjamin Netanyahu was busy preaching the gospel of his free-market vision for the Jewish state.

The former Israeli prime minister came to town to meet with U.S. business leaders and media outlets like CNBC and Business Week. In a meeting on Monday with Israeli and American businesspeople at New York City's tony Harmonie Club, Netanyahu said that the push to further Israel's development from a socialist-style backwater to a high-tech capitalist trendsetter is generating big dividends at home and abroad.

Israel "is the most rapidly liberalizing economy in the world," Netanyahu said, explaining that he aims to make Israel "one of the five most attractive countries in the world in which to invest."

The "road map" peace plan may be faltering, and Israel's economy remains troubled by continuing violence and low tourism — but an upbeat Netanyahu was here to talk turnaround.

"For many years, we've been saying we need to do something about the Israeli economy," he said. "We are."

The free-market reforms of Prime Minister Ariel Sharon's government may be paying off: Israel's bond issue this week was expected to bring in \$500 million, but after demand exploded to \$2 billion, the government cut off borrowing at \$750 million.

"It's very encouraging to see how quickly the institutional markets responded" to the June 16 bond offer, Netanyahu said.

The 10-year bonds will yield 4.73 percent, 153 base points higher than U.S. 10-year bonds and Israel's lowest rate to date.

More than 200 banks, insurance companies, pension funds and other institutional investors from Asia to Europe bought in — including some from the Persian Gulf nation of Dubai, whom Netanyahu admitted "aren't ardent Zionists."

Investors are banking on two main developments for a return on their investment.

First, the markets are responding to the Sharon government's moves to continue liberalizing Israel's economy, which still retains vestiges of the state domination of Israel's early decades.

Despite a number of steps to liberalize the economy over the past decade — including many during Netanyahu's three years as prime minister — the public sector still accounts for 55 percent of Israel's gross domestic product.

"We want to put the public sector on a diet," Netanyahu said.

Coming with unemployment around 10 percent, recent budget cuts sparked public dissent and a general strike. But Netanyahu adheres firmly to supply-side economics.

Since June, the government has been working to trim the budget by nearly \$500 million, with plans to cut another \$500 million next year by encouraging layoffs and early retirement of "less productive" workers at an "unprecedented" clip, Netanyahu said.

At the same time, the government is moving to privatize its electric and phone companies, as well as major institutions such as Bank Discount, Bank Leumi and El Al airlines — whose stock rose some 300 percent in the first week after its initial public offering — and fight the powerful Histadrut trade union federation over pension cuts.

The government "is willing to face up to the unions, and is slaughtering one sacred

## MIDEAST FOCUS

### Jordanian party to fight Israel

Jordan's new opposition party vowed to end the country's diplomatic relations with Israel.

Officials with the Islamic Action Front, elected to Jordan's parliament this week for the first time in six years, "will do their utmost to end the normal ties with the Zionist enemy," said Hamza Mansour, the group's leader. Jordan signed a peace treaty with Israel in 1994, becoming the second Arab country to do so.

### P.A. minister justifies violence

Violence against Israel is legitimate resistance, not terrorism, a Palestinian Authority Cabinet minister said.

"I do not know why, when the Palestinians denounce the word 'terrorism,' certain people think that this means resistance. There is no text anywhere that says that the Palestinian people's resistance is terrorism," the P.A.'s information minister, Nabil Amr, said on an Arabic-language television channel.

The remarks came amid ongoing efforts to end Palestinian violence as part of the U.S.-backed "road map" peace plan. U.S. officials had hailed P.A. Prime Minister Mahmoud Abbas' denunciation of terrorism as an important step forward.

### Victim's condition improves

The condition of a 3-year-old Israeli girl wounded in a shooting attack earlier this week has improved.

Hospital officials said Thursday that Shira Leibovitz had moved her foot, a day after doctors removed a bullet lodged in her spine. Leibovitz's 7-year-old sister, Noam, was killed in the attack, when gunmen fired on the car the girls' family was traveling in on the Trans-Israel Highway near Kalkilya.

Gunmen had cut through an iron grid at the entrance to a drainage tunnel to circumvent Israel's security fence and gain access to the road.

cow after another," Netanyahu said. Netanyahu's fiscal conservatism doesn't stop there: He echoes President Bush when it comes to Israel's personal-income tax rates, which range from 10 percent to 50 percent.

"The most critical engine for economic growth is, you lower taxes," Netanyahu said. "If people receive more money in their pockets, they work more, and that's the first and most important boost you can have."

Global investors are counting on the possibility that the Israeli-Palestinian conflict will ease, and that political or military pressure will win the war on terrorism and ease pressure on Israel's economy, he said.

Israel also is embarking on major infrastructure projects such as the Trans-Israel Highway. Though tiny in size, Israel is "like Russia" in that it "takes hours" to reach areas outside the center of the country, Netanyahu said.

Israel's renewed ability to win loans via the bond market is not the only measure of economic health in the Jewish state.

This week, New York State Comptroller Alan Hevesi said New York's \$109 billion retirement fund — the second biggest state pension fund behind California's — was investing \$200 million in Israel.

David Neustadt, a spokesman for Hevesi's office, said Israeli market reforms were "one factor" in the decision to invest in "old-economy" businesses in the banking, media, industrial and retail sectors.

These areas of the economy "may be out of favor with investors, but they might have significant potential for long-term growth," he said.

The Markstone Capital Partners Fund, a venture capital outfit managed by Ron Lubash, former head of the Israeli offices of Lehman Brothers, has pledged another \$300 million in investment in addition to New York State's cash.

In the past, the New York pension fund has invested about \$78 million in Israel by buying Israel Bonds, and it also owns stock in Israeli companies.

Israel's success in borrowing directly in the global market comes in concert with the success of its U.S.-based sales agent, Israel Bonds, a spokesman said.

"The reforms will lead to more confidence in the Israeli economy and retain the investment-grade rating" that Israeli bonds have secured, the spokesman said. "That leads to more sales."

But one leading Israeli economist said the real forces spurring investor confidence in Israeli bonds are the high interest-rate dividends the bonds yield and the financial muscle of the United States.

Assaf Razin, a professor of economics at Cornell and Tel Aviv universities, said the successful bond sale has little connection to Israel's budget moves.

Israel's bonds "pay a much higher rate than anyplace else," Razin said, and this spring's U.S. loan guarantees at least indirectly secured the bonds.

Israel has never defaulted on any of its bonds.

The bonds "are a relatively safe return," he said.

Razin was skeptical of Netanyahu's attempt to credit the economic recovery to government reforms.

Instead, the main forces behind Israel's improving economic health are the reinvigorated market in the United States — where the NASDAQ has shot up 20 percent since January — and the U.S. military victory in Iraq, Razin said.

If anything, he added, government cuts in defense and local municipal budgets means "the recession will increase" in the short run.

While public sector wage and pension fund cuts will help, the government did not fully fund construction of a West Bank security fence, which could hurt investor confidence in the long run, Razin said.

The lack of a fence between terrorists and Israel's center "will come back to haunt us," he said.

In the United States, meanwhile, Israel Bonds is booming. Since the beginning of the year, Israel Bonds has sold more than \$900 million and is "well on the way" to reaching a \$1.25 billion target, the spokesman said. Israel Bonds account for about 36 percent of the Jewish state's foreign debt.

Netanyahu said \$9 billion in recent U.S. loan guarantees that Congress approved this spring were the "wind in our sails" in helping to reinvigorate investor confidence in Israel. But those who give Israel loans have seen returns, too. □



## Daily News Bulletin

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## JEWISH WORLD

### Railroad lawsuit back on track

A U.S. court reinstated a lawsuit filed by Holocaust survivors against the French national railroad for transporting 75,000 Jews to Nazi concentration camps during World War II. The court ruled that a judge erred in 2001 by throwing out the lawsuit because the railroad is a foreign entity. Lawyers for the railroad said they would appeal.

### Rabbi speaks at Bush fund raiser

A Maryland rabbi gave the invocation for President Bush's \$3.5 million fund raiser.

Rabbi Joel Tessler of Potomac, Md., received a call the morning of Tuesday's event and was invited to give the invocation at the re-election fund raiser for the president.

In his remarks, Tessler, rabbi at Beth Shalom Congregation and Talmud Torah, said he advised the president to "walk humbly."

### UJC charts its vision

Senior staff of the federation umbrella organization are on a retreat to discuss the system's vision, sources said. The two-day retreat, which began Wednesday in upstate New York, comes after United Jewish Communities CEO Stephen Hoffman outlined a vision for the group at its board of trustees meeting in Washington earlier this month.

That vision included serving as a vehicle for "global Jewish responsibility," developing new and innovative ideas and strengthening local federations.

### Agency to discuss fund shortfall

The shortfall of funds from the North American federation system to the Jewish Agency for Israel is expected to figure prominently when the agency's board of governors meets later this month.

The United Jewish Communities funds the Jewish Agency through its individual federations, to which it issues non-binding recommendations of overseas allocations. The federation system is expected to fund 52 percent of the Jewish Agency's 2003 budget.

The three-day meeting in Jerusalem, which begins June 22, is one of three regular meetings per year of the Jewish Agency.

### German Jewish leader sues

A German Jewish leader being investigated for possible involvement in drugs and prostitution sued the Berlin Justice Department over allegedly illegal police searches of his home and office.

Michel Friedman's lawyer told The Associated Press that prosecutors had carried out a "public hanging" of his client by leaking information about the case. Friedman reportedly is either in southern France or Italy.

## After passport check, birthright sends ineligible participants home

By Rachel Pomerance

NEW YORK (JTA)—Birthright Israel has caught ineligible participants on its free trips, which are reserved for young adults who never before have been on a peer trip to the Jewish state.

Responding to the discovery, officials at birthright, one of the most popular Israel travel programs, fired off a mass e-mail to trip providers on Wednesday warning against further infractions.

The revelation comes as Israel programs are struggling to keep enrollment up during the Palestinian intifada. The prospect of falling enrollment could threaten birthright, whose future funding is not assured.

Gideon Mark, the program's international director of marketing, said birthright has taken steps to make candidate checks more stringent to quiet rumors that the program was relaxing requirements to inflate its numbers.

"In the past few days, upon landings of groups at Ben Gurion International Airport, we have found seven ineligible participants," the e-mail from the program's Israel office stated. "The main reasons for the ineligibility are age and previous disqualifying experiences in Israel, i.e., trips to Israel which are contrary to our approved criteria," the letter said.

It reminded trip providers, which range from Hillel: The Foundation for Jewish Campus Life to the American Israel Public Affairs Committee, of their obligation to check participants' passports prior to departure.

The issue of uneven enforcement of birthright requirements among different tour providers was raised by federation leaders last December when they renegotiated their funding for the program.

The seven ineligible travelers, all from North America, were caught during a passport check in Israel. Four came from one trip organizer. "If we find someone who is ineligible, we are going to send him or her immediately back home," Mark said.

In its e-mail, birthright said it would charge the guilty trip organizers for expenses incurred.

Mark stressed that the seven ineligible participants represented just a "handful" of the 2,000 who have arrived for summer programs this year. Asked if birthright had ever before found so many ineligible participants, Mark said, "I don't recall."

Funding for birthright is split evenly among the Israeli government, world Jewish communities and several mega-donors. The program was projected to cost \$210 million for its first five years, but the number may be readjusted after a recent Knesset decision to cut Israel's share of funding.

Birthright originally expected to bring to Israel 90,000 young adults in five years. Now entering its fourth year, it has brought about 40,000. "Birthright has a very strong attraction for many, and that's why we are very cautious to give this gift of the Jewish people only to those who are eligible," Mark said.

Several sources say the blame for the ineligible participants lies with birthright's trip providers, who are responsible for screening the young people, aged 18 to 26, whom they send.

"Each individual tour provider is responsible for enforcing the rules, and it's not something that birthright is responsible for," said Jeff Rubin, director of communications for Hillel.

Rubin said birthright had never told providers they should loosen requirements.

"We're pleased that birthright is enforcing the rules that have been established since the outset of the program," he said.

According to Marlene Post, chairwoman of birthright Israel USA, the incident reflects the desire of the youths interested in Israel to return to Israel.

"They faked it because they really wanted to get back," she said. "Does it make me unhappy? Of course. It makes me unhappy that the Jewish community doesn't have lots of opportunities for young people to return on another trip to Israel when they really want to." □

## At OSCE meeting, cultural change called vital to fight anti-Semitism

By Ruth E. Gruber

VIENNA (JTA) — Concrete legal and political measures are needed to combat a worrying wave of anti-Semitism that has emerged in Europe over the past three years — but so is a dramatic change in personal, political and cultural mind-sets.

Those are the sentiments that emerged at an unprecedented conference on anti-Semitism organized by the Organization for Security and Cooperation in Europe.

Speaker after speaker described the resurgence of violence against Jews and Jewish institutions in various countries, ranging from the desecration of cemeteries to the torching of synagogues.

They described a tidal wave of hate mail and anti-Semitic Web sites, and a demonization of Israel in the media and the political arena.

They described “polite anti-Semitism” among the upper crust apparently made “legitimate” by popular criticism of Israel’s actions against the Palestinian intifada.

“Anti-Semitism is not just a number of incidents; it is a state of mind,” Dutch diplomat Daan Everts, representing the current OSCE chairman, told the opening session of the two-day meeting.

“It cannot be discarded as something belonging only to a lunatic fringe of society. Anti-Semitism has deep roots and we should not delude ourselves in thinking that anti-Semitism cannot occur in democratic societies, which adhere to the rule of law,” Everts said. “Probably none of our states is fully exempt from it.”

The conference — the first ever stand-alone session on anti-Semitism held by the 55-member OSCE — stems from a decision taken by the OSCE foreign ministers’ annual meeting last December. This conference will be followed by another one in September on discrimination, racism and xenophobia.

The United States was instrumental in pushing for the meeting — at times in the face of reluctance by some European states — and U.S. delegates were outspoken in calling for concrete steps with measurable effects.

“The history of this moment will be if it is not just a one-off event, but by recognizing that anti-Semitism is a virus and must be dealt with by civil society as a clear and present danger, for now and for the future,” the Anti-Defamation League’s national director, Abraham Foxman, told JTA. “Anti-Semitism was, is and will continue to be the canary in the coal mine vis-a-vis democratic societies.”

New York’s former mayor, Rudolph Giuliani, the head of the U.S. delegation, said the U.S. wanted to see “specifics emerge from this conference — not just discussion.”

He proposed an eight-point plan that could serve as a framework for action. It includes:

- compiling statistics for hate crimes and reporting them publicly;
- passing hate-crimes legislation;
- holding regular international meetings so progress in fighting anti-Semitism can be judged; and
- monitoring schools and textbooks for anti-Semitic content.

The OSCE, formally established in 1995, grew out of the Cold War era’s “Helsinki process” of human rights monitoring and conflict resolution, which was formally known as the Conference on Security and Cooperation in Europe. □

## Conservative rabbis keep focus on domestic issues, not Mideast

By Matthew E. Berger

WASHINGTON (JTA) — While many Jewish groups are making their voices heard in Washington on Middle East issues, a group of Conservative rabbis is focusing on domestic issues.

Thirty rabbis from the Rabbinical Assembly converged on the Capitol on Tuesday to lobby against tax cuts that could hurt spending for the poor and needy, and for extending a child tax credit for low-income families.

The groups’ meetings with lawmakers also focused on immigration, health care and prescription medicine, and the environment.

Many Jewish groups have not taken a stand on the tax cuts, even though they are expected eventually to impact many of the programs Jewish communities support for the needy.

Rabbi Lee Paskind, chair of the Rabbinical Assembly’s Social Action Committee, said his group has consistently spoken out against tax cuts, and felt their voices needed to be heard as the issue was being debated in Congress.

“For us, these budget matters reflect our nation’s priorities,” said Paskind, rabbi at Congregation Ahavat Shalom in Lakewood, N.J. “For the Jewish tradition, there is a priority for the welfare of the most vulnerable members of society.”

Iris Lav, deputy director of the Center for Budget and Policy Priorities, told the rabbis that the tax cuts, passed last month, would lead to large deficits and prevent the federal government from funding many of its existing programs. That means that more programs will be transferred to the states, causing state taxes to increase and programs to be cut.

“It’s not the economy, it’s the tax cuts,” Lav said. “Fundamentally, the cost of the tax cut is three times the deficit in Social Security that we’ve been hearing about.”

While the tax cut may stimulate the economy, Lav said, it’s not the best way to do the job. She suggested that increased tax breaks for the poor would be more beneficial, since the poor would be more likely to spend the money.

Rep. Rahm Emanuel (D-Ill.) pleaded with the rabbis to focus their energy on restoring the tax credit for low income families, claiming the issue was “first among equals” on which their support would be needed. Lav estimates that the current tax law would provide no benefit for the bottom 50 million households, and less than \$100 to each of the bottom 74 million households.

The Conservative Jewish community often is overshadowed in policy debates by the liberal Reform movement and the more conservative Orthodox community, both of whom often make their voices heard in Washington.

The Rabbinical Assembly doesn’t have a Washington office, but is seeking a larger seat at the table. “We are trying to find ways to be as effective as we can be,” Paskind said. “We think we have something unique to say, given that we come from a traditional point of view, with a liberal perspective.”

Rabbi Jan Kaufman, the R.A.’s director of special projects, said her organization’s views differ sharply from those of some more vocal organizations in the religious Jewish world.

For example, the Conservative movement has more than 70 day schools across the country, but the Rabbinical Assembly does not support vouchers to religious schools. □