

IN THE NEWS
U.S.: Iran response on nukes 'falls short'

Iran's response to an incentives package to end its uranium enrichment falls short of U.N. Security Council conditions that would prevent sanctions, the United States said.

"We acknowledge that Iran considers its response as a serious offer, and we will review it," the State Department said Wednesday, in the first official U.S. response to the Iranian counteroffer.

"The response, however, falls short of the conditions set by the Security Council, which require the full and verifiable suspension of all enrichment-related and reprocessing activities.

We are consulting closely, including with other members of the Security Council, on next steps."

Israel considers Iran, whose president has called for the Jewish state to be destroyed, the greatest threat to its existence.

Soldier killed by Israeli mine

An Israeli soldier was killed and two officers were wounded Wednesday in southern Lebanon, apparently by an old Israeli mine.

One soldier was injured seriously, the other lightly when their tank hit a mine probably planted in the past by the Israeli army, initial investigations showed.

It was not clear if their unit had reached the area by navigational mistake or if the mine field had not been marked on army maps.

Israeli troops shoot Jihad leader

An Israeli undercover unit seriously wounded an Islamic Jihad leader in the West Bank.

Hosam Jaradat was shot by Israeli troops in a car Wednesday.

Jaradat reportedly was taken from the hospital out of fear that Israeli troops might arrest him.

WORLD REPORT

PUBLISHED WEEKDAYS BY JTA—THE GLOBAL NEWS SERVICE OF THE JEWISH PEOPLE • WWW.JTA.ORG

Individuals in North take a blow, but overall economy in good shape

By BRENDA GAZZAR

JERUSALEM (JTA) — David Ben-Kiki of Nahariya lost a month of work due to no-shows and cancellations during Israel's war with Hezbollah.

A chiropractor in the North who treats both people and animals, Ben-Kiki estimated that he lost about \$500 a day during the 34-day conflict. The 51-year-old Connecticut native, breadwinner for a family of eight, was forced to cancel a family vacation to Eilat, so the money could be used to keep them afloat during the crisis.

Four days into the cease-fire, business was slowly starting to return late last week. Before the war, Ben-Kiki was seeing 15-20 patients a day, six days a week, but now he sees just five or six patients, three days a week, he said.

"I'm still at a tremendous loss over here," said Ben-Kiki, who is applying for government compensation. "I feel whatever I'm making three days a week, it's to pay some bills, put food on the table and keep surviving."

The conflict took a significant economic toll on individuals, small businesses and some industries in northern Israel, but its overall impact on the national economy was fairly moderate, and should not cause a national emergency, experts say.

"When the terror attacks started in 2001 and 2002, the Israeli economy almost deteriorated into a financial crisis," said Rafi Melnick, dean of the Lauder School of Government, Diplomacy and Strategy at Herzliya's Interdisciplinary Center. "The situation is now completely different because" Israel's

economic position was very strong before the conflict.

While real figures aren't yet known, government officials estimate the total direct costs of the war at roughly \$3.5 billion dollars, or 2.5 percent to 3 percent of the country's GDP. That sum is expected to be split

fairly evenly between military and civilian costs, said Joseph Bachar, director general of Israel's Finance Ministry.

Economists predict 3.5 percent or 4 percent growth this year, rather than the 5 percent or so forecast

before the war. Still, that's not so bad.

"Three and a half percent is more than most economies in the West," said Michael Ben-Gad, an economics lecturer at the University of Haifa. "It will still be growing faster than Europe."

Government officials have approved setting aside nearly \$400 million for defense and another \$150 million for civilian purposes. The decision, which was slated to be voted on by the Knesset this week, sends a clear signal to the markets that Israel is back in business and able to absorb shocks like it had during the war, Bachar said.

Prime Minister Ehud Olmert and Shimon Peres, Israel's deputy prime minister, are encouraging Jewish communities around the world to contribute to rebuilding projects in the North.

The government also is considering applying for an assistance package from the United States, Bachar said.

Some of the war costs already have been covered, and officials are taking into account the additional defense and civilian

Continued on page 2

BEHIND THE HEADLINES

■ *The war took an economic toll on individuals and small businesses in the North*

Continued from page 1

costs as they prepare the 2007 budget.

The northern region experienced an estimated 40 percent drop in economic activity during the war. However, the region constitutes only about 15 percent of all economic activity in Israel, said Adi Brender, head of public sector analysis at the Bank of Israel's research department.

The service industry, including tourism, was especially hard hit and may continue to see some losses. Israel had 25 percent fewer international tourists in July than it did last year. That came after 1.7 million international tourists visited Israel from January through July, a 30 percent increase over the same period last year, a Tourism Ministry spokeswoman said.

While there was no internal tourism in the North during the conflict, Israelis continued to travel to other areas of the country, such as Eilat, the Dead Sea and Netanya. As of late last week, occupancy had come back in the North to about 30 percent, and hoteliers were hopeful that it soon would return to its 90 percent average for the season, the spokeswoman said.

Some losses in the North were offset by increased activity in other parts of the country. As northern residents fled their homes to avoid rocket barrages, some stayed in hotels in other parts of the country, Brender said.

Even the tourism losses probably will be offset by reconstruction of homes and

infrastructure damaged or destroyed during the war, he said.

Not everyone in northern Israel closed their businesses during the conflict. Large companies were able to move some of their production southward, and many should be able to make up their losses over time by creating additional shifts, Ben-Gad said.

If fighting doesn't resume, there should be a full economic recovery by the end of the year, Brender said.

"By 2007, we will go back to where we were before the war," he said.

But for individuals like Ben-Kiki who suffered considerable losses, such projections are cold comfort.

"I don't know how many of my patients will return to the North," he said.

"Some might cut their losses and move to the central part of the country."

If the conflict flares up again, he may have to reconsider how he earns his living. Ben-Kiki, who also treats

racehorses outside Israel, may have to spend more time with clients abroad.

It's "something you don't want to do when your family is in the fire," he said. ■

'By 2007, we will go back to where we were before the war'

Adi Brender
Bank of Israel

Russian Israelis experience first war

By LEV KRICHEVSKY

JERUSALEM (JTA) — All Israelis in the North suffered in the recent war against Hezbollah, but immigrants from the former Soviet Union, particularly the elderly, may have suffered more than most.

Before Katyusha rockets began raining down on northern Israel, these immigrants made up one-third of the population of many of these communities, such as Haifa. After only a few days of fighting, as veteran Israelis fled to safety elsewhere in Israel, the proportion of Russian speakers in some northern towns increased to as much as 60 percent of the remaining population.

Unlike most native Israelis, some Russian Israelis had nowhere to go or could not afford to leave their homes.

"The percentage of Russians in many communities in the North dramatically increased" during the war, said Ze'ev Elkin, a Soviet-born member of the Knesset representing the ruling Kadima Party. Because the Russian community includes a high percentage of pensioners, the Russian population cannot move easily, he said.

"Pensioners don't know Hebrew and are often not included in the system of social help," he said. "This is the most vulnerable part of the population. They are more socially dependent on how the post office or the bank works."

The financial situation of working Rus-

sian families was another factor limiting their mobility. Even among those who work, "an average Russian repatriate lives a little worse than an average Israeli," Elkin said.

One Russian immigrant agreed.

"Most Russians live on their monthly earnings," said Viktor List, 33, a computer specialist who hosted two families from the North in his apartment in central Israel during the fighting.

"People may live here for 15 years, but they don't have any savings," he said. "They simply cannot afford to not work a month or two."

Elkin also said Russians appeared to be more prone to panic.

"They are not used to this," he said of the war. "They have a stronger reflex to leave when the rockets are falling, but fewer possibilities to do so."

"In the first days of war, there was enthusiasm" in the Russian community, he said. It turned out that "the Russian community was craving war, but did not understand that it would take victims on both sides."

After a few days of fighting, many in the community voiced discontent with the government and the military.

"The Russian community is very much right-wing-oriented, but it is not ready to pay the price for this," Elkin said, calling the war a "very uneasy test for the right-wing ideology in the Russian street." ■

JTA
WORLD
REPORT

Daniel J. Krifcher
President

Mark J. Joffe
Executive Editor and Publisher

Lisa Hostein
Editor

Michael S. Arnold
Managing Editor

Lenore A. Silverstein
Finance and Administration Director

Noa Artzi-Weill
Marketing Director

JTA WORLD REPORT is published five days a week, except holidays, by the Jewish Telegraphic Agency Inc., 330 Seventh Ave., New York, N.Y. 10001-5010. For more information about how to subscribe by e-mail, fax or regular mail, call (212) 643-1890, or visit our Web site at www.jta.org.
© JTA. Reproduction only with permission.

Canadian Jews turning to Conservative Party?

By BILL GLADSTONE

TORONTO (JTA) — Speaking recently at a large pro-Israel rally in Toronto, prominent Canadian filmmaker Robert Lantos voiced his frustration with Canada's Liberal Party.

Lantos thanked the Conservative government of Prime Minister Stephen Harper for its "principled support" of Israel, then said: "I hereby take off my lifelong federal Liberal hat to you. Symbolically, I toss it away, if there were anyone willing to catch it."

If the laughter and applause that greeted Lantos' statements are any indication, his sentiments seem to be shared by many in Canada's 360,000-strong Jewish community.

High-profile defections by two other prominent Jewish Canadians soon followed, as powerful business couple Heather Reisman and Gerald Schwartz, both longtime Liberal activists, were among eight signatories to a newspaper ad thanking Harper for "standing by Israel."

Reisman is head of Toronto-based Indigo Books and a former chair of the Liberal's national policy committee. Schwartz is head of Onex Corporation and a former president of the Liberal Party.

Both are leading philanthropists in Toronto's Jewish community.

Reisman also announced she was quitting the Liberal Party to support Harper's Tories. "I'm right there alongside Robert," she e-mailed a friend, according to the Calgary Sun. "After a lifetime of being a Liberal, I have made the switch. It feels strange, but it is totally and unequivocally right."

Traditional Jewish sympathy for the Liberals may be diminishing as a result of interim party leader Bill Graham's belief that Canada should maintain neutrality in regard to Israel's war against Hezbollah, even though Hezbollah is on Canada's list of terrorist organizations.

The Liberals are perceived by some Jews as "poll-driven" and lacking firm principles to guide their foreign policy, said Ed Morgan, national president of the Canadian Jewish Congress.

"What the community definitely appreciates in the Conservatives is that they're only singing one tune," Morgan said. "They don't take a poll and then change their mind on significant policy issues. They're really taking positions on the Middle East in ac-

cordance with what they said they would do, not in accordance with the public opinion of the moment. Wherever you stand on the political spectrum, I think you have to respect that."

In the opening days of Israel's month-long engagement with Hezbollah, the Globe and Mail ran a newspaper story titled "Is Jewish support for Liberals eroding?" and reported that Liberal Party headquarters had received dozens of calls "from traditional Jewish supporters expressing concern about the party's position."

Liberal politicians like former Justice Minister Irwin Cotler of Montreal say the party cannot update its Middle East policies or articulate them more clearly because former Prime Minister Paul Martin has resigned as party leader and a replacement won't be chosen until November.

"It's fair to say that Harper's speaking up early and clearly has earned him respect and there has been a supportive response to that" in the Jewish community, Cotler said. "The Liberal Party's situation has not yet allowed for that. We can't yet speak in a uniform, consistent way on issues until we have a leader."

Anita Neville, a Liberal member of Parliament, points out that several Liberal leadership candidates have publicly endorsed Israel's right to protect its citizens from terrorist aggression.

Neville, who co-chairs a 20-person ad hoc committee called Liberal Parliamentarians for Israel, is one of numerous Liberals dissatisfied with the party's position on the recent Israel-Hezbollah war.

But she believes the Liberals haven't lost a significant amount of Jewish support.

"It's early days right now," she said. "There's no question that many members of the Jewish community certainly appreciate Mr. Harper's unambiguous position as it relates to Israel and the right of Israel to protect itself. But the Liberal Party stands

for many issues that Jewish people have valued over the years, some of which are not championed by Mr. Harper. So I think we have to wait and see how this plays out."

The Liberal caucus is actually deeply divided over the party's position of neutrality and there is also much division over the issue within Conservative ranks, Neville noted.

"We hear about Mr. Harper speaking out strongly in support of Israel, but the thing that no one talks about is that Mr. Harper has a caucus that is muzzled," Neville said. "We know that there is a diversity of opinion within that caucus. They just aren't allowed to speak out."

Ties between the mainstream Jewish community and the centrist Liberals run especially deep.

Historically, Canadian Jews have supported the Liberals in greater proportions than have other Canadians, although the differences between the community and the general

population has diminished in recent years.

Cotler and Neville are just two of many Jewish candidates the party has fielded over the decades, and Jewish Canadians have been well-integrated into party affairs at the grass-roots level for generations. Sam Bronfman, the late whiskey magnate and community leader, was a generous contributor to Liberal coffers as were scores of other successful Canadian Jews.

Hershel Ezrin, chief executive officer of the Canadian Council for Israel and Jewish Advocacy, and a longtime Liberal government official, doesn't believe that Jewish voting patterns are undergoing a "seismic shift," as one commentator recently put it.

"It's obvious that the policies of the Conservative government have attracted a newfound interest among Canadian Jews in what Conservatives stand for," Ezrin said. "That's a fair statement. But how that translates into political support is a much more complicated issue."

What the community definitely appreciates in the Conservatives is that they're only singing one tune. They don't take a poll and then change their mind on significant policy issues.

Ed Morgan

President, Canadian Jewish Congress

NEWS IN BRIEF

NORTH AMERICA

U.S. aids weapons-clearing effort

The U.S. State Department plans to provide an emergency grant of \$420,000 to help clear explosives remaining from the war in southern Lebanon.

The State Department announced Wednesday that, subject to congressional approval, its Office of Weapons Removal and Abatement will give the grant to the Mines Advisory Group, a non-governmental organization that specializes in clearing explosive remnants of war.

The group is trained to clear unexploded aerial bombs, cluster munitions, rocket-propelled grenades, artillery shells, persistent land mines, abandoned ordnance and any other potential dangers in southern Lebanon.

The Office of Weapons Removal and Abatement also will reallocate up to \$2 million more to continue clearing remnants in Lebanon in fiscal year 2007, also pending congressional approval.

Committee: U.S. lacks Iran intelligence

The United States is ill-prepared to assess Iran's nuclear weapons capability and intentions for developing weapons of mass destruction, a congressional report said.

Wednesday's report from the U.S. House of Representatives' Intelligence Committee mentions "significant gaps in our knowledge and understanding of the various areas of concern about Iran" and questions whether the United States can effectively engage in talks with Tehran to diffuse tensions.

Canadians pray for Israel

Millions of Canadians participated in a national day of prayer for Israel and peace in Jerusalem.

Charles McVety, president of the evangelical Canada Christian College, was one of the main organizers of Sunday's event.

U.S. Jews protest Israeli actions

Jewish protesters in the United States held small "die-ins" against Israel's actions in Lebanon and the Gaza Strip.

In San Francisco, 14 people were arrested at Tuesday's protest when they blocked the doors of the federation offices.

Jewish group offers defense training

An Orthodox U.S. Jewish group is offering its synagogues self-defense and prevention strategies to protect against potential attacks.

The National Council of Young Israel will offer its synagogues a presentation from an expert on self-defense, prevention and violence de-escalation.

Grant to restore Yiddish theater memorabilia

A grant will help preserve items related to the heyday of Yiddish theater in the United States.

The Eli and Edythe L. Broad Foundation made the \$186,000 gift to help restore items such as programs, photographs and props, The New York Times reported.

The items recently were given to the YIVO Institute for Jewish Research in New York, which had been looking for donations to restore them so they can be displayed.

MIDDLE EAST

Israeli arrested for spying for Hezbollah

An Israeli Arab living in the North was arrested on suspicion of spying for Hezbollah, Ha'aretz reported. Mahmoud Khatib, 41, of

Rajar, a village that straddles the Israel-Lebanon border, was arrested by the Shin Bet security service, the military revealed Wednesday. Under interrogation, Khatib confessed to maintaining contact with a Hezbollah member for eight months, terminating communication last month, Ha'aretz reported.

Security officials suspect Khatib gave Hezbollah information on army activities in the area, including security procedures and checkpoint inspections at the entrance to Rajar.

Afterward he retracted the confession, which his lawyer said was extracted under pressure.

Sheetrit named acting justice minister

Meir Sheetrit was named interim justice minister while his predecessor awaits trial for committing an indecent act.

Haim Ramon, who left the Labor Party for Kadima, is accused of kissing a young soldier against her will.

Ramon was charged with indecent assault; if convicted he could face up to three years in prison.

Iran wants Italy as go-between on soldiers

Iran wants Italy to help negotiate the release of two Israeli soldiers kidnapped in Lebanon.

Italy has been told the soldiers are alive but not in "great condition," said Sergio De Gregorio, head of the Italian Senate's Defense Committee.

Ali Larjani, Iran's national security chief, told De Gregorio that he would ask Hezbollah to conduct negotiations through Italy.

WORLD

France: Weapons embargo key in Lebanon

France's foreign minister said one of the main tasks of the U.N. force in Lebanon would be enforcing the weapons embargo at Lebanon's borders.

Philippe Douste-Blazy's comments followed Syrian President Bashar Assad's warning that deploying a multinational force on the border between Syria and Lebanon would be interpreted as a hostile act.

Speaking to a French television station, Douste-Blazy defended France's decision to send only 200 soldiers to Lebanon, but hinted the number could rise in the future.

Group accuses Israel of war crimes

Amnesty International said Israel committed war crimes by intentionally destroying Lebanese civilian infrastructure.

In a report released Wednesday, the organization said the pattern and depth of Israeli attacks — including high civilian casualties, the scope of the destruction and statements by Israeli officials — pointed to a deliberate military strategy, rather than just collateral damage.

Israeli officials have said Israel acted legally throughout the conflict.

Gunter Grass admits error

German writer Gunter Grass admitted he made a mistake in not disclosing his service in the Waffen SS until recently.

In a letter to the mayor of his hometown of Gdansk, now part of Poland, Grass wrote, "It's only now, with age, that I have found a suitable way of talking about it from a wider perspective."

After reading the letter, Lech Walesa, who like Grass is a Nobel Prize winner and an honorary citizen of Gdansk, said he would drop his demand that Grass be stripped of his honorary citizenship.