

IN THE NEWS
Major powers to talk Iran sanctions

The major powers will consider sanctions against Iran on Wednesday.

The U.S. State Department announced that political directors from the five veto-wielding members of the U.N. Security Council — Russia, China, the United States, France and Britain — as well as Germany will meet via video conference.

They will review possible sanctions against the Islamic Republic for its refusal to stop enriching uranium, a step toward manufacturing nuclear weapons.

U.N. ambassadors will consider the political directors' recommendations after the meeting.

Envoy welcomes U.N. appointment

The next United Nations secretary-general can be expected to be friendly to Israel, Israel's U.N. envoy said.

South Korean Foreign Minister Ban Ki-Moon was named this week to succeed U.N. Secretary-General Kofi Annan at the end of the year.

Dan Gillerman, Israel's ambassador to the United Nations, welcomed the appointment Tuesday.

"I received a very positive impression of him," Gillerman said in an interview with Ma'ariv's Web site NRG.

Supreme Court won't hear Nazi case

The U.S. Supreme Court turned down the case of a former Nazi labor camp guard who said he shouldn't be deported because he has Alzheimer's.

On Tuesday, the court ruled that the deportation of Iwan Mandycz can stand.

The JTA World Report will not be published Monday, Oct. 16.

WORLD REPORT

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With withdrawal agenda foiled, Olmert turns to political reform

By LESLIE SUSSER

JERUSALEM (JTA) — Bereft of attractive foreign policy options and under attack for his handling of the war in Lebanon, Israeli Prime Minister Ehud Olmert seems set to launch an ambitious domestic agenda that he hopes can bolster his flagging prestige.

Signals are that the focus will be on reforming Israel's unwieldy political system. If so, Avigdor Lieberman, leader of the right-wing immigrant Yisrael Beiteinu party, which is currently in the opposition, could become a key player. Lieberman advocates an American-style presidential system, and he and Olmert have been discussing terms for Yisrael Beiteinu's joining the government.

But it won't be easy. If the hawkish Lieberman comes aboard, it would dampen any lingering hope for peace moves with Syria or the Palestinians — which could lead Labor to leave the coalition.

Lieberman also insists on a law that would allow people whom the Orthodox rabbinate refuses to marry to have a form of civil marriage — which could frighten away Olmert's other main coalition partner, the Sephardi Orthodox Shas Party.

Olmert and Lieberman met last Friday for two hours at the prime minister's request. Afterward they published a joint statement agreeing to promote legislation to change the government system and complete the country's unfinished constitution.

Many pundits, however, question their sincerity. Some argue that Olmert, unsure of Labor votes for the budget, badly wants

Lieberman's 11-member faction in the government, and that the reform talk is simply bait to get the party to join.

Others say that more than actually reforming the system, Lieberman wants to be seen as a mover and shaker. And there's another theory: By wooing Lieberman, some say, Olmert is simply trying to pressure Labor into voting for the budget.

Still, there's good reason for Olmert to focus on reform in earnest. The weaknesses of the current proportional electoral system are all too apparent: In its 58 years, Israel has had 31 governments, Cabinet

ministers stay in the job for an average of just 16 months and major policy moves often depend on the whim of a single Knesset member.

For years, there has been a growing consensus in Israel that the current system — which leads to a plethora of parties, fragmentation of power and unwieldy coalitions — needs to be reformed to create conditions for greater stability, more continuity, effective long-term planning and, most of all, to allow the nation's leaders to get things done.

In the run-up to this year's March election, Lieberman's Yisrael Beiteinu and Olmert's Kadima parties both put government reform high on their list of priorities. Last September, President Moshe Katsav appointed a 70-member commission, giving it a year to come up with a blueprint for change. Before that, the Israel Democracy Institute published its recommendations for electoral reform.

Good intentions may not be enough,

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ANALYSIS

■ *Olmert's domestic agenda might require a difficult reshuffling of the coalition*

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however: An attempt in the 1990s to change the system by moving to a system of direct election of the prime minister, with voters casting a separate ballot for parliamentary representatives, was intended to reduce partisan fragmentation, fortify the larger parties and strengthen the executive. It had the exact opposite effect, however, and was scrapped after two elections.

Still, the public remains in favor of change, there's a readiness in the Knesset to make a move and a number of competing plans for reform are on the table.

The aim of all the plans is to ensure smoother and stronger government by giving the prime minister (or president), the big parties and the Knesset more power.

Under Lieberman's plan, a president would be elected directly by the people, a second ballot would choose representatives in Parliament, and parties would need to receive as much as 10 percent of the national vote to qualify for representation in the Knesset. Small parties would have to merge or face extinction.

Kadima's plan calls for the leader of the largest party to automatically become prime minister, encouraging votes for the more dominant national parties like Kadima, Labor or Likud. It also calls for at least half the Knesset to be elected in constituency elections, a move that also favors the larger parties.

Several plans address the problem of Knesset members being appointed ministers, depleting the ranks of par-

liamentarians proper and obscuring the distinction between the executive and the legislature.

The Kadima plan, for example, advocates the Norwegian model, under which Knesset members who are appointed as Cabinet ministers must resign from Parliament. Lieberman and some members of the president's commission suggest appointing experts or technocrats, not parliamentarians, as ministers.

Whether any of this actually becomes law will depend on how determined Olmert is to go through with the reform process. Some pundits doubt his stamina and question his intentions: Even if he only goes through the motions, they note, he stands to reap major political gains.

By wooing Lieberman, Olmert is signaling a move to the right, which could help him recapture voters who have left Kadima for Likud in the wake of the government's perceived mishandling of the war. Moreover, bringing Lieberman into the coalition would make a major Cabinet reshuffle seem natural — and give Olmert the opportunity to remove Labor leader Amir Peretz from the Defense Ministry, subtly shifting much of the burden of blame for the war's shortcomings from himself to Peretz.

If Lieberman joins the coalition, Peretz and his Labor party will face an acute dilemma: whether to remain part of a government that seems to be pursuing the worthy cause of electoral reform — but that has reached a dead end on one of Labor's highest priorities, peacemaking with the Palestinians and Syria.

Writing in Yediot Achronot, political analyst Nahum Barnea summed up Labor's dilemma by arguing that the war has changed Olmert from a leader who came to power promising far-reaching peace moves to a stonewaller, concerned only with hanging on to power.

Olmert, Barnea wrote, has changed from a Yitzhak Rabin

'From a leader who wanted to dictate a far-reaching political agenda, Israel going back to the 1967 borders unilaterally or by agreement, he is becoming a prime minister of the status quo.'

Nahum Barnea
Analyst, Yediot Achronot

to a Yitzhak Shamir: "From a leader who wanted to dictate a far-reaching political agenda, Israel going back to the 1967 borders unilaterally or by agreement, he is becoming a prime minister of the status quo."

But will stonewalling, Shamir-style, win Olmert public kudos? Will it help Israel avert further violence with the Palestinians and perhaps another war, this time with Syria? That's where the line between Kadima and Labor could be drawn in the not-too-distant future — regardless of whether or not progress is made on electoral reform. ■

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Peres happy with Israel's nuclear policy

JERUSALEM (JTA) — Shimon Peres said he sees no reason for Israel to go public with its nuclear capabilities.

The Israeli vice premier, who helped found the Dimona reactor a half-century ago, said Monday that the Jewish state's policy of "strategic ambiguity" over whether it has an atomic arsenal is a success. "Look, we have not conducted nuclear tests.

We never said we have nuclear weaponry. We made do with the suspicions that were directed at us, as a deterrent power.

I think that this was the right decision. I think such calculations are still relevant," he told Army Radio. Peres confirmed before an American Jewish audience in 2003 that Israel has nuclear weapons, but the admission was not considered official because Peres was not in government at the time.

With Iran seen as trying to developing nuclear weapons, some experts have speculated that Israel could go public with its own strategic capabilities to maintain deterrence. ■

Audit: Poor management at UNRWA

By RON KAMPEAS

WASHINGTON (JTA) — An audit of UNRWA, the U.N.-run relief group delivering assistance to millions of Palestinian refugees, depicts a scattered organization scrambling to catch up with 21st-century financial and information practices.

U.S. Congress members seized on the U.N. audit as vindication of their claims that the agency is unaccountable, potentially allowing terrorists to work under its aegis. But a pre-publication copy of the audit obtained by JTA finds little basis for those criticisms. The audit is due to be published in coming weeks.

U.S. Reps. Mark Kirk (R-Ill.) and Steven Rothman (D-N.J.) have threatened to use the audit to block further appropriations for the U.N. Relief and Works Agency, an action that some fear would hamper U.S. efforts to prop up Palestinian moderates.

The audit also is not the clean bill of health UNRWA officials have suggested. Instead, it depicts a messy bureaucracy coming to terms with a vast staff scattered throughout the Middle East.

Procurers in Jordan and the Gaza Strip are unfamiliar with reporting procedures and sometimes take months to report purchases, it says. Data collection is not standardized throughout the agency, which has field offices in Gaza, Jordan, Lebanon, Syria and the West Bank, and which employs more than 26,000 staff to deal with 4.3 million refugees, including 1.6 million in Gaza and the West Bank.

One of the audit's 18 recommendations is that UNRWA should "establish policies and procedures on results-based management to provide for strategic planning, setting of targets, monitoring processes, promoting effective management decisions and reporting on performance."

Not within the audit's purview were political questions that have vexed the agency in recent years, including whether it allows its workers to maintain ties with Hamas, the terrorist group now running the Palestinian Authority; or whether it controls the content of textbooks used in UNRWA schools, which are believed to contain anti-Semitic material. A JTA investigation earlier this year exposed UNRWA's lax approach to terrorist activity often planned from UNRWA camps.

Citing the audit, Rothman and Kirk, members of the U.S. House of Representatives' Foreign Operations Appropriations

Subcommittee, wrote to U.S. Secretary of State Condoleezza Rice, threatening to block appropriations for UNRWA unless she takes steps to "correct a documented record of UNRWA's lack of financial integrity, poor management and failure to comply with U.S. anti-terror law."

"It would be difficult for us and other members to continue funding UNRWA at current levels unless we can be assured that U.S. taxpayer dollars are not subject to the type of mismanagement highlighted in this report," the letter concludes.

Cutting funding for UNRWA could be a threat to Rice, whose trip to the region last week aimed to revive Palestinian-Israeli peace negotiations. Some observers believe the effort requires an infusion of cash to prop up P.A. President Mahmoud Abbas.

Transferring money to the Palestinians is fraught with legal and political difficulties because Hamas is designated as a terrorist group, and Rice has identified UNRWA as an appropriate conduit. The money would be in addition to the \$108 million the United States already funnels to UNRWA, about a fifth of its budget.

State Department officials would not comment on the congressmen's letter or the audit except to say that both were being reviewed.

Much of what Rothman and Kirk allege does not jibe with a close reading of the audit:

- The congressmen tell Rice that the audit reveals "no plan to implement past recommendations by auditors." In fact, the audit says that of 45 recommendations in the last audit, conducted in 2003, 35 have been fulfilled; three are in the course of being implemented; and seven have not been carried out.

JTA has obtained a recent internal UNRWA progress report addressing the seven unimplemented recommendations from 2003. It says that four have since been fully or partly implemented; of the other three, responsibility for one — pension reforms — has been transferred to

the U.N. General Assembly.

- The congressmen note that the audit board rejected as incomplete an initial financial report presented in March.

- The congressmen say UNRWA has "poor quality, inexperienced staff with little training or procurement expertise."

However, they don't mention that the audit confines the problem to Gaza and cites "the available pool of candidates" there as a factor.

- Referring to a staff provident fund, the congressmen say, "we do not know who is eligible to receive these

funds or exactly how much is owed." In fact, the audit says clearly that members of the fund — who must be local hires and who must contribute to the fund — are eligible for loans.

UNRWA's formal response to Kirk and Rothman has been to describe their letter as a "gross mischaracterization" and to note that the audit is "unqualified," meaning only that it is offered without reservations. That does not address the audit's 18 tough recommendations, many of them having to do with what the audit portrays as seat-of-the-pants and even chaotic management at UNRWA.

Oddly, Rothman and Kirk ignore what may be the audit's most stunning revelation: UNRWA has given up claims to land and buildings it previously had been listed as owning.

"UNRWA stated that it did not have any control over the refugee shelters constructed. Therefore, UNRWA had derecognized the land and buildings," the audit said.

It did not explain UNRWA's decision to suddenly give up capital amounting to as much as \$400 million.

That could have far-reaching political consequences: Disclaiming the property could insulate UNRWA from responsibility for terrorist acts plotted in refugee camps. It also opens questions about who does own the properties — possibly Arab governments or landowners with claims that pre-date Israel's 1948 founding, when refugees rushed into the area.

Not within the audit's purview were political questions that have vexed the agency in recent years, including whether it allows its workers to maintain ties with Hamas.

NEWS IN BRIEF

NORTH AMERICA

Rice to address Palestinian gala

Condoleezza Rice will address a gala evening honoring Palestinian Americans.

On Wednesday night, Rice will "highlight administration efforts to achieve progress toward President Bush's vision of a two-state solution in the context of her recent trip to the region," a statement from the American Task Force on Palestine said.

The dinner is the first gala for the task force, a think tank that advocates a two-state solution to the Israeli-Palestinian conflict.

Also attending will be Sen. John Sununu (R-N.H.), an Arab American, and Sen. Carl Levin (D-Mich.), a Jewish American.

French cancel book launch over Israel

A branch of the French Embassy canceled a New York book-launch party due to the author's views on Israel.

Reuters reported that the New York launch of Carmen Callil's "Bad Faith," about Vichy France's collaboration with the Nazis, was called off Monday.

In a letter to Alfred A. Knopf, which is publishing the book, the cultural services of the French Embassy's office in New York cited the book's postscript, which equates "what was done to the Jews of France (under the Nazi regime) with what has been done to the Palestinian people," the embassy wrote.

Callil blamed the cancellation on "fundamentalist Jews."

WORLD

Romania seeks greater Holocaust awareness

Romania's president deplored the lack of Holocaust awareness in his country.

"We have a long war ahead," Traian Basescu said Monday at the third annual Holocaust commemorations in Bucharest.

"Finding out the reality did not solve the problem of national conscience regarding the crimes committed by state authorities."

Romania allied itself with Nazi Germany in 1940 and oversaw the killing of as many as 380,000 Jews during World War II.

The state's complicity in the Holocaust was largely suppressed during the almost five decades of Communist rule after the Holocaust.

But with Bucharest campaigning to join the European Union, Romanian authorities have encouraged a clearer historical outlook.

"It is a difficult process which requires a change of mentality and the ability to accept reality," Basescu said.

Israel warns against academic boycott

Israel's education minister warned her British counterpart against a boycott of Israeli universities.

The Guardian reported that Yuli Tamir told Alan Johnson on Monday that such a boycott would have a "tremendously dangerous" impact on international academia.

Tamir called boycotts the "wrong political tool," noting that some of the arguments in favor of boycotting Israel are colored by anti-Semitic language.

She added that the boycott threat "weakens the possibility that there will be a real debate in Israel," and noted intimidation of Jewish students on British campuses.

A British professors union, the National Association of Teachers in Further and Higher Education, voted in May to boycott Israeli teachers and universities that don't publicly condemn Israeli policy toward the Palestinians.

The vote was rendered moot by the union's subsequent merger

with the Association of University Teachers, which previously had approved an academic boycott against Israel then rescinded it.

The merged union could bring up the issue at its first conference, planned for June.

Terror lawsuit can proceed

A U.S. judge refused to dismiss a terrorist lawsuit against a French bank.

The Oct. 5 ruling denied a motion by Credit Lyonnais to dismiss a lawsuit brought by American families of victims of terrorist attacks in Israel between 2001 and 2003.

U.S. District Judge Charles Sifton in Brooklyn made a similar decision earlier last week in a terror lawsuit against a British bank, National Westminster.

Israeli barrier displayed in S. Africa

A replica of Israel's security fence was displayed at a South African university.

The fence went up at the University of Cape Town, effectively dividing the central student gathering place in two, and was constructed under the auspices of Amnesty International UCT, the university's History and Current Affairs Society and its Young Communists League.

Later, graffiti denigrating Israel such as "This s--- is just like apartheid — dividing people against their will should not be tolerated," shared space with equally passionate comments defending the Jewish state.

MIDDLE EAST

Qatar's mediation on Palestinians fails

Qatari efforts to broker a Palestinian Authority coalition government failed.

Qatar's foreign minister, Sheik Hamad bin Jassim bin Jabr al-Thani, left the Gaza Strip on Tuesday after talks aimed at bridging differences between P.A. President Mahmoud Abbas of the Fatah Party and Prime Minister Ismail Haniyeh of Hamas.

According to P.A. officials, the foreign minister tried to secure agreement from Hamas for de facto recognition of past peace deals with Israel, but was rebuffed by the Islamist group.

Abbas' Fatah faction wants to enter a unity government with a moderated Hamas in hopes of lifting a Western aid embargo on the Palestinian Authority and reviving negotiations with Israel.

Assad: Israel too weak for peace

Syria's president cast doubt on Israel's ability to enter peace talks with his country. Bashar Assad said in a BBC interview broadcast late Monday that while he saw the aftermath of the Lebanon war as an opportunity for peace talks with Israel, "that doesn't mean you have the environment to achieve it."

"We don't know if this government is strong enough to move toward peace," Assad said, apparently alluding to Israeli Prime Minister Ehud Olmert's falling popularity.

He also accused the United States of lacking the "vision" needed to engage Syria.

Olmert spokeswoman Miri Eisin called Assad's remarks a ruse to distract attention from Syria's support for Hezbollah and Palestinian terrorist groups.

"He should be noted by his actions, not his words," she said. Since the end of the Lebanon war, Assad has made several statements suggesting a willingness to resume peace talks with Israel that broke down in 2000, but also threatening to go to war unless Damascus regains control of all of the Golan Heights.