

ber, led to a de facto 8% devaluation of the shekel as Israeli investors moved out of shekel holdings into the dollar, to the tune of \$2.5 billion within only two weeks.

Sharon has yet to be able to get the 2002 budget through the Knesset, because of opposition to his cutting 6.5 billion shekels from social programs. These cuts are being made when 2.5 billion shekels have been added to the defense budget to pay for Sharon's war against Arafat. And billions of shekels earmarked for the settlements, including hefty tax breaks, have not been touched, but in fact expanded. This issue has even been publicly noted by U.S. Ambassador to Israel Daniel Kurtzer.

Two major coalition partners have yet to agree to support the budget. The ultra-Orthodox Shas party has stated that it will not allow freezing the so-called "Large Families Law," which subsidizes families with five or more children. And the Labor Party refuses to support the freezing of the Negev Law, which gives tax breaks to residents of the Negev desert, one of the poorest regions in Israel, unless benefits to the Jewish settlements in the West Bank and Gaza Strip are cut as well.

Year 2001 was not only the economy's worst year, but the budget deficit was three times higher than forecast. The 21.3 billion shekel budget deficit was equivalent to 4.5% of the Gross Domestic Product. The primary cause for the ballooning deficit was the collapse of tax revenues. Israeli Accountant General Nir Gilad told *Ha'aretz*, "The global economic crisis, the high-tech crisis, the recession in the Israeli economy, and the Intifada all had a severe effect on the government expenditure, beyond the targets set by the government. The huge . . . deficit is entirely the result of a fall in revenues." Gilad added that the fall in revenues considerably worsened in the second half of 2001, thus indicating that the trend is for the worse. This mirrors Argentina's recent collapse exactly.

Already it is reported that Foreign Minister Peres will ask the United States to postpone this year's \$500 million debt-service payment by Israel.

Israeli political observers doubt the government will fall over the budget, because normally "Israeli politicians will do anything to continue to be able to keep their chairs warm in the government cabinet." But these are not normal times. Perhaps in the end, it will not be President George Bush or any other politician who will stop Sharon. Professor Roniger's warning about Argentina, that "it could happen here," will come true. Israelis may take a lesson from Argentines and take to the streets to send their "political class to hell."

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Israeli Roots Of Hamas Are Being Exposed

by Dean Andromidas

Speaking in Jerusalem on Dec. 20, U.S. Ambassador to Israel Daniel Kurtzer made the connection between the growth of the Islamic fundamentalist groups Hamas and Islamic Jihad, and Israel's promotion of the Islamic movement as a counter to the Palestinian nationalist movement. Kurtzer's comments come very close to *EIR*'s own presentation of the evidence of Israel's instrumental role in establishing Hamas, and its ongoing control of that organization.

Kurtzer said that the growth of the Islamic movement in the Palestinian territories in recent decades—"with the tacit support of Israel"—was "not totally unrelated" to the emergence of Hamas and Islamic Jihad and their terrorist attacks against Israel. Kurtzer explained that during the 1980s, when the Islamic movement began to flourish in the West Bank and Gaza, "Israel perceived it to be better to have people turning toward religion rather than toward a nationalistic cause [the Palestine Liberation Organization]." It therefore did little to stop the flow of money to mosques and other religious institutions, rather than to schools.

According to the Dec. 21 Israeli daily *Ha'aretz*, Kurtzer made these extraordinary statements at a seminar on religion and politics sponsored by Oz V'Shalom-Netivot Shalom, a largely Anglo-American organization that promotes peace between Israelis and Palestinians. Rabbi Dr. Aharon Lichtenstein, the head of Har Etzion Yeshiva in Alon Shvut, who is an active advocate of a just regional peace, also spoke. Kurtzer said that as a result of the growth of Islam at the expense of education, there are now Palestinians who are "determined terrorists that use religious beliefs in a perverted way to appeal to the masses."

Kurtzer said that cultural and religious interaction is potentially a way to "build bridges." But instead, "the perverted use of religion in the region is today becoming one of the great challenges for the years ahead." He said that there is no "inherent component" in Islam that advocates violence. But one of the five principles of Islam, *jihad*—resistance—"in classic religious associations connotes religious belief and fervor, not violence." But extremists have distorted the meaning of *jihad*, so it now has a connotation of violence in the service of a religious purpose.

The Enemy Of My Enemy Is My Friend

This statement is extraordinary given the fact that Kurtzer is a very senior diplomat, having held the post of Ambassador



U.S. Ambassador to Israel Daniel Kurtzer pointed publicly to the connection of Israeli support, for Hamas activities.

to Egypt just prior to going on to Tel Aviv. He is also an Orthodox Jew who is not shy of criticizing the extreme anti-Israeli and anti-Semitic views held by certain Arab circles. But Israeli Prime Minister Ariel Sharon rarely grants the United States' highest representative in Israel an official audience.

The ambassador's comments are an acknowledgment of what any serious Middle East observer knows: Hamas has always been seen as a tool by which Israel could undermine the nationalist movement led by Palestinian Authority President and Palestine Liberation Organization (PLO) Chairman Yasser Arafat. Similar statements by Arafat have been dismissed by Israel as "cranky" propaganda. In an interview with the Dec. 11 Italian daily *Corriere della Sera*, Arafat said, "We are doing everything to stop the violence. But Hamas is a creature of Israel which at the time of Prime Minister [Yitzhak] Shamir [the late 1980s, when Hamas arose], gave them money and more than 700 institutions, among them, schools, universities and mosques. Even [the late Israeli Prime Minister Yitzhak] Rabin ended up admitting it, when I charged him with it, in the presence of [Egyptian President Hosni] Mubarak."

To the Italian daily *L'Espresso*, Arafat laid out the reasons for this support. "Hamas was constituted with the support of Israel. The aim was to create an organization antagonistic to the PLO. They received financing and training from Israel. They have continued to benefit from permits and authorizations, while we have been limited, even to build a tomato factory. Rabin himself defined it as a fatal error. Some collaborationists of Israel are involved in these [terror] attacks," he said. "We have proof, and we are placing it at the disposal of the Italian government."

On one level, the support for Hamas is simply the application of the old saying, "The enemy of my enemy is my friend."

Indeed, in the minds of crude Israeli ultra-nationalists and fascists such as Sharon and his faction, this is indeed the case. Sharon is not interested in peace and therefore is not concerned that the violence and needless deaths of Israelis and Palestinians continue. In the Jan. 3 *Ha'aretz*, Yossi Sarid, chairman of the Meretz party, wrote, "What does frighten Sharon . . . is any prospect or sign of calm or moderation. If the situation were to calm down and stabilize, Sharon would have to return to the negotiating table and, in the wake of pressure from within and without, he would have to raise serious proposals for an agreement. This moment terrifies Sharon and he wants to put it off for as long as he possibly can." In contrast, Sarid said that Sharon understands "that the terrorists and those who give them asylum are not the real enemies. Instead, the real enemies are the moderates. . . . You fight terrorists—a pretty simple operation—but you must talk with moderates, and this is a very tricky, if not dangerous, business."

More important for the survival of not only the Palestinian people, but especially Israel itself, is the dangerous role of the puppetmasters outside the region, who are manipulating both sides of this deadly game as part of their own demonic plans

Israeli Rightwinger Slurs U.S. Ambassador

At a parliamentary budget debate on Jan. 8, Israeli Member of the Knesset Zvi Hendel, from the ultra-rightwing National Union-Yisrael Beiteinu Party, called U.S. Ambassador Daniel Kurtzer a "little kike," because of Kurtzer's statement that money spent on Israeli settlements in the West Bank and Gaza Strip could be better spent on the disabled who have been demonstrating for higher stipends.

Hendel, a leader of settlers in the Gaza Strip, accused Kurtzer, a practicing Orthodox Jew, of trying to curry favor with the Palestinians. Though Hendel railed that when Kurtzer was Ambassador to Egypt, he never told the Egyptians to spend money on poor people, the real issue is Kurtzer's criticisms of the Israeli rightwing.

Knesset member Yossi Sarid, leader of the Meretz Party, attacked Hendel's slander, calling him an anti-Semite. Sarid said, "There is the feeling among a number of anti-Semites in this country that because the ambassador is Jewish, he must constantly dance to the tune of the Prime Minister or even the settlers." Sarid, who has known the ambassador for several years, said he was a "wonderful Jew" who "is a great supporter of Israel."—*Dean Andromidas*

to spread the policy of a “clash of civilizations.” In this regard, Sharon, and his “Greater Israel” policy, is just as much a puppet as the Palestinian, strapped with explosives, who blows himself up at an Israeli bus station.

Two Decades Of Undermining Arafat

Given the level of control that the Israeli intelligence services such as the Shin Bet and Mossad have been able to exert over the Palestinian territories during the last 35 years of Israeli occupation, the capability to manipulate militant and violent organizations, such as those associated with Hamas, should not surprise anyone familiar with intelligence and even routine police operations. This should be obvious, considering that Israel has routinely recruited thousands of collaborators and provocateurs among the tens of thousands of Palestinians who have passed through Israeli prisons in over 35 years of its occupation of the West Bank and Gaza Strip.

Most convincing is a comparison of the development of Hamas, Islamic Jihad and their antecedents, and the growing national and international legitimacy of the PLO and its undisputed leader, Arafat.

Hamas is an acronym for Harafat al-Muqawama Al-Islamiyya, or Islamic Resistance Movement. Its spiritual leader is Sheikh Ahmed Yassin, who, despite his fiery anti-Israeli sermons, has had an unusual relationship with the Israeli authorities. In 1973, Yassin established the Islamic Association—at a time when it was Israeli policy to promote what Ambassador Kurtzer refers to as the “Islamic movement.”

One might ask: Why should Israel promote an Islamic movement which later turns around and attacks it? How could the Israeli secret services be taken in by a Yassin? They weren't. The simple fact is, that the stated policy of Hamas is simply the flip side of Sharon's “Greater Israel” policy that refuses to seek a territorial compromise. The Hamas charter in 1988 stated, “The land of Palestine has been an Islamic Waqf throughout the generations, and until the Day of Resurrection, no one can renounce it or part of it, or abandon it or part of it. . . . Peace initiatives, the so-called peace initiatives, are all contrary to the beliefs of Hamas, for renouncing any part of Palestine means renouncing part of the religion.” In this rhetoric there is no room for a state of Israel—as there is none for a state of Palestine in Sharon's “Greater Israel.”

Israel's relations with Hamas intensified after the Arab League, in 1974, decided to recognize Arafat and the PLO as the representatives of the Palestinian people—in effect, a government in exile. By 1979, Yassin acquired an official permit from the Israeli government of Prime Minister Menachem Begin. This coincided with the signing of the Camp David peace treaty between Israel and Egypt. That treaty embodied detailed clauses calling for the establishment of a Palestinian Authority in the Occupied Territories, which would be the precursor for the Israeli withdrawal and the establish-

ment of a Palestinian state. Gen. Ariel Sharon has been the chief proponent since this treaty was signed, of the policy of ensuring that these clauses would never be implemented. His chosen alternatives were war in Lebanon and the expansion of the Jewish settlements in the Occupied Territories. Sharon was helped by the assassination of Egyptian President Anwar Sadat by Anglo-American-controlled, Egypt-based Islamic terrorists.

'Policy Of Strengthening Islamic Bodies'

Israeli toleration, if not initial sponsorship of the Islamic movement, has been acknowledged and well documented in Israeli sources. In 1997, the Jaffee Center for Strategic Studies, at Tel Aviv University, published a study, “Hamas: Radical Islam In A National Struggle,” authored by Anat Kurz and Nahman Tal. It stated that the Islamic Association, “the platform of which contained no nationalist clauses, obtained a permit from the Israeli Civil Administration in 1979 to conduct its activities. The permit was apparently consistent with the Israeli policy of strengthening Islamic bodies as a counterweight to Palestinian nationalist groups.”

The rapid expansion of the Islamic Association led to clashes on the Palestinian university campuses in the Occupied Territories in the 1980s, between PLO-affiliated students and those associated with the Islamists. This expansion was aided by the 1982 Israeli invasion of Lebanon, where Sharon hoped to solve the “Palestinian problem” by militarily crushing the PLO—which was then based in Lebanon—and by carrying out genocide against the hundreds of thousands of Palestinians living in impoverished refugee camps in Lebanon. Despite his orchestration of the massacre of thousands of Palestinians, including women and children, at the Sabra and Chatila refugee camps, Sharon failed to eliminate Arafat. Nonetheless, Arafat and the PLO were exiled to Tunisia, their influence severely weakened.

Sheikh Yassin, along with other Hamas leaders, was arrested in 1984, after it was discovered that the Islamic Association had maintained arms caches. But the organization was not banned. In fact, Yassin was soon released as part of an unprecedented prisoner exchange between Israel and Ahmed Jibril's PFLP-General Command. This deal, made with one of the most violent of all anti-PLO Palestinian groups at the time, was made in a period when the Mossad was busy assassinating the most moderate of PLO leaders.

Then, in 1988, the Islamic Association created Hamas as a direct alternative to the PLO, which had launched the first Intifada the year before. Further, the PLO, at the 19th Conference of the Palestinian National Council in Algeria in 1988, accepted the United Nations Security Council resolution of 1947 calling for two states in Palestine. They also called for convening an international peace conference based on UN Resolutions 242 and 338, which established the land-for-peace concept. This was a de facto recognition of Israel by



"The enemy of my enemy. . . ." Hamas bombings and military attacks, like this in September and the latest on Jan. 9, are uncannily timed to assist Sharon in stopping attempts by the United States and others to revive the peace process.

the PLO and Arafat. By the end of 1988, the Reagan Administration extended official recognition to the PLO as the official representative of the Palestinian people.

When Palestinian leader Abu Jihad began negotiating with Hamas, in an attempt to win its mass base over to the new policy, he was promptly assassinated by the Mossad.

Yassin, as all senior leaders of Hamas, is a member of the Muslim Brotherhood, the far-flung international organization with operations throughout the Islamic world. In the past, Anglo-American factions have not hesitated to manipulate the Brotherhood's various factions to destabilize secular Arab regimes. When Zbigniew Brzezinski launched the Afghan war against the Soviets in the 1980s, many of the Arab mujahideen fighters were recruited through Muslim Brotherhood-linked networks. The Muslim Brotherhood story fills volumes; the crucial point here is that Hamas, one of its branches, has traditionally stood in opposition to the secular nationalism of Arafat, the PLO, and its supporting governments.

Hamas has a peculiar organizational structure which contrasts sharply with that of the PLO. While within the West Bank and Gaza, Hamas exists as a broad political movement, its militant wings, the Izza-Din Al Qassam and Islamic Jihad, split-offs from the organization, are administered totally separately. These latter organizations, which are responsible for the attacks, are under the control of leaders who operate from

abroad. Their offices are in London, where the group's magazine, *Falatin Al Muslimah*, is based; Jordan; Syria; and the United States, particularly in Virginia and Texas. Although Arafat has periodically tried to bring the popular base of Hamas into the Palestinian fold, the foreign-based military leadership has always opposed him.

This bifurcation dovetails with Sharon's strategy of launching brutal attacks against Hamas targets, in order to elicit the equally brutal response from Islamic Jihad and the Izza-Din Al Qassam. Thus Arafat, and diplomatic goals, are undermined, and the fires of civil war within the Occupied Territories are stoked.

The Anti-Oslo Terror Campaign Begins

The Oslo Accords marked the first glimmer of hope for a resolution of the Middle East conflict. And, the first suicide terrorist attack aimed at destroying it was not launched by Hamas or Islamic Jihad or another Palestinian faction. The first suicide attack was launched on Feb. 25, 1994, by Israeli terrorist Baruch Goldstein, when he entered the mosque in Hebron and killed 50 Muslim worshippers as well as himself. Goldstein was a member of Kach, the terrorist organization founded by the late Meir Kahane, who also founded the Jewish Defense League in the 1960s in the United States. Kach, which is well connected to Sharon, is on the official U.S. State

Department list of terrorist organizations.

The unprecedented massacre was calculated to set the stage for a suicide bombing campaign by Hamas and its split-off, Islamic Jihad, over the next year. In fact, it set into motion the “cycle of violence” that has yet to end. The Goldstein attack came at precisely the point when Israeli Prime Minister Rabin and Arafat began the formal implementation of the Oslo agreement which envisioned the establishment of a Palestinian state by 1998. The first Hamas-linked suicide attacks did not start until two months later, in April 1994, when Rabin and Arafat signed the agreement for the establishment of the Palestinian National Authority. The agreement called for the conduct of free elections throughout the territories—which would eventually establish the international legitimacy of the Arafat-led government.

But despite this terror campaign, which lasted for months under a massive crackdown by Arafat’s security forces, the Rabin-Arafat alliance, although seriously weakened, was not broken. This alliance was finally broken with Rabin’s assassination by an Israeli, on Nov. 4, 1995.

The next phase of attacks followed the “targetted assassination” of Hamas bomb-maker Yahya Ayyash on Jan. 5, 1996. Although said to be “revenge attacks,” they were in fact part of Hamas’ campaign to get Benjamin Netanyahu elected Israeli prime minister. This was admitted by Ibrahim Ghawshah, Hamas’ official spokesman resident in Amman, Jordan. He said that it was part of their strategy to influence Israeli public opinion to bring down the entire Oslo process. The election of Netanyahu indeed fulfilled all their hopes, especially after he launched his own provocations, which not only brought about the pre-calculated Hamas response, but also brought the region several times to the brink of war.

This tit-for-tat campaign reached the height of insanity when Netanyahu, under the direction of Sharon, who was a member of his government at the time, launched a Mossad assassination attempt in 1997 against the Jordan-based Hamas official Khalid Mishaal. Not only did the attempt fail, but it led to Israel agreeing to release Hamas spiritual leader Sheikh Yassin from an Israeli jail, where he had been under arrest since 1989. Yassin was allowed to return to Gaza to rally Hamas against the Oslo process in general, and Arafat in particular.

This pattern has continued to this very day. Netanyahu’s downfall in 1999 led to the short-lived government of Ehud Barak, who despite much talking and negotiating, furthered the Oslo process not one iota. By the end of the Summer of 2000, the stage was set for Sharon’s ultimate provocation, his Sept. 28 march on to the Islamic holy site Al-Haram Al-Sharif/Temple Mount.

Since coming to power, Sharon has done everything to ensure the collapse of Arafat and the Palestinian Authority. If successful, it would either bring Hamas to power or lead to political chaos within the territories.

Blair’s ‘New Empire’ Falls Off The Tracks

by Mark Burdman

Since Sept. 11, British Prime Minister Tony Blair has been operating on the delusion that he is the emperor of the world. Usually, those who think they are the reincarnation of Nero, Napoleon, Hitler, or Mussolini, end up in straitjackets, in carefully guarded psychiatric wards. Instead, Blair has spent perhaps one-quarter of his time in trips around the world, visiting some 25 countries. In early January, barely had he returned from his five-day misadventure in South Asia and Afghanistan, than the Prime Minister’s Office at 10 Downing Street announced that he would be visiting several countries in Africa in February, and then, in March, would be attending the Commonwealth summit in Brisbane, Australia, and the European leaders’ summit in Barcelona, Spain.

Why is Blair so desperate to hop around the globe? One strong motivation, is to implement a policy that his foreign-policy guru, Robert Cooper, has defined as the “New Empire,” or “New Imperialism.” At year’s end, the drumbeat for this intensified, in the Blair advisory circles.

But there is a second motivation. As more and more British commentators have asserted since Jan. 1, Blair obviously has an intense desire to avoid the “home front,” where a wave of protests and strikes is building, against the collapse of rail and related infrastructure. This is shaping up as Blair’s nemesis, and he could hardly solve it, by ordering the bombing of British cities, or sending in peacekeeping troops, as per Afghanistan, Kosovo, or Sierra Leone.

‘A New Age Of Empire’

Blair spent the first several days of 2002 in Bangladesh, India, and Pakistan. In Bangladesh, the first stopover, he was reportedly working out the modalities for that terribly impoverished nation to provide the leading Muslim contingent for the Afghanistan peacekeeping forces, the which will be under British command for the first three months of this year.

In India and Pakistan, nations with nuclear weapons which are on the brink of war for the first time since 1971, Blair, whose country was the imperial master of the Indian Subcontinent for over two centuries, tried to play down his role as a mediator over the hotly contested Kashmir issue, denied that he was nostalgic for the old days of empire, and claimed that he was intensively coordinating his activities