Catherine Callaway, CNN Anchor:

Well, Palestinian leader Yasser Arafat remains besieged in his crumbling headquarters in Ramallah. As for Ramallah, the city has been wrecked by unrelenting Israeli bombings.

And CNN's Michael Holmes examines the damage of this city.

(BEGIN VIDEOTAPE)

Michael Holmes, CNN Correspondent (voice-over):

Welcome to the wreckage of Ramallah. There's the Palestinian Authority compound the world knows so well, perimeter walls and buildings around Yasser Arafat's office. Also, the preventive security headquarters blackened, shattered, rendered useless.

But the damage to this city goes much deeper, much wider, and will cost much more to repair than those two very public facilities. Armed Palestinians were in this building when Israeli forces engaged them with force.

But when the fighting is over, it's no longer a target, just another apartment building that will need repair. Here, the remains of a downtown office building, scene of a ferocious battle. But the owners of this place will foot the bill. There's no insurance in war zones. The small things add up: broken windows, bullet holes in public and private buildings, a retaining wall outside someone's house.

Windows at the Ramallah Municipal Building, all of it comes with a price. Tour around this city when the tanks allow you, and you'll see cars, dozens of them, makes and models impossible to tell again uninsured.

Light holes crashed by tanks, roads that will need complete rebuilding. Even trees knocked to the ground. Tanks are difficult to maneuver and are not selective. The damage of war, the searches for suspects difficult to tell at times from acts of vandalism.

Nadia Taja says her home is an example of the latter. "We were scared to open the door for the soldiers," she tells us. "So they blew it open with explosives. The children were terrified. 10 people were here, all
of them women and children," she says, "when Israeli troops came in," and in her words, "went on a rampage."

"The television, look at it," she says. "Do we have terrorism here?"

ELLEN MEYERS, RESIDENT: 40 years I am living here. And I cry because everything was damaged.

HOLMES: A mile or so away from Nadia Taja, United States citizen Ellen Meyers. Soldiers came here, too, she says and stayed two days, damaged the upstairs apartments and her pride and joy, her garden.

MEYERS: And do you know people, they don't earn much money. They make their homes slowly, step by step. And now everything is damaged. It's (UNINTELLIGIBLE).

HOLMES: Electricity supplies are patchy. Water to much of the city cut off. United Nations agencies believe the water problems threaten the health of the population here. In the words of one U.N. agency, "cross contamination of the fresh water supply is a real risk."

One reason is the accumulating garbage. Some people here to frightened to even take it to the street. Those who have done so merely adding to growing piles.

(on camera): Another reason, scenes like this one. Israeli heavy equipment has torn up several roads like this, in order to grant local and media access to various parts of the city. Now in the process, some sewer lines have been severed.

(voice-over): Adding to the water woes, some Palestinians say pot shots are taken at reserve water tanks, which then quickly empty. As Yasser Arafat remains besieged in his Ramallah headquarters, short on food, water and medicine, tens of thousands of Ramallah residents know the feeling.

Michael Holmes, CNN, Ramallah.

(END VIDEOTAPE)

CALLAWAY: Now the Arab League called an emergency meeting in Egypt today to discuss the escalating Mid East crisis and to put some more pressure on the United Nations to do something.

Samer Shahata is a professor of Arab Studies at Georgetown University, joining us now to offer some analysis of that meeting. Thanks for being with us tonight.

SAMER SHEHATA, GEORGETOWN UNIVERSITY: You're welcome.

CALLAWAY: Of course the Palestinians and the Lebanese and the Syrians have been, you know, wanting some strong action taken, actually asking the Arab countries to cut ties with Israel, but we didn't see that happen today in the League meeting, did we?
SHEHATA: No, we didn't. We saw a number of propositions that were passed, including one that said that no further ties with Israel would be established, but that wouldn't have happened anyway. I think the most significant proposition that was passed, at least for the Bush administration was the re-emphasis by all of the Arab countries that Yasser Arafat is the legitimate representative of the Palestinian Authority and the Palestinian people. I think this is really going to be what is negotiated in the next few days.

That is, you know, the conflict between Bush and Sharon's insistence that Arafat, in Sharon's words, is an enemy and Bush's criticism of Arafat and the universal support that Arafat has, especially now, among the Arab leaders and the Arab peoples and the Palestinians.

CALLAWAY: And what was the discussion there in the meeting over the Powell visit that's upcoming tomorrow?

SHEHATA: Yes, there were two parts or two propositions, somewhat contradictory, regarding the Powell visit. There was criticism of Washington for its bias towards Israel in allowing the violence and the destruction of Ramallah and other Palestinian cities to continue, despite the U.N. resolution.

But at the same time the Arab League welcomed Powell's visit and his peacemaking mission to the Middle East. So that was a positive step.

CALLAWAY: Right. Well, it has to be obvious that these Arab countries are going to be watching Powell very closely on this visit, to see how indeed he does handle the Yasser Arafat situation?

SHEHATA: Well, that's right. And I really think this is going to be the potential stumbling block or the issue that's going to be debated. Because I don't think any of the Arab leaders or the Palestinians would accept and rightly so, Arafat's removal on the insistence that Sharon or President Bush. I mean, it's simply undemocratic.

Of course, you cannot choose who represents the Palestinians. They have to choose themselves. We can say many critical things of Yasser Arafat, but it is true that he was elected popularly and he is the soul, legitimate representative. So I think it's sort of absurd, really, to take Sharon's proposition that he's an enemy or that he shouldn't represent the Palestinians seriously. It's undemocratic also.

CALLAWAY: Well, that would be debated by many, I'm quite sure. But let me you ask you this. What about the role of the U.N. in this? What exactly is the League trying to invoke the U.N. to do?

SHEHATA: Right. That was another proposition that the Arab League passed. That is, they're going to send a mission to the United Nations to ask the United Nations Security Council under Chapter 7 of the U.N. charter to force Israel to comply with the U.N. Security Charter that was passed several days ago with the United States support, calling for an immediate withdrawal.

And part of Chapter 7 allows the United Nations to use either economic sanctions or military force to get a country to comply,
similar to what happened with Iraq. So that's another aspect of the Arab League communique.

CALLAWAY: The next 48 hours are going to be very important in this crisis, aren't they?

SHEHATA: That's right.

CALLAWAY: Yes. Samer Shehata, thank you very much for being with us on this Saturday night.

SHEHATA: You're welcome.

TO ORDER A VIDEO OF THIS TRANSCRIPT, PLEASE CALL 800-CNN-NEWS OR USE OUR SECURE ONLINE ORDER FORM LOCATED AT www.fdch.com