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**IMMIGRATION TO ISRAEL PLUNGES
TO LOWEST POINT IN NEARLY 3 YEARS**

By Michele Chabin

JERUSALEM, June 1 (JTA) -- Immigration to Israel, which has been declining steadily in recent months, hit its lowest point in nearly three years last month, confirming that the aliyah wave which began in 1989 is losing momentum.

According to the Jewish Agency, a total of 4,142 immigrants arrived here in May, a 26 percent decrease from the month before and only a quarter of the number who came in May 1991.

The biggest factor was the drop in immigration from the republics of the former Soviet Union, which totaled 3,360 last month, down from 4,696 in April.

In fact, for the first time since the fall of 1989, more Jews from those republics arrived in the United States than in Israel last month.

In New York, the Hebrew Immigrant Aid Society reported that 3,608 Jews from the Soviet successor states arrived in the United States in May under the government's refugee program, a slight increase that brought the total for the year to 18,207.

By comparison a total of 23,439 Jews from the former Soviet republics have immigrated to Israel so far this calendar year, significantly fewer than the 76,221 who came in the first five months of 1991, according to the National Conference on Soviet Jewry.

But officials are quick to point out that the two pools of immigrants are unrelated, since those coming to the United States are mainly people who have long waited to reunite with family members already in America.

High Unemployment Rate Cited

Israeli officials appear to be resigned to the fact that the flood of immigrants is slowing down.

"The wave of aliyah is losing momentum, and there are growing signs that this sluggishness is not temporary but, rather, an indication of a global erosion in aliyah," said Simcha Dinitz, chairman of the Jewish Agency Executive.

He warned that "if the outlook for jobs for immigrants does not improve substantially, we may eventually lose the chance to bring Jews to Israel."

The Soviet Jewry Zionist Forum, an advocacy group for new immigrants, agrees that the high rate of unemployment among olim -- 30 to 40 percent -- is responsible for the slowdown.

According to its spokeswoman, Debra Lipson, "those who are already living here send letters back to their relatives and friends advising them to delay their departure whenever possible."

Of the 1.2 million people in the republics who have requested invitations to join their families in Israel, about 100,000 possess visas.

"Despite the high prices and problems over there, these Jews feel that they should stay put temporarily, that it's better to come later rather than sooner," said Lipson.

At the moment, she added, "we don't see the light at the end of the tunnel. The government has not dealt with the problem of immigrant absorption as a national priority. The numbers speak for themselves."

**JORDANIAN LINK TO TERRORISTS
CONFIRMED BY SURVIVING ATTACKER**

By Hugh Orgel

TEL AVIV, June 1 (JTA) -- Jordan's link to a terrorist gang that planned to wreak havoc on tourist-packed Eilat beaches was confirmed by its only surviving member, Israeli authorities said Monday.

The account given by Mutazam Bin Mohamed al-Nabeh, under interrogation at Josephthal Hospital in Eilat, contradicted Amman's claim that the terrorist mission was not launched from Aqaba, the Jordanian town neighboring Eilat.

Top Israeli officials held Jordan responsible from the outset.

They were proved correct by Nabeh, a 26-year-old Palestinian who said he was trained and equipped for the mission in Jordan and that he and three other terrorists had departed from Aqaba last Friday night on behalf of a Moslem extremist group.

Nabeh was severely wounded in a gunbattle with Israeli soldiers and police early Saturday morning, in which his companions was killed. The terrorists had just murdered an Israeli night watchman, Yosef Shirazi, who encountered them on his rounds.

The two other terrorists who set out on the mission drowned during a grueling swim from Aqaba, according to the survivor's account.

A 'Born-Again Moslem Believer'

Nabeh said he was born in the West Bank city of Hebron and became a "born-again Moslem believer." He said he went to Amman 18 months ago to study at a mosque, where he received daily religious instruction, including the doctrine that war on Israel is a holy duty.

He said he received 150 dinars (about \$1,500) a month and joined the extremist Moujadin movement after volunteering for action against Israel.

About a month ago, he and three others were sent to Aqaba for intensive instruction in swimming and use of weapons. They were preparing to attack a crowded beach near Eilat, one of Israel's main seaside resorts and tourist hot spots.

Nabeh said one other member of the mission was a Palestinian and another belonged to Hamas, the Islamic fundamentalist group in the Gaza Strip that has been active in the intifada. He said he did not know the fourth member's background.

According to his account, the four set out at dusk Friday with plastic waterproof containers of weapons, food and dry clothing fastened to their legs. They were supposed to drag them as they swam and also use them as life rafts.

But during the swim, a strong northerly wind began to blow and the current swept them south of their intended landing point, which was a beach north of Eilat.

The swim turned into a harrowing ordeal, according to Nabeh's account. One of the four swimmers discovered his container was leaking, making it difficult for him to swim. He begged for permission to jettison it but the unit commander refused and the man was soon pulled under by its weight and drowned.

Some time later, the commander's container began to leak. According to Nabeh's account, he

immediately cut it loose and demanded that one of the other swimmers hand over his container to use as a life raft.

Both refused and the commander supported himself on their shoulders. But a quarrel broke out. Nabeh and his companion pushed their leader away and he soon disappeared.

The two survivors landed at about 5:30 Saturday morning and rested on the beach, where they made a meal of pita bread and condensed milk and changed to dry clothes.

When Shirazi, the night watchman at the Hebrew University's Marine Biology Research Institute, discovered the terrorists, they shot him and moved inland.

But the sound of the gunshot attracted attention and the pair were soon confronted by Israel Defense Force soldiers and local police.

Nabeh was formally remanded in custody for 15 days by an Eilat magistrates court Monday. He will be transferred to a hospital in central Israel and subsequently sent to prison.

Israeli officials said the weapons the two terrorists carried could have inflicted major casualties on the Eilat beaches. They included two automatic assault rifles, 40 hand grenades and a LAW shoulder-mounted missile launcher.

Jordan claimed initially that it had no knowledge of the terrorist mission and that the infiltrators could have come from Egypt or Saudi Arabia, which both abut the Gulf of Aqaba.

BRIGHTER ECONOMIC NEWS HEARTENS LIKUD LEADERS AS ELECTION NEARS By Gil Sedan

JERUSALEM, June 1 (JTA) -- Israel's economy is finally showing signs of recovery and growth, according to the latest reports released by the Central Bureau of Statistics.

The news is music to the ears of the Likud, which has been struggling to retain its supremacy as Israel's ruling party.

Industrial production rose by an astonishing 7 percent last year. Industrial exports and imports of raw material for industry were both up. Productivity as a whole was up 2.5 percent and the state deficit was only half of what it was expected to be.

Although the foreign currency deficit rose by \$1 billion, more money found its way to Israel by other routes, and the foreign currency reserves actually increased.

The gross national product rose by 6 percent last year in proportion to the growth of population. It was 1 percent higher than in 1990.

On the basis of those figures, the Central Bureau expects further improvements in the economic picture. Three weeks before an election, there could be no better news for the incumbent party.

But then the Bank of Israel chimed in with a deafening discordant note. It is Israel's central bank -- its functions similar to the U.S. Federal Reserve or the Bank of England -- and its 1991 annual report, just released, presented a grim picture of an economy confronted by its worst crisis ever.

High unemployment and no economic growth was its forecast for the immediate future.

Analyzing the 7 percent rise in industrial production, double the previous year's, the Bank of Israel said it was the function of a temporary boom in the housing and allied industries not likely to be sustained.

Subtract that and last year's industrial growth would have been a meager 3 percent, much less than planned, the bank reported.

Moreover, it upheld the scathing criticism of the Housing Ministry's performance, contained in the state comptroller's report released last month.

According to the Bank of Israel's annual report, the government's "exaggerated" housing efforts "caused waste of resources and increased economic uncertainty by putting the focus of economic activity on the building industry, which cannot sustain long-term economic growth."

13.7 Percent Inflation Rate

One of the main complaints in the comptroller's report was that the state invested too much in housing and too little to create job opportunities.

As a result, the unemployment rate rose to 11 percent, creating a situation in which thousands of housing units remain vacant because they were built in places where no work is available, particularly in the south, the Bank of Israel said.

According to the bank, the unemployment situation is unlikely to improve because many immigrants lack the ability to adjust to a modern economy.

On the more positive side, the central bank reported that last year's inflation rate was down to 13.7 percent, after deducting housing costs, the price of vegetables and government levies.

But the report added that the policy-makers have only slight influence on maintaining a relatively low rate of inflation.

The Bank of Israel predicted, moreover, that the economy would slow down even more this year, bad news for the party in power on the eve of elections.

Since the beginning of the year, investments have dropped, housing is down, exports are down, trade volume is down, unemployment is up and agriculture is still suffering the aftereffects of an exceptionally harsh winter, the bank report said.

Economists also point to the decrease of aliyah as one of the main factors responsible for the economic slowdown.

Massive immigration from the former Soviet Union, which at times reached 20,000 a month, was expected to fuel an economic boom with new demands for housing and other necessities of life.

But the country failed to offer the new comers jobs, and aliyah from the former Soviet republics fell to a record low of 3,360 last month.

IDF INVESTIGATING 2 DEATHS FROM HEAT By Hugh Orgel

TEL AVIV, June 1 (JTA) -- The Israel Defense Force high command has ordered an investigation into the deaths last week of two soldiers taking part in a map-reading exercise under conditions of extreme heat in the southern Negev.

The victims, Yaron Ben-David, 19, of Jerusalem and Ofer Efran, 19, of Afula, were pronounced dead on arrival May 28 at Josephthal Hospital in Eilat, where they were taken by helicopter from the training area.

The cause of death appeared to have been heat stroke and dehydration. The men were exposed to temperatures of 108 degrees Fahrenheit in the shade and only 5 percent humidity. Under such conditions, the training exercise should have been called off, the meteorological service said.

FORMER SS GUARD AT SACHSENHAUSEN AGREES TO LEAVE THE UNITED STATES

By Susan Birnbaum

NEW YORK, June 1 (JTA) -- A former SS guard at a Nazi concentration camp, who was stripped of his U.S. citizenship for concealing his wartime activities, has agreed to leave the United States rather than face deportation proceedings.

Michael Schmidt, a longtime resident of the Chicago suburb of Lincolnwood, agreed to permanently leave the country by year's end, the Justice Department reported Monday.

Schmidt, 69, a retired school janitor, signed an agreement with the Justice Department's Office of Special Investigations. He said he would not contest OSI's allegation that he participated in the persecution of civilians while serving as an armed guard at the Sachsenhausen concentration camp in Germany as a member of the Nazi SS Death's Head Battalion.

Initially, Schmidt had denied OSI's charges. He has now acknowledged he lied about his wartime activities when he applied for admission to the United States in 1952 and on his citizenship application.

The Justice Department asked a Chicago immigration judge in December to deport Schmidt, who had been stripped of his citizenship in January 1990 by the U.S. District Court in Chicago. The decision to denaturalize him had been upheld by the U.S. Court of Appeals and the U.S. Supreme Court.

Neal Sher, director of OSI, said Schmidt signed the agreement to leave in order to avoid defending the deportation action against him.

Sher said Sachsenhausen had been the site of "grotesque" medical experiments on Jews, Gypsies, Jehovah's Witnesses, U.S. prisoners of war and political prisoners.

Schmidt, a native of Romania but of ethnic German background, lives in Lincolnwood, a Chicago suburb where many Jews reside.

HIGH COURT BEGINS FINAL HEARING ON DEMJANJUK APPEAL OF CONVICTION

By Gil Sedan

JERUSALEM, June 1 (JTA) -- Israel's High Court of Justice this week began its final hearing of the appeal by John Demjanjuk against his 1988 war crimes conviction and death sentence.

The court, which began the final hearing Monday, plans to wind up the proceedings next week and render a final decision in a few months.

Yoram Sheftel, lawyer for the 72-year-old Ukrainian-born former U.S. citizen, claimed new evidence proves his client was not the sadistic death camp guard, known as "Ivan the Terrible," who brutalized inmates and operated the Treblinka gas chambers, in which nearly 900,000 Jews died during World War II.

But the state prosecution, which won a conviction on the basis of eyewitness testimony, was just as insistent that the accused is without doubt the dreaded "Ivan" who committed countless atrocities and deserves to die.

The prosecution offered proof that Demjanjuk served at the Sobibor concentration camp in Poland and the Flossenbug camp in Germany, as well as at Treblinka.

Sheftel argued that "the wording of his extradition and indictment required that he be tried only on the Treblinka charge."

Demjanjuk claims he was never at Treblinka

and that his loss of U.S. citizenship, his extradition to Israel in 1986 and his conviction by a Jerusalem district court two years later were entirely the result of mistaken identity.

Sheftel told the five-judge panel that newly uncovered Nazi files and statements made by 37 death camp guards up to 45 years ago showed "Ivan" was an older man with a facial scar and was the married father of three at a time when Demjanjuk, who has no facial scar, was single.

According to the defense, the guard who operated the gas chambers was a man named Ivan Marchenko, believed now to be deceased.

"Today, there are 80 pieces of evidence and it's so simple for the defense to show unequivocally and quite completely that Ivan the Terrible is not John Demjanjuk," Sheftel said.

He claimed that the five Treblinka survivors who identified Demjanjuk as "Ivan" in court suffered either from senility, lapse of memory or lack of firsthand encounters with "Ivan" at the death camp.

The burly Demjanjuk was brought to the hearing in a wheelchair, claiming to have hurt his back during the rough ride to court in a prison van. Afterward, he was returned to Ramla prison, where he has been kept in solitary confinement.

CANADIAN GOVERNMENT TO APPEAL FINTA ACQUITTAL TO HIGH COURT

By Gil Kezwer

TORONTO, June 1 (JTA) -- War crimes trials advocates here are encouraged by the Canadian justice minister's intention to appeal the acquittal of accused war criminal Imre Finta.

Justice Minister Kim Campbell announced last week in Ottawa that the Crown will ask Canada's Supreme Court to reverse the Ontario Court of Appeals' decision upholding his acquittal.

The 79-year-old, Hungarian-born former restaurant owner from Hamilton, Ontario, was found not guilty of war crimes charges by a Supreme Court of Ontario jury here in May 1990.

Finta's trial was the first conducted under a 1987 amendment to the Criminal Code that made it possible for Canadian courts to try alleged war criminals for offenses committed abroad.

The trial lasted six months. Finta, a captain in the pro-Nazi Hungarian gendarmerie during World War II, was accused of the forcible confinement of 8,617 Jews in the southern Hungarian city of Szeged from May 1 to June 30, 1944.

He was further charged with robbing the detainees of their money and valuables under threats of violence. All were deported to Auschwitz and other camps, where most perished.

A Justice Department bid for a retrial was dismissed April 29 by a 3-2 decision of a five-justice Ontario Court of Appeal panel.

Jewish leaders were pleased by the justice minister's decision to pursue the case further.

"We have felt all along that Finta's acquittal should be set aside and the matter be appealed to the Supreme Court of Canada. We feel that a new trial is a viable and indeed necessary route," said Milton Harris, chairman of the Canadian Jewish Congress' war crimes committee.

In a related development, Sol Littman of the Simon Wiesenthal Center's Canadian office has written to Justice Minister Campbell, who is also attorney general, asking her to explain her comments before the House of Commons Justice Committee, in which she called for the completion of war crimes investigations by March 1994.

AMERICAN GROUPS CONTINUE WORK FOR ETHIOPIAN JEWS, BUT IN ISRAEL

By Larry Yudelson

NEW YORK (JTA) -- The final ingathering of Ethiopian Jewry has led the Canadian Association for Ethiopian Jews to disband recently, saying its mandate had come to an end.

But its two American counterparts have no such plans.

"American Jews have been involved right from the start, and it's my hope and belief that we maintain a sense of concern and responsibility," said Barbara Ribakove Gordon, executive director of the North American Conference on Ethiopian Jewry, which, like its Canadian cousin, was founded in 1982.

Both the conference and the American Association for Ethiopian Jews, founded in 1969, plan to continue their work, focusing now on the immigrants in Israel.

One year ago, Operation Solomon airlifted 14,089 Jews out of Ethiopia, and the remaining 4,000 are expected to make their way to Israel by end of this summer.

With budgets of under \$1.5 million apiece, however, the two groups take a definite second place to the Jewish Agency, which has spent an estimated \$140 million on transporting and resettling the immigrants.

The American Jewish Joint Distribution Committee, which spent several million dollars helping to sustain Jews in Ethiopia, has this year budgeted \$1.5 million on job training and social services for the Ethiopians in Israel.

The American groups who work exclusively on behalf of Ethiopian Jewry hope, however, that their continued involvement will ensure that the Ethiopians do not get lost in the bureaucratic shuffle. This is true particularly as Israel also struggles to absorb a continuing influx of Jews from the former Soviet Union that already outnumbers the Ethiopians 20 to 1.

"We're trying to effectuate macro-level changes, to make sure Ethiopian Jews in Israel become productive citizens," said the American Association's executive director, William Recant.

An Effort To Preserve Culture

The groups' projects include helping Ethiopians with housing -- the association has so far loaned 150 families the money for down-payments on their apartments -- and health issues -- the conference is underwriting dental and ophthalmological clinics.

But their central efforts are being directed toward education, employment, and preserving Ethiopian Jewish culture.

"It's so important to preserve this unique, 2,500-year-old culture, but it always takes second place to other, more urgent needs," said Gordon.

Both the conference and the association are looking into several programs to help maintain this culture.

"One is to assist the Ethiopian religious leaders, the kessim, to take their place as religious leaders in Israel, which involves their learning some of the Israeli, or normative Jewish, traditions. Once they have that, they can not only hold jobs (as ritual slaughterers and scribes), but also assume religious leadership again in their communities," said Gordon.

"We're also looking at the possibility of a program for the Ethiopians who are now studying in the hesder yeshivot (which combine Torah

study with Israeli army service). We want to give them intensive training in their own religious tradition, as taught by the kessim, so they will know both traditions," she added.

One aspect of Ethiopian culture can also put the Ethiopians to work. Both organizations are setting up workshops where Ethiopians can practice their traditional needlework skills, fashioning ritual objects like kipot and challah covers to be marketed mainly to American Jews.

Trying To Avoid Mistakes Of 1950s

The American groups are also helping to fund after-school classes to make up for Israel's short school day, programs that train young Ethiopians to be geriatric and early childhood aides and scholarships for Ethiopians attending university.

Yet with both the Jewish Agency and the Israeli government strained by the magnitude of their absorption efforts, it may be impossible for the advocacy groups to mend fully the inevitable cracks in the absorption system.

"One of the things the Israeli authorities said almost as a litany, years ago, when the Ethiopians first came in," said Gordon, "is we don't want to make the same mistakes as in the '50s," when the awkward absorption of immigrants from North Africa and elsewhere set off cycles of poverty and resentment that continue to this day.

"In some cases, it's very, very difficult to avoid it. In some cases, the cycle, if it becomes one, didn't start in Israel. For a year, Jews were waiting in Addis Ababa, where there was no work. Essentially they were living on a monthly dole at the gates of the Israeli Embassy," said Gordon.

"They came to absorption centers, and there are no jobs near them. People have ulpan, Hebrew lessons, and then they sit."

Yet despite the problems, the advocacy groups fully appreciate the miracle of the Ethiopian exodus. Long gone is the fierce anger at the apparent abandonment of Ethiopian Jews by the Jewish establishment, anger which in 1984 sparked protests at the General Assembly of the Council of Jewish Federations.

Now, the activities of the single-issue, Ethiopian Jewry advocacy groups reflect an old Ethiopian proverb: "Cas becas, inkulal bagru yehidal" (Step by step, the chicken learns to walk on its own legs).

ISRAEL WELCOMES NEW ITALIAN LEADER

By Ruth E. Gruber

ROME, June 1 (JTA) -- Israeli Prime Minister Yitzhak Shamir has sent a warm message of congratulations to Oscar Luigi Scalfaro on his election as Italy's new president.

Israel is, indeed, pleased. A source at the Israeli Embassy here pointed out that Scalfaro, a veteran Christian Democrat, was the first president of the friendship association established between the Israeli and Italian parliaments last year right after the Persian Gulf War.

As president of the association, Scalfaro visited Israel in January and met Shamir.

The new Italian chief of state is a devout Catholic and devoted to the cult of Mary. But apparently he is strongly tolerant of those who do not share his faith.

In his inaugural address last Friday, Scalfaro stressed that freedom of conscience is one of the basic tenets of democracy and that he respects all religions and beliefs.