PUBLISHED BY JEWISH TELEGRAPHIC AGENCY · 330 SEVENTH AVENUE

VOL. 71 - 76th YEAR WEDNESDAY, JANUARY 13, 1993

(212) 643-1890 NO. 8

ISRAELI FREE-TRADE ZONE WINS SUPPORT OF FINANCE MINISTER

By Larry Yudelson

NEW YORK, Jan. 12 (JTA) -- Advocates of free enterprise in Israel have won a crucial victory in their battle to create a tax-exempt industrial park.

Israeli Finance Minister Avraham Shohat this week announced he supports the plan and will submit the necessary legislation to the Knesset.

Shohat's decision has pleased American Jewish investors sponsoring the project, who say their plan will create 20,000 jobs badly needed by Israel

If the plan overcomes the substantial remaining hurdles -- including approval by the Knesset -- it will create a manufacturing enclave in which Israel's voluminous tax and labor regulations would not apply.

"What has happened is a miracle," said Robert Lowenberg, president of the Institute for Advanced Strategic and Political Studies, a Jerusalem-based think tank that promotes free-market economics and provided the idea for the project.

"Israel has a rather thick bureaucracy," said Sy Syms, who heads the New York-based Israel Export Corp. sponsoring the project and is a former chairman of the State of Israel Bonds organization.

"It's a question of whether or not the ministers and bureaucrats in the government can see the good and welfare of creating free export zone jobs," said Syms, chairman of Syms Corp., the New York-based clothing retailer.

Shohat's endorsement of the project came in the face of opposition from senior officials in his ministry and the Bank of Israel.

He apparently rejected fears that the zone would create unfair pressures on local industries, and would offer unfair benefits to its investors at the expense of regular investments in the Israeli

Proponents of the free-trade zone argue that foreign investors currently receive benefits that outweigh the tax revenue Israel eventually collects from them

At Least 30 U.S. Firms Interested

The Israeli government would make no investment in the proposed zone and would collect no taxes from it other than income taxes on those employed there.

"Many (existing Israeli) industries are not profitable," said Larry Silverstein, one of the 27 investors in the Israel Export Corp. "They require enormous subsidies to keep them running. It's a methodology that's terribly wasteful."

Under the plan, the Israel Export Corp. would purchase several hundred acres of land, on which it would build an industrial park.

The corporation would finance the infrastructure, including roads, buildings, electricity and communications facilities for the park. It would then rent out space and facilities to other companies, which would manufacture for the export market.

"Thirty to 40 American companies have expressed interest," said Syms, who said he envisioned a mixture of 80 percent biomedical and

other high-technology firms and 20 percent apparel manufacturers in the park.

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The total investment in the zone is estimated at \$750 million. The investors promise that within 14 months, they will create 20,000 jobs.

The investors, who include real-estate magnate Robert Tishman, New York financier Ludwig Jesselson and Cleveland industrialist Morton Mandel, a former president of the Council of Jewish Federations, say that behind the investment lies another form of Zionism

"This would be a profit-making venture, but the real rationale is that this is the State of Israel. We've all been so deeply involved in the fabric of the Jewish community for many, many decades. This is something we feel firmly about," said Silverstein.

Could Lead To 'Massive Export Growth'

For decades, American Jewish business executives have tried to do business in Israel, only to be discouraged by the bureaucratic hurdles.

As philanthropists, these same executives have raised their concern with Israeli leaders in meetings of the Council of Jewish Federations and other groups. But the reforms, in such areas as privatization of government-owned companies, seldom came as swiftly as promised.

Improving Israel's economy by reforming it is the goal of the Institute for Advanced Strategic and Political Studies, which is headed by Alvin Rabushka, a fellow at Stanford University's conservative Hoover Institute.

A study issued by the institute last year said that a free-trade zone would "foster prospects for massive export growth along the lines of the success stories of Hong Kong, Singapore, Taiwan and Korea."

But beyond the immediate growth prospects, the report said that in other countries, the effects of the zones "gradually percolated through the economy, reinforcing competitive and liberalizing tendencies."

This was the seed of the current free-trade zone proposal, although another plan had been proposed in 1989 by Knesset member Amir Peretz of the Labor Party.

"Basically, it was the group of lay people who were on the board of the institute that got so excited about the concept that they decided to put it into practice," said Michael Papo, executive director of the San Francisco-based Koret Foundation, which funds the institute.

(Contributing to this report was JTA correspondent David Landau in Jerusalem.)

STORM ERUPTS AFTER COMPTROLLER ACCUSES LABOR OF 'BUYING POWER' By David Landau

JERUSALEM, Jan. 12 (JTA) - A new storm of controversy is sweeping Israel's political establishment, following the publication Monday of a report by the state comptroller that accuses the Labor Party of "buying power with money."

Specifically, the report relates to cash-forvotes deals that Labor allegedly struck from 1989 to 1990 with the rigorously Orthodox Shas party and with then-Knesset member Charlie Biton.

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the opposition Likud and Tsomet parties, seeks to link those past peccadilloes to the June 1992 election and the creation of the present government, in which Labor and Shas are coalition partners, along with the left-wing Meretz bloc.

Likud and Tsomet have introduced no-confidence motions in the Knesset, and these are sure

to trigger vociferous debate.

In connection with the 1989-90 incidents, the comptroller, Miriam Ben-Porat, imposed fines of 3 million shekels (\$1.4 million) on Shas and 70,000 shekels (\$34,000) on Biton, a member of the formerly Communist Hadash party.

But Ben-Porat's report adopts a milder tone regard to the 1992 elections. She provides detailed information about contributions to party campaigns from wealthy supporters at home and abroad

Ben-Porat, a former Supreme Court justice, says many contributors made donations to more than one party, among them a number of leading Israeli businessmen who contributed to both Labor and Likud. She speaks out in the report against the system of private contributions to parties' war chests and recommends that they be banned by legislation.

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The ceiling for contributions to each party, set by law, was 54,000 shekels (\$26,000).

Shas Coffers Reported Empty

The report charges that Labor provided Shas, in various forms of benefits, with some 1.5 million shekels, in return for the Sephardic Orthodox party's support in the Histadrut labor federation elections of 1989.

In addition, Labor paid Biton 50,000 shekels in return for his pledge of parliamentary support in the spring of 1990 when Labor and Shas brought down the national unity government and attempted, unsuccessfully, to form an alternative, Labor-led coalition.

The report says Shas' coffers are presently empty. It recommends, therefore, that the fine be taken from the monthly state-funded stipends that all Knesset factions receive to finance their political activities.

The chairman of Shas' Knesset faction, Shlomo Benzeri, said this fine could paralyze the party. He said Shas would challenge the findings in a petition to the High Court of Justice.

Biton, who failed to gain re-election to the present Knesset, running on an independent ticket, said he did not propose to pay his fine and believed Labor should pay it for him.

Inside Labor, the sense of consternation and embarrassment led many of the party's leaders to duck reporters and refuse comment.

Knesset member Haggai Merom, a key Labor party figure who was involved in the deals excoriated by the comptroller, said frankly, "We did wrong. I am pleased this report has come out a year into our term, and not a year before its end.

"We must learn the lessons and come to the voters, next time around, with clean hands."

Binyamin Netanyahu, front-runner in the Likud leadership stakes, said Labor would have lost had the report been published before the election last June.

Another Likud Knesset member, Ya'acov Shamai, filed a complaint with the police Tuesday, citing evidence of offenses committed by Labor.

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The opposition Knesset member asked the court to order the government to reverse the appointment of Rabinovich, a prominent academic and Israel's chief negotiator with Syria.

Segev's petition came in the wake of disclosures that Rabinovich recently paid an indemnity to the tax authorities.

The petitioner argued that the payment proved the ambassador-designate had committed an offense and that the Cabinet had not been aware of that fact when appointing him to a top diplomatic post.

Justice Eliahu Matza said a three-member bench would take up the case as soon as possible since Rabinovich is due to take up his new post in early February.

Rabinovich issued a public statement through his tax lawyer last weekend emphasizing that he had made the payment as a goodwill gesture and

was probably not even required to do so.

Attorney Pinchas Rubin said Rabinovich, ignoring his lawyer's advice, insisted on making the payment for money he had earned some years ago in the United States.

Rabinovich has been negotiating with Syria on the basis of government willingness to make territorial concessions on the Golan Heights, a policy opposed by right-wing parties such as Tsomet

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COMMITTEE BACKS, BUT WATERS DOWN, BILL TO LIFT THE BAN ON PLO CONTACTS By Gil Sedan

JERUSALEM, Jan. 12 (JTA) -- An Israeli parliamentary panel has taken a big step toward lifting a blanket ban on meetings with Palestine Liberation Organization officials.

But while agreeing to end the prohibition, the Knesset Law Committee on Tuesday watered down provisions of the bill before sending it back to the Knesset floor for its second and third readines.

Under the amended draft, civil servants will need prior authorization to meet with "representatives of terrorist organizations," and the ban will continue to apply to meeting with representatives of three Moslem fundamentalist groups: Hamas, Islamic Jihad and the Herbollah

Despite the amendments, which were introduced by the opposition, committee Chairman Dedi Zucker of the Meretz bloc expressed confidence the bill would be approved by the full house.

The committee approved the draft after the head of the Shin Bet security service testified on the pros and cons of opening the way to meetings between Israelis and representatives of Palestinian organizations.

On the positive side, the head of the Shin Bet, who is never publicly identified, said lifting the ban would strengthen the PLO in its rivalry with Moslem fundamentalists who oppose peace negotiations with Israel.

But although he presented arguments on the plus side, Knesset members got the impression that he tilted toward a continuation of the ban.

Asked outright for his own opinion on the controversial issue, he said: "This is not my problem. You can decide whatever you want."

Members of the governing coalition were surprised when one of their colleagues, Knesset member Yosef Azran of the Orthodox Shas party, broke ranks to join the opposition in a vote for the amendments.

Coalition whip Eli Dayan of Labor said he regarded Azran's action as "very serious." He said his attempts to reach Shas party leader Arye Deri on the issue had been unsuccessful.

"Shas must decide whether they are in the coalition or not," said Dayan.

PANEL RECOMMENDS COMPROMISE ON CONTROVERSIAL HIGHWAY SITE By Gil Sedan

JERUSALEM, Jan. 12 (1TA) -- A compromise appears to be in the works over a controversial highway site in Jerusalem that has pitted haredim, or fervently Orthodox Jews, against city officials, government archaeologists and residents of a northern neighborhood.

A ministerial committee has recommended that the path of the highway at French Hill be moved about 25 feet west to accommodate haredi opposition to the disturbance of ancient burial caves accidentally uncovered at the site.

The compromise would leave intact four of the Second Temple period tombs. A fifth lies under the newly proposed route.

Police Minister Moshe Shahal said the contents of this 2,000-year-old cave would be moved, with or without the approval of the haredim -- if necessary, under police protection.

Haredim have staged violent demonstrations in recent weeks to protest archaeological investi-

gations of the tombs. The violence produced a backlash of anti-Orthodox vandalism last weekend, when tires were slashed in haredi neighborhoods of the city.

Israel's High Court of Justice is due to hear arguments this Thursday from the Jerusalem municipality, which favors the highway construction, and Athra Kadisha, the haredi group dedicated to protecting Jewish gravesite.

BRATSLAV HASIDIM HORRIFIED AS HERZOG PROUDLY PROPOSES MOVING REBBE'S GRAVE By David Landau

JERUSALEM, Jan. 12 (JTA) -- There was much egg on the face of Israeli President Chaim Herzog after his dramatic announcement, at a state dinner this week for the visiting president of Ukraine, that he had secured Ukraine's consent to move to Israel the remains of a revered Hasidic sage who died 180 years ago.

Bratslav Hasidim here and abroad reacted with horror to the announcement by the president that Ukraine would transfer to Israel the remains of Rabbi Nachman of Bratslav.

It then emerged that Herzog had responded to the approaches of a maverick figure in fervently Orthodox haredi circles.

Rabbi Nachman's grave, in the town of Uman, serves as the focus of Bratslav Hasidism, who have never had another rebbe since Nachman died

The World Council of Bratslav Hasidim called on Herzog to admit that his announcement had flowed from a mistaken or misled appreciation of the facts.

There was no comment from Ukrainian President Leonid Kravchuk or his entourage. But knowledgeable Israeli observers said he, too, like the Hasidim, wants Rabbi Nachman to remain in his present resting place, since pilgrimages to the site are growing into a major local industry.

At Rosh Hashanah this year, 4,000 Hasidim and other enthusiasts spent the holiday at Uman. El Al set aside a fleet of 13 jumbo flights to ferry Israelis to and from Kiev.

Kravchuk addressed the Knesset on Tuesday and held talks with Prime Minister Yitzhak Rabin and other Israeli figures. His transportation minister was to sign an accord with Israel's Yisrael Kessar formalizing an aviation agreement between the two countries that will inaugurate scheduled flights between Tel Aviv and Kiev.

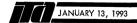
Herzog's overture to Kravchuk, according to presidential aides, followed an approach to the Israeli president by Yisrael Dov Odessar, whom the aides referred to as "the rabbi of the Bratslav community."

But the Bratslav Hasidic council dismissed Odessar as irrelevant, and Rabbi Yehoshua Heschel Frankel, elder of the community in Jerusalem, told the Jewish Telegraphic Agency: "He is worthless; he represents no one: not even himself."

Other haredi sources told JTA that Odessar has claimed for years to own a letter from Rabbi Nachman which was delivered to him in a dream.

These sources voiced amazement that Herzog could have made a public statement, at a state dinner, on the strength of corresponding and meeting with Odessar without ascertaining his credentials.

"We risked our lives to make pilgrimages to Uman during the hard years," Frankel said, referring to the Communist period. "For us, the very thought of touching the tomb is anathema."



AUSTRALIAN WAR CRIMES TRIAL OPENS AND THEN GETS POSTPONED By Jeremy Jones

SYDNEY, Australia, Jan. 12 (JTA) - Australia's first full trial of an accused Nazi war criminal opened here last week but immediately fizzled when defense attorneys won a postponement.

Attorneys for Heinrich Wagner, 69, accused of war crimes in Ukraine, filed an application for a permanent stay in the proceedings.

They cited as grounds the fact that too much time had elapsed since the alleged crimes to mount a proper defense.

Meanwhile, Wagner entered a plea of not guilty to charges of murdering 124 people in Nazi-occupied Ukraine during World War II.

The prosecution accuses him of killing 19 children of Jewish fathers and non-Jewish mothers, participating in the mass murder of 104 Jewish adults and playing a role in the murder of a railway worker.

According to the prosecution, the offenses took place near the village of Izraylovka in the Ustinovka region of Ukraine between May 1, 1942 and Sept. 30, 1943.

Wagner, allegedly a member of the Nazi occupation police force, claims he was not present in the village when the offenses took places.

In September, an Australian magistrate accepted as evidence drawings by an artists who said he witnessed atrocities perpetrated by Wagner. The drawings were made after he had witnessed one of Wagner's alleged murders.

Other witnesses claim they saw Wagner throw a child in the air and fire; saw Wagner in police uniform at that time; and saw the bloodsplattered mass grave of the Jews of Ustinovka.

As one trial was put on hold, another was due to open.

Ivan Polyukhovich, who has also pleaded not guilty, is accused of personally murdering 24 individuals and complicity in the murders of 850 others.

ITALY URGES CURRICULAR CHANGES TO INSTILL ANTI-RACIST VALUES By Ruth E. Gruber

ROME, Jan. 12 (JTA) -- Italy's government has called for a broad revision of school curricula in order to instill anti-racist values in students.

"In our schools we should study more Primo Levi and less Manzoni," Prime Minister Giuliano Amato told a news conference Monday, referring to the late Italian Holocaust survivor and the 19th-century Italian novelist and poet Alessandro Manzoni.

On Monday, Education Minister Rosa Russo Jervolino issued a message to all schools "to say no to intolerance and anti-Semitism."

She said she was issuing the plea especially because "the past months have seen repetitions in this country and Europe of episodes of racism and resurgences of anti-Semitism, which give rise to fears of a recurrence of the specters of the past."

Jewish leaders and also a teachers union have been pushing for years for a more integrated curriculum that would teach modern and contemporary history, including the Holocaust, in a more thorough way.

Dario Missaglia, secretary-general of the teachers union, told reporters that the teachers had been waiting for a firm stand to be taken by the education ministry on this point.

"I think that Russo Jervolino's message fills this vacuum," he said, noting the short shrift paid in history books to World War II, including the resistance movement.

He said he proposed to the minister that state-run television be involved in preparing video programs and education broadcasts on the subject which could be used in the classroom.

In addition, a video presentation for schools on the Holocaust -- a project long advocated by the Jewish community -- was said to be nearly ready for use in the classroom.

JEWISH PRESENCE WAS ONLY SYMBOLIC AT MULTIFAITH PRAYERS FOR BALKANS By Ruth E. Gruber

ROME, Jan. 12 (JTA) -- Jewish representation was only symbolic last weekend at a prayer vigil for peace in the Balkans organized by Pope John Paul II at Assisi, home of St. Francis.

The pope had invited leaders of European Christian churches as well as Jews and Moslems to take part in the two days of prayer, fasting, meditation and testimony Saturday and Sunday.

Orthodox Christian leaders, including those from the Serbian Orthodox Church, declined to attend.

Jews were represented by Rabbi David Rosen, the Jerusalem-based representative of the Anti-Defamation League, who is acting in discussions that are to lead to Vatican-Israeli relations. Also in attendance was the local ADL representative in Italy

Tullia Zevi, president of the Union of Italian Jewish Communities, expressed the solidarity of the Lewish community with the pope's initiative but said Jewish leaders did not attend because the events began on Shabbat. They would not have been able to travel to Assisi, about 100 miles north of Rome.

She said Italian Jewish communities had decided to recite a special prayer for peace, coinciding with the Assisi meeting, in all Italian synagogues Saturday.

Another reason why European Jewish leaders did not attend was the fact that many were involved in a European Jewish Congress meeting that took place simultaneously in Warsaw.

Rosen said the decision that he and the Italian ADL representative would take part "sprang from the profound conviction that we had to be present where the voices of all religious, cultural and political groups who believe in a common action for the respect of individual and minority rights was raised loudly and decisively."

He said he was "very happy" to participate in the gathering.

"This meeting is very important to demonstrate, with our common stand, our common status as people created in the image of God and to bear witness that the evils that we see in the Balkan states are against the fundamental commitments of all our faiths."

In another development, Italy's Conference of Catholic Bishops released a statement expressing "special and warm solidarity with the Jews" at a time when anti-Semitism seems to be increasing in Europe.

The statement was part of a message prepared for Italy's third annual Day of Religious Dialogue with the Jewish People, to be held Jan.

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COMMITTEE BACKS, BUT WATERS DOWN, BILL TO LIFT THE BAN ON PLO CONTACTS By Gil Sedan

JERUSALEM, Jan. 12 (JTA) -- An Israeli parliamentary panel has taken a big step toward lifting a blanket ban on meetings with Palestine Liberation Organization officials.

But while agreeing to end the prohibition, the Knesset Law Committee on Tuesday watered down provisions of the bill before sending it back to the Knesset floor for its second and third readines.

Under the amended draft, civil servants will need prior authorization to meet with "representatives of terrorist organizations," and the ban will continue to apply to meeting with representatives of three Moslem fundamentalist groups: Hamas, Islamic Jihad and the Herbollah

Despite the amendments, which were introduced by the opposition, committee Chairman Dedi Zucker of the Meretz bloc expressed confidence the bill would be approved by the full house.

The committee approved the draft after the head of the Shin Bet security service testified on the pros and cons of opening the way to meetings between Israelis and representatives of Palestinian organizations.

On the positive side, the head of the Shin Bet, who is never publicly identified, said lifting the ban would strengthen the PLO in its rivalry with Moslem fundamentalists who oppose peace negotiations with Israel.

But although he presented arguments on the plus side, Knesset members got the impression that he tilted toward a continuation of the ban.

Asked outright for his own opinion on the controversial issue, he said: "This is not my problem. You can decide whatever you want."

Members of the governing coalition were surprised when one of their colleagues, Knesset member Yosef Azran of the Orthodox Shas party, broke ranks to join the opposition in a vote for the amendments.

Coalition whip Eli Dayan of Labor said he regarded Azran's action as "very serious." He said his attempts to reach Shas party leader Arye Deri on the issue had been unsuccessful.

"Shas must decide whether they are in the coalition or not," said Dayan.

PANEL RECOMMENDS COMPROMISE ON CONTROVERSIAL HIGHWAY SITE By Gil Sedan

JERUSALEM, Jan. 12 (1TA) -- A compromise appears to be in the works over a controversial highway site in Jerusalem that has pitted haredim, or fervently Orthodox Jews, against city officials, government archaeologists and residents of a northern neighborhood.

A ministerial committee has recommended that the path of the highway at French Hill be moved about 25 feet west to accommodate haredi opposition to the disturbance of ancient burial caves accidentally uncovered at the site.

The compromise would leave intact four of the Second Temple period tombs. A fifth lies under the newly proposed route.

Police Minister Moshe Shahal said the contents of this 2,000-year-old cave would be moved, with or without the approval of the haredim -- if necessary, under police protection.

Haredim have staged violent demonstrations in recent weeks to protest archaeological investi-

gations of the tombs. The violence produced a backlash of anti-Orthodox vandalism last weekend, when tires were slashed in haredi neighborhoods of the city.

Israel's High Court of Justice is due to hear arguments this Thursday from the Jerusalem municipality, which favors the highway construction, and Athra Kadisha, the haredi group dedicated to protecting Jewish gravesite.

BRATSLAV HASIDIM HORRIFIED AS HERZOG PROUDLY PROPOSES MOVING REBBE'S GRAVE By David Landau

JERUSALEM, Jan. 12 (JTA) -- There was much egg on the face of Israeli President Chaim Herzog after his dramatic announcement, at a state dinner this week for the visiting president of Ukraine, that he had secured Ukraine's consent to move to Israel the remains of a revered Hasidic sage who died 180 years ago.

Bratslav Hasidim here and abroad reacted with horror to the announcement by the president that Ukraine would transfer to Israel the remains of Rabbi Nachman of Bratslav.

It then emerged that Herzog had responded to the approaches of a maverick figure in fervently Orthodox haredi circles.

Rabbi Nachman's grave, in the town of Uman, serves as the focus of Bratslav Hasidism, who have never had another rebbe since Nachman died

The World Council of Bratslav Hasidim called on Herzog to admit that his announcement had flowed from a mistaken or misled appreciation of the facts.

There was no comment from Ukrainian President Leonid Kravchuk or his entourage. But knowledgeable Israeli observers said he, too, like the Hasidim, wants Rabbi Nachman to remain in his present resting place, since pilgrimages to the site are growing into a major local industry.

At Rosh Hashanah this year, 4,000 Hasidim and other enthusiasts spent the holiday at Uman. El Al set aside a fleet of 13 jumbo flights to ferry Israelis to and from Kiev.

Kravchuk addressed the Knesset on Tuesday and held talks with Prime Minister Yitzhak Rabin and other Israeli figures. His transportation minister was to sign an accord with Israel's Yisrael Kessar formalizing an aviation agreement between the two countries that will inaugurate scheduled flights between Tel Aviv and Kiev.

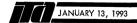
Herzog's overture to Kravchuk, according to presidential aides, followed an approach to the Israeli president by Yisrael Dov Odessar, whom the aides referred to as "the rabbi of the Bratslav community."

But the Bratslav Hasidic council dismissed Odessar as irrelevant, and Rabbi Yehoshua Heschel Frankel, elder of the community in Jerusalem, told the Jewish Telegraphic Agency: "He is worthless; he represents no one: not even himself."

Other haredi sources told JTA that Odessar has claimed for years to own a letter from Rabbi Nachman which was delivered to him in a dream.

These sources voiced amazement that Herzog could have made a public statement, at a state dinner, on the strength of corresponding and meeting with Odessar without ascertaining his credentials.

"We risked our lives to make pilgrimages to Uman during the hard years," Frankel said, referring to the Communist period. "For us, the very thought of touching the tomb is anathema."



AUSTRALIAN WAR CRIMES TRIAL OPENS AND THEN GETS POSTPONED By Jeremy Jones

SYDNEY, Australia, Jan. 12 (JTA) - Australia's first full trial of an accused Nazi war criminal opened here last week but immediately fizzled when defense attorneys won a postponement.

Attorneys for Heinrich Wagner, 69, accused of war crimes in Ukraine, filed an application for a permanent stay in the proceedings.

They cited as grounds the fact that too much time had elapsed since the alleged crimes to mount a proper defense.

Meanwhile, Wagner entered a plea of not guilty to charges of murdering 124 people in Nazi-occupied Ukraine during World War II.

The prosecution accuses him of killing 19 children of Jewish fathers and non-Jewish mothers, participating in the mass murder of 104 Jewish adults and playing a role in the murder of a railway worker.

According to the prosecution, the offenses took place near the village of Izraylovka in the Ustinovka region of Ukraine between May 1, 1942 and Sept. 30, 1943.

Wagner, allegedly a member of the Nazi occupation police force, claims he was not present in the village when the offenses took places.

In September, an Australian magistrate accepted as evidence drawings by an artists who said he witnessed atrocities perpetrated by Wagner. The drawings were made after he had witnessed one of Wagner's alleged murders.

Other witnesses claim they saw Wagner throw a child in the air and fire; saw Wagner in police uniform at that time; and saw the bloodsplattered mass grave of the Jews of Ustinovka.

As one trial was put on hold, another was due to open.

Ivan Polyukhovich, who has also pleaded not guilty, is accused of personally murdering 24 individuals and complicity in the murders of 850 others.

ITALY URGES CURRICULAR CHANGES TO INSTILL ANTI-RACIST VALUES By Ruth E. Gruber

ROME, Jan. 12 (JTA) -- Italy's government has called for a broad revision of school curricula in order to instill anti-racist values in students.

"In our schools we should study more Primo Levi and less Manzoni," Prime Minister Giuliano Amato told a news conference Monday, referring to the late Italian Holocaust survivor and the 19th-century Italian novelist and poet Alessandro Manzoni.

On Monday, Education Minister Rosa Russo Jervolino issued a message to all schools "to say no to intolerance and anti-Semitism."

She said she was issuing the plea especially because "the past months have seen repetitions in this country and Europe of episodes of racism and resurgences of anti-Semitism, which give rise to fears of a recurrence of the specters of the past."

Jewish leaders and also a teachers union have been pushing for years for a more integrated curriculum that would teach modern and contemporary history, including the Holocaust, in a more thorough way.

Dario Missaglia, secretary-general of the teachers union, told reporters that the teachers had been waiting for a firm stand to be taken by the education ministry on this point.

"I think that Russo Jervolino's message fills this vacuum," he said, noting the short shrift paid in history books to World War II, including the resistance movement.

He said he proposed to the minister that state-run television be involved in preparing video programs and education broadcasts on the subject which could be used in the classroom.

In addition, a video presentation for schools on the Holocaust -- a project long advocated by the Jewish community -- was said to be nearly ready for use in the classroom.

JEWISH PRESENCE WAS ONLY SYMBOLIC AT MULTIFAITH PRAYERS FOR BALKANS By Ruth E. Gruber

ROME, Jan. 12 (JTA) -- Jewish representation was only symbolic last weekend at a prayer vigil for peace in the Balkans organized by Pope John Paul II at Assisi, home of St. Francis.

The pope had invited leaders of European Christian churches as well as Jews and Moslems to take part in the two days of prayer, fasting, meditation and testimony Saturday and Sunday.

Orthodox Christian leaders, including those from the Serbian Orthodox Church, declined to attend.

Jews were represented by Rabbi David Rosen, the Jerusalem-based representative of the Anti-Defamation League, who is acting in discussions that are to lead to Vatican-Israeli relations. Also in attendance was the local ADL representative in Italy

Tullia Zevi, president of the Union of Italian Jewish Communities, expressed the solidarity of the Lewish community with the pope's initiative but said Jewish leaders did not attend because the events began on Shabbat. They would not have been able to travel to Assisi, about 100 miles north of Rome.

She said Italian Jewish communities had decided to recite a special prayer for peace, coinciding with the Assisi meeting, in all Italian synagogues Saturday.

Another reason why European Jewish leaders did not attend was the fact that many were involved in a European Jewish Congress meeting that took place simultaneously in Warsaw.

Rosen said the decision that he and the Italian ADL representative would take part "sprang from the profound conviction that we had to be present where the voices of all religious, cultural and political groups who believe in a common action for the respect of individual and minority rights was raised loudly and decisively."

He said he was "very happy" to participate in the gathering.

"This meeting is very important to demonstrate, with our common stand, our common status as people created in the image of God and to bear witness that the evils that we see in the Balkan states are against the fundamental commitments of all our faiths."

In another development, Italy's Conference of Catholic Bishops released a statement expressing "special and warm solidarity with the Jews" at a time when anti-Semitism seems to be increasing in Europe.

The statement was part of a message prepared for Italy's third annual Day of Religious Dialogue with the Jewish People, to be held Jan.