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**NEW ALLEGATIONS AGAINST POLLARD  
EXPECTED TO HURT CASE FOR CLEMENCY**  
By Steven Weiss

WASHINGTON, Dec. 28 (JTA) -- The campaign to win clemency for Jonathan Pollard may have suffered a setback this week with new allegations that the convicted spy disclosed classified information in letters he wrote from prison.

The New York Times reported Tuesday that outgoing Defense Secretary Les Aspin accused Pollard, the former Navy intelligence analyst convicted of spying for Israel, of trying to leak classified information in 14 letters written from his prison cell.

The article cited a Dec. 23 letter to President Clinton from Aspin, who wrote that Pollard continues to be a security risk and should serve the remainder of his life sentence.

The allegations appear in the wake of an intense lobbying effort by the Israeli government and several Jewish groups to have Pollard's life sentence reduced or commuted.

Israeli Prime Minister Yitzhak Rabin wrote a letter to Clinton earlier this year requesting leniency and discussed the matter with the president during a White House meeting in November.

But Pentagon and other government officials have been mounting a strong counter-campaign, arguing that Pollard did grave damage to the nation's national security and should not be released early.

"The intelligence community clearly wants Pollard to stay in prison," said Seymour Reich, president of the American Zionist Movement.

The new charges are "an 11th-hour effort to stem a tide that has been surging in favor of commutation," he said.

A report from the Justice Department evaluating the case is expected to be delivered to Clinton within days. Clinton has said that his decision on Pollard will follow soon after he receives the Justice Department's recommendation.

Tuesday's article accused Pollard of disclosing information from satellites and electronic eavesdropping devices in letters from prison.

The Justice Department would not comment on what information the letters contained or to whom they were addressed.

**Negative Fallout On Capitol Hill**

The article is expected to deal a major blow to the efforts of Pollard supporters, who argue that Pollard's life sentence far exceeds that of others convicted of spying on a U.S. ally.

"The article makes it extremely unlikely that the president will commute the sentence," said Alfred Moses, national president of the American Jewish Committee.

Moses said his organization, which urged Clinton to assess the fairness of Pollard's sentence, would withdraw its support of a review if the allegations proved to be true.

Other Jewish groups that have supported Pollard would likely do the same, he said, thereby derailing the entire effort to obtain leniency.

A source close to the case said similar effects would be felt on Capitol Hill, where Pollard has won backing from some lawmakers.

Former U.S. Attorney Joseph DiGenova, who

was the chief prosecutor in the Pollard case, said the new allegations against Pollard were not surprising.

"Mr. Pollard has betrayed his own supporters," he said. "He never had legitimate remorse, and he should never be granted clemency."

But Pollard's attorney, Theodore Olson, sharply disputed the allegations and complained about the way they were released.

Aspin is "leaking untrue charges to which Pollard has been given no opportunity to respond," he said in a statement Tuesday.

"It is appalling that the government of the United States would engage in such underhanded and blatantly outrageous conduct," he said.

Rabbi Avi Weiss of New York, a leader in Pollard's fight for leniency, called Aspin's letter "egregious and outrageous."

"But one who reads the article subjectively will see what a vendetta there is against this man," said Weiss, who is national president of the Coalition for Jewish Concerns-Amcha.

Meanwhile, one Jewish organizational official disputed the notion, widely reported in the mainstream news media, that the Jewish community as a whole has been actively lobbying for clemency.

Jerome Chanes, co-director of domestic concerns for the National Jewish Community Relations Advisory Council, said that while "many Jewish groups are lobbying vigorously in favor of commutation," most major national agencies have only asked Clinton to review the case.

"There is simply no consensus within the organized Jewish community on the Pollard case," he said.

**NEWS ANALYSIS:  
RESIGNATION OF FATAH OFFICIALS  
POINT TO DISARRAY WITHIN THE PLO**  
By Cynthia Mann

JERUSALEM, Dec. 28 (JTA) -- The recent resignations of several key Palestinian officials in the administered territories point to frustration, resentment and a struggle for leadership within the Palestine Liberation Organization.

Experts on Palestinian politics say the resignations, mainly by officials of Yasser Arafat's mainstream Al Fatah faction of the PLO, also represent a clash between a local leadership that paid its dues during the intifada, often with a series of prison sentences, and so-called "salon activists" -- those who have directed PLO activities from the relative comfort of Tunis, as well as wealthy Palestinians coming from established families.

The resignations are "only the tip of the iceberg" of the upheaval that is certain to occur in the PLO's difficult transition from a national liberation movement into a self-governing authority, warned Elie Rekhess, senior research fellow at the Dayan Center for Middle East Studies at Tel Aviv University.

Several senior Fatah leaders in the territories quit this week to protest Arafat's appointments last month of Zakharia al-Agha and Faisal Husseini, to head Fatah in the Gaza Strip and West Bank, respectively.

Sami Abu Samhadana, who resigned as chief of Fatah's Gaza office, reportedly said that such

leaders should be elected and not appointed. He criticized the PLO leadership in Tunis for mismanagement in the territories and for mishandling the ongoing autonomy negotiations with Israel.

According to Fatah sources, Tawfik Abu Khousa, Abu Samhadana's deputy, and Zakharia Talmas, the head of the Gaza Arab Journalists Association, also resigned this week.

Two weeks ago, Palestinian spokeswoman Hanan Ashrawi resigned from the PLO. She reportedly had criticized Arafat's autocratic style and had doubts about his commitment to democracy and human rights.

Of the two major recent appointments, Agha, in particular, is viewed in the territories as an aristocrat who never served in prison. As a result, Arafat's decision to name him as the Fatah leader in Gaza is deeply resented.

But Husseini, too, is a problem for many, according to Zakharia al-Qaq, Palestinian director of the Israel/Palestine Center for Research and Information.

"These are political families who are seen as having failed the Palestinian (people) during the '30s and '40s," he said. "They don't enjoy popularity among the Palestinian constituency."

#### 'Appointments Without Popular Support'

"The big conflict is over the PLO policy of making appointments without popular support," concurred Gershon Baskin, Israeli director of the Israel/Palestine research center. Local Palestinians "are not willing to make compromises on their right to democracy," he said.

On top of this, he added, the Palestinians see that in almost every round of negotiations on the autonomy accord with Israel, there is no local representation.

The resignations are a clear message, Baskin said, that when Arafat comes to the territories, the locals will not be "willing to accept the unilateral imposition" of his rule.

For al-Qaq, they are only the most transparent signals to date of the internal struggle that has been plaguing the PLO.

The appointments show that Arafat is trying to control the territories the same way he has controlled his organization in Tunis, although the situations are entirely different, he said.

The power elite in Tunis needs "a different attitude and approach," al-Qaq said.

Otherwise, he warned, there could be another uprising, only this time against an authoritarian Palestinian regime.

"There has been a struggle between the inside and the outside (of the PLO) for years," said Rekheess of the Dayan Center. "But as the moment of truth nears, the sensitive nerves get more exposed and more touchy; hence the recent crisis."

Rekheess predicted the struggle all across Palestinian society will only become more acute and degenerate into chaos when the Israeli army withdraws from the territories.

#### Concern About Delay In Elections

Arafat's recent statements that he intends to postpone Palestinian elections scheduled for July, said al-Qaq, are a troubling sign of things to come. "Everyone has a feeling Arafat will not go through with them."

The PLO's dilemma over the elections is whether the Islamic fundamentalist Hamas movement, which opposes the self-rule accord, will join the process, and if it does, how strong it

will be, said Rekheess. The talk of postponement is a reflection of "apprehension Fatah won't be able to gain control," he said.

Meanwhile, Palestinian locals are frustrated because they feel the agreement with Israel is "hard to digest" and because they have no channel of information on it from the Palestinian side," said al-Qaq.

"Palestinians are getting contradictory messages. There is confusion, chaos and uncertainty, and they fear democracy will be the first element to be discarded," he said. "We don't want a police state."

Rekheess said the Palestinian call for democracy has to be put into perspective in a society unaccustomed to elections and the democratic process. There is a society, for example, that has been executing people without legal redress for alleged collaboration with Israel, he pointed out.

Still, he said, the "radiation from Israeli democracy will make the Palestinians in the territories more inclined to insist on the democratic process, especially the younger generation."

Hillel Frisch, a lecturer in political science at Hebrew University and an expert on the PLO, believes the local Fatah leadership is waging a losing battle, both for power and for democracy.

"These people will be powerless to stop the takeover of the outside over the inside," in part because of the stature Arafat enjoys in the eyes of Israel, he said.

Prime Minister Yitzhak Rabin gave the "inside," or local leadership, support, but the locals did not "deliver the diplomatic goods" during the peace talks in Washington, "so he switched allegiance" to Tunis, said Frisch.

He believes that, at least in the short term, prospects for democracy among the Palestinians are very slim, and that both Arafat and Israel will play down the elections.

The friction that will ensue as a result of infighting and a delay in the elections is a cause for worry, said Rekheess, both for Palestinians and for Israelis. Israelis who are already expressing misgivings about the accord with the PLO, he said, will withdraw support completely if the PLO fails to gain control and deliver on its promises.

#### **PROTEST AT PALESTINIAN HEADQUARTERS PERMITTED AMID HEAVY POLICE PRESENCE** By David Landau

JERUSALEM, Dec. 28 (JTA) -- Israeli demonstrators of the left and right faced off Tuesday night in eastern Jerusalem near the headquarters of the Palestinian negotiators, but a heavy police presence ensured there would be no violence.

The demonstration by settlers and their supporters, against what they view as a prelude to making Jerusalem capital of a Palestinian state, was permitted under Supreme Court rules set after the settlers petitioned for permission to hold their rally.

The court overturned police rejection of the settlers' request to demonstrate in front of Orient House, the Palestinian headquarters.

Leaders of the Council of Jewish Communities in Judea, Samaria and Gaza, which sponsored the rally, said they had no intention of making trouble. They said they were demonstrating because they fear that the building would soon fly the flag of the Palestine Liberation Organization.

The court ruled that the settlers could hold a small demonstration near Orient House and a larger one several hundred yards away.

## VATICAN NOW SEEN AS RECOGNIZING JERUSALEM AS THE CAPITAL OF ISRAEL

By Ruth E. Gruber

ROME, Dec. 28 (JTA) -- The choice of Jerusalem as the site for this week's signing of a historic accord establishing diplomatic relations between Israel and the Vatican is being viewed as a sign that the Holy See now implicitly recognizes the city as Israel's capital.

The selection of Jerusalem for Thursday's signing ceremony "represents a great satisfaction for the Israelis," Marco Politi, a veteran Vatican correspondent, wrote this week in the Rome daily *La Repubblica*.

The signing represents the culmination of more than a year of complicated negotiations undertaken by an Israeli-Vatican bilateral commission, which worked out the language and terms of the accord.

On Wednesday, a day before the signing of the agreement, Israeli Deputy Foreign Minister Yossi Beilin and Vatican Undersecretary of State Monsignor Claudio Maria Celli were scheduled to meet in the Vatican for a final formal meeting.

Under the terms of the agreement, Israel and the Vatican will exchange "special representatives" immediately. Within four months, they are scheduled to exchange ambassadors.

The agreement also reportedly includes a commitment by the Roman Catholic Church to oppose anti-Semitism throughout the world and to support the current Middle East peace process.

Israel, in turn, has reportedly agreed to respect the religious rights of all Catholics and to allow the church to operate schools, run charities and own property in Israel.

## Iran Calls Jews 'God-Killers'

In a reflection of the dramatic turning point in Israeli-Vatican relations that the agreement represents, Pope John Paul II may soon pay an official visit to Israel. He announced this month that he plans to visit Lebanon in the spring and that he hopes to visit Israel after that.

Vatican spokesman Joaquin Navarro Valls stressed that the Vatican's decision to recognize Israel fully was the fruit of a long series of steps above and beyond the negotiations of the bilateral commission. He said it was the pope who gave the process the final push toward completion.

According to news reports in Italy, the sharpest criticism of the new relationship between the Vatican and Israel has come from Iran.

On Tuesday, *La Repubblica* quoted Iran's government daily, *Kayha International*, as criticizing the Vatican decision to recognize Israel, claiming it will lead to "a second betrayal of Jesus Christ" on the part of the Jews -- whom the paper described as "God-killers."

The Iranian news agency IRNA also criticized the pope for planning to visit Israel.

"Pope John Paul II is not content to legitimize Israel in violation of the fundamental principles of the Vatican, but actually even has plans to visit the illegal entity," it said.

According to IRNA, Western governments pushed the pope to recognize Israel.

"If Christian leaders, in particular the Vatican, continue on this ingenuous way, they can find themselves in front of a second betrayal of Jesus Christ by the hands of the heir of Judah, and Christianity could suffer the destiny of the man that the Jews so happily crucified 2,000 years ago," it said.

## RABIN BLAMES SYRIA FOR NOT DOING PART TO STOP HEZBOLLAH RAIDS ON IDF TROOPS

By Hugh Orgel

TEL AVIV, Dec. 28 (JTA) -- Prime Minister Yitzhak Rabin blamed Syria for not doing its part to stop Hezbollah attacks on the southern Lebanon buffer zone and warned Syria and Lebanon this week that peace negotiations would suffer as a result of the continuing attacks on Israeli and allied troops in the zone.

Rabin, who is also defense minister, spoke to reporters Tuesday while touring the area after the Islamic fundamentalist organization staged two attacks Tuesday morning on Israel Defense Force and South Lebanon Army troops in the security zone, which sits between Israel and Lebanon.

In retaliation, Israeli air force planes staged three bombing raids on Hezbollah bases north of the zone, including one in the evening.

"Syrian influence on the Lebanese government could lessen tensions in the area," the prime minister said.

"But Assad is more interested in maintaining his authority over the Lebanese government than in bringing about quiet in the border area," Rabin charged.

"Some months ago, when the Beirut authorities were considering moving the Lebanese army southward towards the (Israeli) border to disarm the Hezbollah and other local militias, it was the Syrians who banned the southward movement and thus allowed the Hezbollah militias to main their influence north of the (security) zone," he said.

"That shows the importance of the zone to our security," Rabin said.

He also observed that Hezbollah, in turn, depends on the Syrians for its supplies, which arrive "from Hezbollah sources and suppliers in Iran via Damascus airport."

Reports from Lebanon said two Hezbollah members were killed in the first raid and several others wounded.

Hezbollah continued its attacks in the afternoon with Katyusha rockets fired from north of the zone at IDF and SLA positions.

One Israeli soldier suffered slight injuries to his leg when Hezbollah forces fired mortar shells and automatic fire from north of the zone at IDF and SLA positions.

## NEW MAYOR OF TEL AVIV GIVES UP KNESSET SEAT IN BOW TO CRITICS

By David Landau

JERUSALEM, Dec. 28 (JTA) -- Ronni Milo, the recently elected mayor of Tel Aviv, has resigned his Knesset seat following strong public criticism of his announced intention to hold on to his position in the legislature.

In a letter to Knesset Speaker Shevach Weiss, Milo confirmed that he had wanted to keep his seat, at least for a few months, in order to fight from within the Knesset for his city's needs.

His intention had contradicted a promise he made to voters during his campaign that, if he won, he would quit the House and devote himself completely to Tel Aviv's affairs.

His change of heart also provoked a media outcry. On Tuesday, he wrote to Weiss, saying, "As an elected representative, I bow to the wishes of the majority of the public in my town."

Succeeding Milo in the Likud Knesset faction will be former Knesset member Ariel Weinstein, a member of the Likud Liberal faction.

# AUSTRIAN WHO HOSTED ZHIRINOVSKY UNDER INVESTIGATION FOR REMARKS

By Marta S. Halpert

VIENNA, Dec. 28 (JTA) -- Russian ultranationalist Vladimir Zhirinovskiy's high-profile visit here last week has ricocheted in the face of the right-wing Austrian businessman who hosted it.

Edwin Neuwrith, the 69-year-old bankrupt timber dealer who hosted Zhirinovskiy at an Alpine resort, now faces a judicial investigation for publicly expressing doubt that gas chambers existed in the Nazi concentration camps.

Neuwrith, who told reporters he "does not know of any gas chambers in German concentration camps," set in motion an investigation by Austria's chief prosecutor.

If Neuwrith denied the existence of gas chambers, a punishable offense here, "he could be charged with renewed activity in the national socialistic sense," Chief Prosecutor Dietmar Pacheneir said in Klagenfurt, a city in the Austrian province of Carinthia.

Faced with the probable consequences, Neuwrith, who was an SS volunteer between the ages of 16 and 19, later tried to soften his provocative statement.

"I saw it with different eyes at that time," he subsequently said, referring to his membership in the Waffen SS. Until the get-together, Neuwrith was just an unknown in the small village of Reichenfels in Carinthia, where he hosted Zhirinovskiy.

The Alpine visit was one of several stops Zhirinovskiy is making since his Liberal Democratic Party scored an impressive and frightening victory in Russian parliamentary elections on Dec. 12.

"I just wanted to show him where I live," Neuwrith now claims. Neuwrith met Zhirinovskiy in Moscow under unclear circumstances and, Neuwrith now says, the Russian took him up on a casual invitation.

The meeting was anything but casual.

## Expelled From Bulgaria

Zhirinovskiy arrived Dec. 23 with 10 advisers and gave a three-hour news conference, following a highly publicized stopover in Munich with a prominent right-wing leader, Gerhard Frey. He left a political tumult in Germany over his visit.

He also had two lengthy medical checkups at the central hospital of Graz, in eastern Austria, and enjoyed three days of skiing during his trip.

In the meantime, curious journalists began to investigate Zhirinovskiy's Austrian host and friend, who was a virtual unknown until the visit.

Neuwrith did his part to bring attention to himself by being quite outspoken during the news conference.

As a Volksdeutsche (native German), he said, he came "home to the Reich" in 1940 from Moldavia, Romania.

He said he had proudly joined the Waffen SS as a volunteer and was stationed in Russia and Yugoslavia. And he recalled, "I belonged to the unit that chased (Josip) Tito in 1944."

Neuwrith now is surprised about the amount of publicity he is receiving. Without Zhirinovskiy's visit to Reichenfels, nobody would have taken notice of the tiny place or its inhabitants.

But Neuwrith is likely to pay a high price for this publicity and his sudden fame.

After his visit to Austria, Zhirinovskiy continued on to Bulgaria, where he was ordered

Tuesday to leave the country within 24 hours. The Bulgarian Foreign Ministry said he was being expelled for using "offensive language and attitudes toward the Bulgarian head of state."

Zhirinovskiy was quoted Sunday as saying that the Bulgarian president should resign. He also is reported to have said that Bulgaria should play a larger role in the Balkans. He suggested that Bulgaria could reacquire Macedonia, the former Yugoslav republic that was annexed by Bulgaria during the Nazi era.

## ISRAELI COURT FINES EX-BANK CHIEFS \$144 MILLION FOR PAST IRREGULARITIES

By Hugh Orgel

TEL AVIV, Dec. 28 (JTA) -- In a precedent-setting ruling, the Jerusalem District Court has fined 10 former directors of the North American Bank approximately \$144 million for irregularities that occurred before the bank went broke in 1985.

The fine, which includes accrued interest and inflation-adjusted charges from when the state first filed a lawsuit against the bank in 1989, is to be paid by the 10 directors according to the number of shares each held in the bank.

Monday's decision was regarded as setting a precedent in that it made a corporation's board of directors fully responsible for company activities.

In its ruling, the court stated that the board was fully responsible for any irregularities, embezzlement and corruption that took place at the bank from 1978 to 1985.

In 1985, four senior bank officials were convicted and sentenced to jail on criminal charges of embezzlement in a lawsuit filed by the state. The four were Jehoshua Halperin, board chairman; Shmuel Barzel, the bank's legal adviser; Moshe Stern, Jerusalem branch manager; and Hadassa Monasa, assistant managing director.

The board members upon whom the penalty was imposed are Joseph Nakash, David Gaon, Dan Barzilai, Norman Allen, Israel Ben-Nun, Gedalia Buchbinder, Irwin Zussman, Yoel Herzog, Ya'acov Horowitz and the estate of the late David Tzafrir.

Most of the 10 are from the United States.

At the conclusion of the 1985 trial, the bank's receiver, while breaking up North American Bank, decided to file charges against the board, demanding that its members return the money the bank had lost.

In his ruling, Jerusalem District Court Judge Ya'acov Bazak said the board was negligent in not dealing with the irregularities, that it failed to oversee management's actions and that board members behaved as though they considered the post strictly honorary.

Most members did not attend board meetings, and those who did failed to show enough concern for what was taking place at the bank, Bazak said.

Attorney Yosef Segev, who represented the official receiver in the trial, was awarded costs of some \$14 million, said to be among the highest court fees ever imposed in a trial here.

The directors indicated they would appeal the decision.

Legal experts said the ruling would probably dissuade many potential investors from accepting seats on the boards of major Israeli companies, as board membership had previously been regarded as a largely honorary position that did not entail personal responsibility for a company's financial mishaps.