

NEWS AT A GLANCE

■ Jewish organizations examined files showing possible U.S. involvement in preventing the return of Holocaust victims' assets looted by the Nazis and hidden in Switzerland. [Page 3]

■ Supporters of Louis Farrakhan disrupted a congressional hearing investigating the Nation of Islam leader's recent world tour that included visits to Libya, Iran and Iraq. U.S. Capitol Police detained a Farrakhan supporter when she repeatedly interrupted the committee and accused it of slandering the minister.

■ Israel continued to ease the closure of the Gaza Strip, allowing 2,000 Palestinian workers to travel to jobs in the industrial zone at the Erez crossing. Meanwhile, Moshe Shahal, Israeli internal security minister, said a separation plan between Israel and the West Bank would include crossing points jointly run by Israeli and Palestinian forces.

■ Israeli Prime Minister Shimon Peres denied rumors that Israel was considering a large-scale action against the Islamic fundamentalist Hezbollah movement in southern Lebanon. [Page 3]

■ The World Jewish Congress' U.S. section launched a global campaign to secure Israel's admission to the United Nations regional group for Western European and other states. The announcement came after U.N. Watch Chairman Ambassador Morris Abram said Israel is still being harmed by discrimination at the United Nations, which he termed "the place where anti-Semitism resides in its most dangerous form."

■ The mayor of Jerusalem said three maps that propose ways to divide Jerusalem were given to the Palestinians. The Israeli officials involved in negotiations are aware of the maps, Mayor Ehud Olmert added.

■ The Jewish settlement movement Emunim said it plans to bring 500,000 new settlers to the West Bank within four years if the opposition Likud Party wins the May 29 national elections. The settlers are a key constituency of Likud leader Benjamin Netanyahu's.

NEWS ANALYSIS**Demise of anti-terror bill leaves Jewish groups reeling**

By Matthew Dorf

WASHINGTON (JTA) — When the House of Representatives gutted legislation last week to combat terrorism, Jewish activists were left wondering what went wrong in their yearlong quest to see the measure become law.

"You don't even have the illusion of effective anti-terrorism legislation," said Jess Hordes, Washington director of the Anti-Defamation League.

Members of Congress and their supporters in the Jewish community once hailed the bill as a means to stop Hamas and other terrorist groups from fund raising in the United States.

It was also supposed to allow for expedited deportations of aliens suspected of terrorism.

Instead, in a vote of 229-191, the House passed a bill March 13 that has few anti-terrorism provisions.

Most notably, the lawmakers stripped the bill of a key provision to combat terrorism: the government's ability to brand a group as terrorist.

Even the name of the bill was changed to reflect the priorities of the lawmakers.

What was once known as the Omnibus Counterterrorism Act became the Effective Death Penalty and Personal Security Act, whose main provision would limit appeals by death row inmates.

What emerged from Capitol Hill is a case study of the influence of the gun lobby and of how opinion can turn virtually overnight against a bill that once garnered widespread support.

The House vote marked the second time counterterrorism legislation had taken a hit on Capitol Hill in the last nine months.

The Senate passed a watered-down version of the measure in June, drawing a tepid response from the Jewish community.

Activists then turned to the House to correct the problems they found in the Senate bill.

Now, after last week's action in the House, the Senate's work does not seem half-bad, many say.

Jewish groups had joined the Clinton administration almost 18 months ago in championing counterterrorism legislation.

Terrorist attacks in Israel and the Oklahoma City bombing last April prompted calls for swift passage of a strong measure.

Since then, the legislation encountered several obstacles.

But its final demise came in the course of 48 hours last week, as most hopes were dashed that Congress would pass any anti-terrorism bill with teeth.

When debate began last week, many Jewish groups feared that the measure was too stringent and that in its effort to counter terrorist activity, it did not adequately protect civil liberties.

Decision unleashes Clinton's fury

In its place they supported a middle-of-the-road version.

But by the end of the day, pro-gun House Republicans and southern Democrats banded together to strip the bill of virtually all its counterterrorism provisions.

The decision unleashed the fury of President Clinton, who was in Egypt and Israel working to fight terrorism when the House abandoned the legislation.

"On the same day I was in the Middle East rallying the world community to fight terrorism, some in Congress, led by Republicans, were taking apart piece by piece the tough legislation designed to beat back that very threat," Clinton said in his weekly radio address over the weekend, vowing to continue the push for legislation.

Jewish officials repeatedly called the House's vote an "abdication of responsibility."

Supporters of the measure were cursing the Republican leadership for abandoning a bill they had once supported.

Only days before the vote, Republican leaders had sent a letter to

their colleagues urging them to support the measure. But when the roll was called, three of the five top Republican officials voted for an amendment that stripped the bill of most of its counterterrorism provisions.

Many of their rank and file followed suit.

What led them to change their minds?

The National Rifle Association thinks that it was its concerted lobbying campaign.

Neal Knox, an NRA vice president, wrote on the group's Internet bulletin board, "It was as slick a piece of sophisticated lobbying as you're ever going to see."

Jewish activists agree.

"The leadership gave into the gun lobby," said Richard Foltin, assistant director of the Washington office of the American Jewish Committee.

"There was an elevation of partisanship above doing what's right for the country."

The NRA opposed the measure because it included a call to study certain types of bullets that law enforcement officials criticize as "cop killers" because they penetrate bulletproof vests.

The gun lobby also fought the measure for its expansion of law enforcement's ability to conduct wire taps and a provision that would allow explosives to be traced.

Freshman Rep. Robert Barr (R-Ga.) led the lawmakers in their vote to strip the bill of its anti-terrorism provisions.

Rep. Jerrold Nadler (D-N.Y.), one of three sponsors of a substitute version that would have retained many of the counterterrorism provisions, hailed the efforts of the Jewish groups.

"They tried but were overwhelmed. The NRA is very strong in this Congress," he said in a telephone interview.

By the time the substitute amendment came up for a vote, the measure was all but dead.

For all that the bill does not include, there is at least one terrorism provision that garnered the support of the Jewish community.

Victims of state-sponsored terrorism would for the first time be allowed to sue foreign governments for damages.

The measure was strongly supported by the families of the victims of Pan Am 103, who have been unable to sue Libya for its role in the downing of the jet over Lockerbie, Scotland, eight years ago.

The House legislation also includes two provisions that make terrorist acts a federal crime.

Those who once held high hopes for the measure now are reduced to hoping that at least some form of the legislation emerges from Congress.

'Congress fumbled the ball'

Attention has now shifted to a small group of lawmakers from the House and Senate who will meet to try to resolve the differences between their versions of the bill.

The House team includes many of the proponents of strong legislation.

But they are starting with a House bill with no anti-terrorism provisions and a substantially watered-down Senate version, activists say.

Still, those who have worked closely with Congress to enact the legislation are not abandoning all hope.

As Clinton continues to chide Congress for voting "to let terrorists like Hamas continue to raise money in America," Congress could come under pressure to act.

Many activists are hoping that as the presidential campaign heats up, Republicans will not want to give Clinton an opportunity to attack the GOP for inaction.

"Right now the president can accurately say Congress fumbled the ball," the ADL's Hordes said. □

Congress expected to back anti-terrorism aid for Israel

By Matthew Dorf

WASHINGTON (JTA) — In the immediate aftermath of the fourth and deadliest terrorist attack in Israel earlier this month, President Clinton sent the Jewish state the most sophisticated anti-terrorism tools in the American arsenal.

Now he's asked Congress to pay for it.

Israeli and American officials have crafted a \$100 million counterterrorism package that includes bomb detection equipment, the most advanced sensor machines — like the kind found in airports — border-detection devices and the training to use them.

The equipment already sent cost about \$22 million.

Congress was expected to approve \$50 million for the package this week as part of the latest stopgap spending measure that would prevent a partial federal government shutdown. Clinton has proposed paying for the remaining \$50 million as part of next year's budget, which was unveiled this week.

Although the United States will spend most of the money on anti-terrorist equipment and training, some funds and possibly some additional money could be spent to erect a border between Palestinian-controlled areas and Israel.

The plan to separate Israelis and Palestinians has gained momentum in Israel since the latest wave of attacks. American officials and their Israeli counterparts have toured the border areas, and Israeli officials have reportedly prepared a wish list that includes ground-based radar systems, night vision equipment, armored personnel carriers and two helicopters equipped to monitor the border in the dark.

As Israel continues to grapple with the prospect of erecting a fixed border, American officials have not ruled out additional aid, U.S. and Israeli officials say.

But both caution that Israel has not yet decided exactly what is needed.

U.S. officials hope that Congress' quick approval of the first half of the payment for the package would send a strong signal to Israel and Arab states in advance of the follow-up meeting to last week's "Summit of the Peacemakers" in Egypt.

Foreign ministers and their deputies are scheduled to come to the State Department on March 28 for a "working-group" meeting to attempt to formulate a coordinated plan to combat terrorism and keep the peace process on track.

Israeli and American officials reportedly were negotiating for some of the equipment before the recent spate of terrorist attacks. One of the sticking points was who would get the bill for it.

The attacks rendered that point moot as Clinton agreed to find American funds for the package as part of a concerted effort to help Israel in its war against the Islamic fundamentalist Hamas movement. □

Arafat renames Palestinian areas

By Naomi Segal

JERUSALEM (JTA) — Palestinian leader Yasser Arafat has announced that areas under his control should be referred to in official documents as "Palestine."

Arafat's office said this week in a statement that the West Bank would be called the Northern District and the Gaza Strip would be referred to as the Gaza District.

The terms "Gaza Strip" and "West Bank" are remnants from British control of the region, the statement said, adding that the new names would reflect the realities of Palestinian self-rule. □

Documents may show U.S. role in foiling return of Swiss assets

By Cynthia Mann

NEW YORK (JTA) — The U.S. government and its Allies may have played a role in preventing the proper return of Holocaust victims' assets that were looted during World War II and hidden in Switzerland.

The suggestion of possible U.S. complicity comes from the World Jewish Congress amid a campaign against the Swiss Bankers Association to determine the whereabouts of assets belonging to Jews who perished in the Holocaust.

WJC and Jewish Agency for Israel officials met this week with the U.S. Senate Banking Committee, which also is investigating the matter.

The Jewish officials gave the committee documents related to files unearthed in the U.S. National Archives. The files show American involvement in the transfer in and out of Switzerland after World War II of assets from Nazi-occupied territories, according to the WJC.

The declassified files chronicle a postwar inter-agency American program code-named "Project Safe Haven" and kept secret for 50 years, Israel Singer, WJC secretary general, said at a meeting Tuesday of the organization's U.S. section.

The files include material on "plundered Jewish assets and accounts taken to Switzerland," said Singer.

The project was directed by Allen Dulles, who later became the first director of the CIA, Singer added.

The files, said Elan Steinberg, WJC executive director, "will lead to some very pointed questions for the Swiss bankers. It guts their claims and assertions that only 774 dormant accounts are locked in their vaults from the Holocaust period."

The files also raise questions about the U.S. and Allied role regarding the Nazi-looted assets that found a haven in Switzerland after the war, Steinberg said.

Singer said the investigation would expand to cover the "19 other countries where such assets were transferred."

The WJC offensive against the Swiss Bankers Association is aimed at pressuring the bankers to adhere to an earlier agreement to open up the restitution process involving Jewish assets.

The WJC and the bankers group initially agreed to work together to investigate unclaimed accounts.

When the bankers dropped that idea and announced unilaterally in February that Swiss banks had some \$32 million in as-yet unclaimed accounts that might have belonged to Jews who perished in the Holocaust, the WJC cried foul.

'Modeled on policy against S. Africa'

The WJC rejected the bankers' conclusion and announced that it was considering leading a boycott against Swiss banks.

The WJC executive committee will take action on the boycott proposal in a month, Steinberg said.

The proposal "is modeled on the disinvestment policy that had been waged against the apartheid government of South Africa," he said.

As part of its inquiry, the Senate Banking Committee sent a letter to the bankers association's lawyers that contains some 15 questions about the group's banking practices, Steinberg said.

According to a release from his office, Sen. Alfonse D'Amato (R-N.Y.), who heads the banking committee, has contacted the secretary of state, the CIA director, the secretary of the Treasury and the archivist of the United States as part of this inquiry.

The Swiss banks' premium on privacy and the difficulty of producing proof of ownership of an account that once belonged to a Holocaust victim have made it difficult for descendants to identify or claim assets.

Compounding the difficulties in the restitution process, a leading Swiss bank may have destroyed its 1944 business records, according to documents located in the formerly secret Romanian intelligence agency that were made public in late February by the WJC.

"If wartime bank records were deliberately destroyed by a Swiss bank, the assertion by the Swiss Bankers Association that they can give a definitive presentation of dormant accounts is refuted," the WJC said in a statement. □

(JTA foreign editor Mitchell Danow contributed to this report.)

Iraq to host world chess contest

By Lee Yanowitch

PARIS (JTA) — The International Chess Federation has taken the world by surprise with its announcement that the next world chess championship will be held in June in Baghdad.

Federation President Kirsan Ilumjinov made the announcement at a news conference in Paris, where he said that Iraqi President Saddam Hussein had offered \$2 million in prize money for the tournament between Anatoly Karpov of Russia and Russian American Gata Kamsky.

Explaining the decision, Ilumjinov told the French daily Liberation, "Saddam Hussein is not a terrorist. I met him several times. I found him rather pleasant. He is intelligent and analyzes rapidly.

"A man must always be given the chance to redeem himself."

It remained unclear whether the United States would provide Kamsky with the requisite passport validation to travel to Iraq.

Kamsky's father, Roustam, said recently that the chess federation was negotiating with the U.S. State Department. If an agreement was not reached, he added, the match would be held either in Moscow or in Baku, Azerbaijan, the two other cities considered for the tournament.

Ilumjinov said he had chosen Baghdad over the other two sites because Iraq's financial offer was "much more generous." □

IDF not planning Lebanon operation

By Naomi Segal

JERUSALEM (JTA) — The Israel Defense Force will not consider any large-scale action against the Islamic fundamentalist Hezbollah movement, Prime Minister Shimon Peres said this week.

The premier's remarks came as tensions increased in both northern Israel and the southern Lebanon security zone.

This month, four IDF soldiers were killed in the zone and more than a dozen were hurt in roadside explosions and clashes with Hezbollah fighters.

The prime minister said, "This is not the time for any kind of activity" because of the media's heavy focus on the area.

Peres added that Israeli policy in southern Lebanon has not changed.

"Whoever tries to hurt Israel will be punished," he said.

Hezbollah has said it would launch Katyusha rockets on northern Israel if the IDF mounted a large-scale action. □

NEWS ANALYSIS**Merger deal rankles Likud on eve of party's primary***By David Landau*

JERUSALEM (JTA) — Likud Party leader Benjamin Netanyahu is facing unrest within his party after he decided to merge two smaller parties into the Likud's slate in the upcoming national election.

That decision will leave far fewer Knesset seats available for Likud loyalists when Israeli voters go to the polls May 29 to elect the next Knesset and, in a separate ballot, prime minister.

Knesset seats are based on the proportion of the national vote a party wins. Under this system, candidates higher up on a party list are more likely to secure a seat than those lower on the list. The order of candidates on the list is determined in party primaries.

The agreement Netanyahu signed last week with the right-wing Tsomet Party, led by Rafael Eitan, and with Likud renegade David Levy's Geshet Party called for the two parties to run on a joint list with Likud.

Levy and Eitan agreed to forego their own candidacies for prime minister in return for securing the second and third spots, respectively, on the joint list behind Netanyahu. The agreement also specified that Tsomet and Geshet candidates would have seven places each in the first 42 spots on the joint Knesset list.

With top spots on the list reserved for Levy and Eitan — as well as for Ariel Sharon, the Likud Knesset member who put the deal together — popular and more moderate Likud figures such as Knesset members Dan Meridor and Ze'ev "Benny" Begin may be pushed aside — to the dismay of many in the party.

While the merger agreement was scheduled to be endorsed by the Likud Central Committee this week, tensions within Likud are expected to come to the surface after the party's primaries, to be held early next week.

At that time, the Likud leader can expect trouble, say political pundits — especially when a significant number of party loyalists find that because of the deal with Tsomet and Geshet, they have placed too far down on the list to be assured seats in the next Knesset.

Wants to avoid runoff

Current opinion polls show the combined Likud-Tsomet-Geshet Knesset list winning 42 seats.

The bitter irony for Likud loyalists is compounded in such cases as that of Reuven Rivlin, a former Knesset member and longtime Likud activist from Jerusalem who decided not to break away from Likud when his political mentor, Levy, formed Geshet.

Had he gone with Levy, he would have been virtually assured a Knesset seat among Levy's guaranteed seven on the combined list. Now, he is unlikely to secure a slot amid the jostling for the 27 available "safe" seats for Likud candidates, not including the one already reserved for Netanyahu.

The Likud leader's primary purpose in striking the deals with Tsomet and Geshet was to avert a runoff battle for the prime ministership.

A runoff vote is necessary when no candidate succeeds in winning more than 50 percent of the vote. That would have been highly likely had Eitan and Levy run against Netanyahu and the Labor incumbent, Shimon Peres.

Now, with Netanyahu and Peres expected to be the only two candidates for the premiership, the issue will be settled May 29.

Netanyahu's strategists are hopeful that averting a runoff will benefit the candidate, especially among fervently Orthodox voters. They will already be at the polling

stations to vote for namely the religious parties in the Knesset race, and the strategists think that they can be relied on to choose Netanyahu for prime minister.

But it would be hard to get them to come out and vote a second time, in a runoff two weeks later, for the prime ministership, the strategists say.

Given the close race between Peres and Netanyahu predicted in the polls, the Likud leader's strategy of wooing Tsomet and Geshet appears sound.

But there are criticisms that the deal could boomerang against Netanyahu's own chances by deterring middle-of-the-road voters. The swing vote of that group, rather than the die-hard Likud and Labor backers, will determine the election outcome.

The prospect of a Likud government with Eitan as minister of defense and Sharon as minister of internal security is not universally appealing.

The two men's role in the Lebanon war of the early 1980s — Sharon was defense minister at the time, Eitan, the Israel Defense Force chief of staff — remains highly controversial.

Their appointment to top slots, moreover, would mean that second- and third-generation Likud loyalists such as Meridor and Begin would be less prominent and influential in a Likud administration.

To counter this criticism, aides to Netanyahu suggested last weekend that the deal with Tsomet and Geshet does not necessarily secure top Cabinet posts for Eitan, Sharon and Levy.

The three men themselves are maintaining an ominous silence, aware of the swirling undercurrents within the party and of its leader's delicate position as a result of his deal with them.

Ominous, too, is the silence of some of the Likud loyalists. Meridor and Begin pointedly declined to participate in the Likud-Tsomet-Geshet signing ceremony at the Knesset last week. □

Mossad agents held in Syria for killing terror group head*By Naomi Segal*

JERUSALEM (JTA) — Israeli officials have refused to comment about a report that two Mossad operatives were arrested in Syria on charges of helping to arrange the assassination of Islamic Jihad leader Dr. Fathi Shakaki.

When asked about the report, Prime Minister Shimon Peres told reporters he had heard about the arrests only through the media.

According to U.S. News & World Report, the two alleged operatives — a Palestinian student and a businessman — were arrested shortly before last week's anti-terror summit in Sharm el-Sheik, Egypt.

Israel has never acknowledged any connection to the death of Shakaki, who was shot in the head five times in October in Malta.

As leader of Islamic Jihad, Shakaki was responsible for the deaths of dozens of Israelis in terrorist attacks.

According to U.S. News & World Report, the Islamic Jihad leadership in Damascus launched an inquiry after the slaying to find out who leaked the whereabouts of Shakaki, who was traveling in Malta on a forged passport.

The inquiry led to the Palestinian student, who had been close to the dead terrorist leader.

According to the report, the student was recruited by Israel's Mossad intelligence agency 4 1/2 years ago in Bulgaria and instructed to become close to Shakaki.

After he was arrested, the student submitted a 40-page confession in which he reportedly identified his handler, a businessman who worked out of Cyprus. □