



NEWS AT A GLANCE

■ **U.S. Secretary of State Warren Christopher left Damascus without seeing Syrian President Hafez Assad, a key figure in international efforts to end the fighting in Lebanon. Christopher was told that Assad was "not available" for a meeting, a U.S. official said. But Christopher is continuing his diplomatic efforts.**

■ **Israeli warplanes destroyed a water reservoir that supplies 20 villages in southern Lebanon. Earlier, 24 Katyusha rockets fired by the Islamic fundamentalist Hezbollah slammed into northern Israel, wounding two.**

■ **President Clinton plans to sign the recently passed counterterrorism legislation into law today at an East Room ceremony.**

■ **The Senate Banking Committee held hearings to investigate Jewish assets held by the Swiss banks. [Page 3]**

■ **The controversy over the construction of a mini-mall across from the former Auschwitz death camp in Poland drew to an end when the shopping-complex developer decided to drop the project and the Polish foreign minister said the existing structure would be demolished. [Page 2]**

■ **The Chabad organization, which runs the Children of Chernobyl program, marked the 10th anniversary of the nuclear reactor disaster by bringing 20 children to Israel. The arrival brought to 1,300 the number of evacuees brought to Israel since 1990.**

■ **N.Y. Assemblyman Dov Hikind (D-Brooklyn) and other state and community leaders called for Israel's arrest of Abul Abbas, the Palestinian who masterminded the 1985 Achille Lauro hijacking and a 1979 terrorist attack on an Israeli family in Nahariya. Abbas, who came to Gaza to attend the meeting of the Palestine National Council, said he was sorry for the hijacking and called it a "mistake."**

■ **Italy's Jews reacted with relief at the lackluster showing of the country's right-wing parties in the parliamentary elections. [Page 3]**

BEHIND THE HEADLINES

American Jewish voices back Israel's operation in Lebanon

By Cynthia Mann

NEW YORK (JTA) — The American Jewish community thus far is standing firmly behind Israel during its massive retaliatory raids against Hezbollah in southern Lebanon.

But last week's inadvertent shelling of a U.N. refugee camp has created strain and some fear of wider political fallout.

Jewish and Israeli leaders found themselves on the defensive this week in the face of criticism from influential quarters, such as The New York Times, which called the campaign a "painful failure and a diplomatic disaster."

The Times analysis also said the United States was retreating from its firm pro-Israel posture to a "more even-handed position."

Jewish officials said their worst fears that the tragic and grisly refugee deaths would cause grave political damage to Israel were assuaged by the U.S. administration's unwavering support and its vigorous pursuit of a diplomatic resolution to the conflict.

They also predicted that public focus would shift away from Israel's 2-week-old operation to Syria's cynical exploitation of its assignment as the architect of stability in the region.

They also rejected any analogy between Israel's current campaign, intended to protect Israel's northern citizens from Katyusha rockets fired by the fundamentalist Hezbollah movement, and the 1982 invasion of Lebanon.

That invasion began as an effort to rout out Palestine Liberation Organization bases and ended in a quagmire that carved deep political rifts among Jews here and in Israel.

Jewish officials said they believe that Israel's investment in the peace process and its search for a political solution to the Lebanon border conflict prior to the raids would help it withstand any negative repercussions that might result.

After last week's attack, the Jewish organizational establishment issued statements uniformly lamenting the loss of innocent Lebanese lives and saying that it was paramount for Israel to minimize the risks to civilians.

But Jewish groups, in consultation with Israeli officials, also aimed to put the military operation into context.

They emphasized Israel's right to respond to Hezbollah's sustained rocket attacks and deplored the militant group's use of Lebanese civilian cover to launch its attacks.

They also said Israel long had sought a diplomatic resolution to the problem and responded militarily only as a last resort and after warning the Lebanese civilians to evacuate.

"Israel has no territorial ambitions," said Gary Rubin, executive director of Americans for Peace Now and a critic of the Israeli government during the 1982 Lebanon campaign.

"It is different from 1982," he said. "There is no secret plan to invade Lebanon up to Beirut."

'People understand'

Rubin said his office received many calls from people "extremely concerned" about the loss of life in the refugee camp, but that "in every case, they recognized the dilemma, that Israel could not simply stand by."

But, he added, "Israel still has a moral obligation to take every precaution to make sure that civilians are not harmed."

Malcolm Hoenlein, executive vice chairman of the Conference of Presidents of Major American Jewish Organizations, echoed Rubin's sense of broad Jewish solidarity.

"I don't find any weakening in the ranks," he said. "People understand" the reasons behind Israel's campaign.

"It has certainly been nothing like '82, when Israel was portrayed as the aggressor, using extreme measures and engaged in brutal acts," said Martin Raffel, associate executive vice chairman of the National Jewish Community Relations Advisory Council.

Jewish community relations councils across the nation reported that

"things were relatively quiet," at least until the April 18 accidental attack on the U.N. compound and the deaths of at least 91 refugees, Raffel said.

Until that point, "the media were not playing up the operation" and "Syria was projected as the heavy."

Since the attack, public concern has mounted and "the line seems to be emerging that 'it's enough now. Israel has made its point,'" Raffel said.

Nonetheless, Raffel said, it is clear that "the overall context has changed" since the early 1980s as a result of the peace process, especially on the Palestinian front. At the same time, there is residual sympathy from this year's series of suicide terrorist attacks against Israelis, he said.

For Raffel and others, the unwavering support of the U.S. government inspires confidence.

This is "a rock-solid relationship," he said. "I see nothing to suggest it's being eroded."

Hoenlein also said the unequivocal support by the U.S. administration has helped to contain the questions being raised since the refugee deaths about what he termed the "proportionality" of Israel's operation.

Still, the situation is undeniably fluid and volatile.

Charges that the offensive went too far were being heard from the left wing in the Israeli Knesset, while some observers said a backlash against Israel was emerging on the opinion pages of some major U.S. newspapers.

Of grave concern here was a special session of the U.N. General Assembly slated for this week to discuss the conflict. The session was expected to result in a resolution harshly critical of Israel.

And public protest from Arab, Christian and local left-wing Jewish groups seemed to be mounting.

James Zogby, president of the Arab American Institute, was en route to the White House this week to carry the message that the Israeli assault has caused "damage, major damage" to the peace process. It is "massive, disproportionate and devastating to the people and country of Lebanon," he said in an interview.

'Hanging by a thread to the peace process'

He said faith in the peace process by Arab Americans, who have launched a few protests in front of the White House over the past week, has been severely undermined. "I'm one of the few hanging by a thread to the peace process, hoping against hope it can be salvaged," he said.

Zogby said he planned to tell the White House that its policy must be more balanced. American "acquiescence" to this campaign and the closure of the borders to the Palestinians, in effect since the wave of suicide bombings in Israel, "has raised serious questions about whether we are honest brokers in the region," he said.

In the Christian community, the Washington, D.C.-based Churches for Middle East Peace, representing a broad denominational spectrum, issued a harsh statement after the U.N. compound incident and called on the United States to defend "humanitarian norms of conduct" for the protection of civilians in times of conflict.

"Self-defense is not a legitimate justification for so massive and calculated an effort to drive up to 400,000 civilians from their homes," the statement said.

The administration could be pressured to respond to this kind of criticism as well as to mounting threats by terrorist groups that they will hit U.S. targets in retaliation for U.S. support of the Lebanon campaign.

But Hoenlein is confident that U.S. support for Israel will remain steadfast, saying, "The administration has demonstrated its staying power and its determination."

He said he also does not believe that there will be an American anti-Israel backlash in the face of the terrorist

threats because "people reject terrorists blackmailing them and holding American policy hostage."

For his part, Raffel is cautiously optimistic that the damage can be contained.

"If it doesn't last much longer and there are no further tragedies, the fallout will only be temporary" and "the focus will quickly shift to the political process," he said. □

Auschwitz mini-mall project appears to come to a close

By Alissa Kaplan

NEW YORK (JTA) — The controversy over a partially constructed mini-mall across from the former Auschwitz death camp in Poland appears to have come to an end.

The shopping-complex developer this week decided to drop the project and the Polish foreign minister said the existing structure would be demolished.

The shopping center, which was to house a supermarket, a home and garden center and a fast-food restaurant, among other businesses, had drawn condemnation worldwide from groups ranging from Jewish organizations to the European Parliament.

During World War II, nearly 2 million people were murdered, 90 percent of whom were Jews, at Auschwitz-Birkenau.

The developer, Janusz Marszalek, who had argued earlier that the mall would create jobs in Oswiecim, the town of 45,000 where Auschwitz is located, reportedly said this week that all work on the project was halted and that it would not be resumed.

But Marszalek added that he would seek compensation in court for work completed and loss of earnings.

He said part of the earnings from the mini-mall were to be donated to local orphans through Maja, the development company that he heads which is linked to a children's charity of the same name.

Foreign Minister Dariusz Rosati, speaking Monday at the Polish Consulate in New York, made it clear that a supermarket adjacent to Auschwitz would not see the light of day.

The Polish government issued a decision forbidding construction at the site, Rosati said. "This is a place of special emotional importance for so many people," he said. Before this week, other Polish officials, including President Aleksander Kwasniewski, had denounced the project.

The foreign minister also spoke Monday of a recent amendment to an existing Polish law that "gives special protection" to Auschwitz.

Under the amendment, "no one can establish" or organize "political activity" at the site, said Rosati, who spoke to journalists and Jewish leaders. Auschwitz is "only a place for commemoration," he said, adding that the amended law would extend to other similar sites in Poland.

The move came in response to a demonstration at Auschwitz earlier this month by about 100 nationalist skinheads who supported construction of the shopping complex.

Kalman Sultanik, the vice president of the World Jewish Congress who has closely followed the mini-mall issue, met privately with Rosati on Monday. "I hope and I believe that it will be demolished," Sultanik, himself a Holocaust survivor, said of the shopping complex.

Sultanik will head to Poland next week to participate in a meeting of the Auschwitz Museum Council, the body charged with protecting the integrity of the Auschwitz grounds.

A 547-yard protective zone had been established in 1979 to preserve that area's character and mood. □

Swiss bankers agree to work with Jews to probe accounts

By Daniel Kurtzman

WASHINGTON (JTA) — As Nazi Germany rose to power and began assembling its war machine throughout Europe, Greta Beer's father set aside millions of dollars for her in a Swiss bank.

"We looked to Switzerland as if it was a citadel, a safe haven in this turbulent world around us," recalled Beer, who left her native Romania in 1956 and now lives in Queens, N.Y. "There was nothing safer than a small neutral country with its very powerful banks."

After her father died, she and her mother repeatedly tried to access the money, traveling from city to city and bank to bank. But banking officials in Switzerland told her that there was nothing under her father's name.

"My father had the greatest trust in the Swiss banks," Beer said in testimony before Congress this week. "And they broke that trust."

Now, as a result of mounting pressure from Jewish groups and members of Congress, Beer and others like her have moved a step closer to obtaining assets that have long been held in Swiss bank accounts.

The Swiss Bankers Association has agreed to set up an independent commission with Jewish participation to determine the value of assets held in dormant accounts of Holocaust victims.

"We are committed to resolving all outstanding questions about assets that may have belonged to victims of the Holocaust in a sensitive, equitable, open, accurate and professional manner," Hans Baer, a member of the executive board of the bankers association, told the Senate Banking Committee on Tuesday.

Sen. Alfonse D'Amato (R-N.Y.), who heads the committee, called the hearing to turn up the heat on the Swiss banks. "We will not be deterred by any more stonewalling, hiding behind arcane laws and technicalities," D'Amato said.

In February, the Swiss bankers declared unilaterally that they had found only \$32 million in 774 dormant accounts.

'Defies credibility'

The World Jewish Congress, which has been waging a campaign along with the Jewish Agency for Israel to reclaim the assets, charged that the declaration violated an agreement between the WJC and the bankers to cooperate in investigating the assets.

WJC President Edgar Bronfman told the Senate panel that the Swiss banks' claim "defies credibility."

Bronfman said he believes that Swiss banks are holding "several billion" in accounts that have laid dormant since the end of the Holocaust.

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.

Since the United States began to declassify records on "Project Safe Haven," a secret postwar intelligence operation that kept tabs on Jewish assets as they were transferred out of Switzerland and other countries, the Israeli government and Jewish groups have amplified their calls to recover lost assets.

"I believe that each dollar recovered represents a little piece of dignity, not just for the survivors who will benefit, but for all mankind, who will have demonstrated that it remains morally unacceptable for anyone to profit from the ashes of man's greatest inhumanity to man," Bronfman said.

Baer said the banks would nominate half of the

members of the independent commission and that the WJC would name the other half.

Those members will appoint a chairman and have the authority to call in an independent auditor. At the end of the process, any remaining dormant accounts in Swiss banks that may have belonged to Holocaust victims will be given to the rightful heirs or charitable groups, he said.

"The last thing we would ever want to do is prolong the suffering of those victimized during the Holocaust," Baer said.

In a related development, WJC officials at the hearing unveiled recently declassified U.S. intelligence reports that show that two Swiss banks had violated banking rules by continuing to work with Nazi customers after September 1944. □

Results of Italian elections gratifying to Jewish community

By Ruth E. Gruber

ROME (JTA) — Italy's Jews reacted with relief at the lackluster showing of the country's right-wing parties in this week's parliamentary elections.

"I am satisfied by the fact that the elections have proven that there is a strong democratic vocation in Italy and an enduring revulsion against any kind of rightist, post-fascist trend," Tullia Zevi, president of the Union of Italian Jewish Communities, said in an interview.

A center-left coalition made up mainly of the former Communist Party won Sunday's general election in Italy, bringing leftists to power for the first time since Italy became a republic after World War II.

The victory of the so-called Olive Tree Alliance dealt a stunning blow to the center-right Freedom Alliance coalition, led by former Prime Minister Silvio Berlusconi.

To the satisfaction of most Italian Jews, Berlusconi's key ally, the National Alliance — a right-wing party whose roots are in neo-fascism — won far fewer votes than predicted. The Jewish community was also gratified that a hardline neo-fascist party running independently won only a tiny fraction of the votes.

The Olive Tree is an alliance of more than half a dozen leftist and center parties. Its biggest constituent grouping by far is the former Communist Party, now known as the Democratic Party of the Left. The victory marks the first time in postwar Italy that the Communists or their successors will enter government.

But the new prime minister, who will lead Italy's 55th government in 48 years, is likely to be the Olive Tree's leader, Romano Prodi, a centrist Roman Catholic.

Going into the election, few observers had predicted a clear victory of either the center left or center right, and many had anticipated a continuing period of political stalemate and paralysis.

Most of the eligible voters among Italy's 35,000 Jews are believed to have supported the Olive Tree.

While some politically conservative Jews were sympathetic to Berlusconi's Forza Italia — or Go Italy — party or other components of the Freedom Alliance, Jewish leaders have openly expressed concern at the National Alliance's gain in popularity in previous elections and public opinion polls.

They have also expressed skepticism at the efforts by National Alliance leader Gianfranco Fini to put his neo-fascist past behind him and declare himself and his party part of the conservative mainstream right.

"We're glad that the right didn't win," Federico Steinhaus, the head of the Jewish community in northern Italy's Alto Adige province, said.

"But I have the impression that there is a trend toward the extremes." □

NEWS ANALYSIS**Israeli leaders see disaster in campaign against Hezbollah***By David Landau*

JERUSALEM (JTA) — As Operation Grapes of Wrath continued for a second week, a palpable sense of disaster began creeping through government circles in Israel.

From every point of view, the miniwar in Lebanon that had looked like a cakewalk when it was launched April 11 seemed to be turning into an embarrassing failure.

Militarily, the situation seemed to be one sustained slap in the face for one of the world's strongest and proudest armies — the Israel Defense Force.

Israel has hurled hundreds, perhaps thousands, of tons of high explosives at Hezbollah targets and at other important facilities in Lebanon since the operation was launched to put an end to the militant Islamic group's Katyusha rocket attacks on northern Israel.

But the Shi'ite Hezbollah fighters were still shooting Katyushas at Kiryat Shmona and at a string of smaller communities. Between Monday and Tuesday alone, U.N. peacekeepers counted 99 Katyushas fired at Israel.

Moreover, the Israeli Foreign Ministry said a total of more than 500 rockets have been fired since the fighting began. There have been no Israeli fatalities and injuries are moderate, thanks to a mass evacuation and to disciplined civil defense procedures. But one in every eight apartments in Kiryat Shmona has reportedly been damaged, economic life has come to an effective standstill in the Upper Galilee and tourism in Israel has shrunken drastically.

Six weeks before Israel's national elections, Prime Minister Shimon Peres plainly wanted a military action with few or no Israeli casualties.

Increasingly voicing disbelief

Foreign Minister Ehud Barak maintains that given the requisite time, the campaign will work.

The flight of more than 400,000 Lebanese civilians northward coupled with the bombing of strategic targets, the reasoning goes, will bring unbearable pressure on Lebanon's government. Beirut will then pressure the Syrians, who in turn will respond to American and other diplomatic mediation efforts, rein in Hezbollah and conclude new understandings satisfactory to Israel.

However, military and civilian observers here increasingly are voicing their disbelief in this complex scenario in the face of the mounting — and embarrassing — evidence to the contrary.

The intensity of the Israeli bombing and shelling has decreased markedly since April 18, when Israel shelled a U.N. base in southern Lebanon, killing at least 91 Lebanese refugees. Peres, in interviews Tuesday, disclosed that the disastrous shelling came in response to a call for artillery support from an IDF ground unit working inside southern Lebanon.

According to the Israeli daily Ha'aretz, the unit's commander had believed, mistakenly as it turned out, that four of his men had been hit by Hezbollah fire.

Peres insisted that the officers involved did not know that the U.N. camp was serving as a temporary shelter for hundreds of refugees. But the camp was shown on Israeli and international television the night before, a sad comment on the standards of Israeli military intelligence during this ill-fated operation.

Diplomatically, with foreign ministers from Russia, France and the European Union in the region this week, the competing mediation bids have made the efforts of the Clinton administration to restore peace to the region much more difficult.

U.S. Secretary of State Warren Christopher has spent the week shuttling back and forth between Peres and Syrian President Hafez Assad, but has had little to show for his efforts. On Monday, Christopher was left waiting while Assad consulted with Russian Foreign Minister Yevgeny Primakov. The next day, when Christopher traveled back to Damascus from Jerusalem, Assad flatly refused to see him.

White House spokesman Michael McCurry said Tuesday that the Syrian president had not snubbed the secretary and that Christopher would return to Damascus at some point because "it would be very difficult" to get a cease-fire agreement without Assad.

Assad, isolated just a month ago by the March anti-terrorism summit in the Sinai resort of Sharm el-Sheik, is now the newly respected focus of all the diplomatic activity.

He is plainly loving it, and sees no reason not to prolong it for as long as he can, especially because every hour of prolongation is another hour of anguish and frustration for the Israelis.

From the standpoint of image, the disaster for Peres personally has perhaps been the most brutal.

The Nobel Peace laureate, ostensibly leading his nation toward a new Middle East, finds himself suddenly excoriated around the world as a warmonger whose overreaction to a terrorist problem has resulted in the deaths of scores of innocent women and children.

Foes have reared their heads anew; friends hang their heads in disbelief. The Clinton administration is the last, though the most vital, bastion of support for the beleaguered Israeli prime minister.

But even Clinton cannot relish the prospect of a scheduled Peres visit to Washington this weekend if the bombardment of Lebanon has not ceased by then.

King Hussein of Jordan has already made it clear that he will not join Peres at the American Israel Public Affairs Committee's annual convention. A Jordanian Embassy official in Washington dismissed rumors that the fighting in Lebanon influenced the king's decision not to attend the AIPAC conference. A decision was made earlier and Crown Prince Hassan will likely speak via satellite.

Peres' future uncertain

Politically, all this will most likely have an adverse effect on the prime minister's election campaign.

Polls taken before the Kana shelling showed that Peres still led Likud leader Benjamin Netanyahu by a narrow margin of some 4 to 5 percentage points.

Political commentators had felt that large sections of the Israeli public were withholding their verdict pending the outcome of the Lebanon campaign.

But now, given the hammering Israel's image has taken, a convincing victory for Peres seems less and less likely. That may be the reason supporters of the government's peace policies who are concerned about the course of events in Lebanon are not protesting, for fear of undermining Peres' election prospects.

On the right, Peres' tough response after the Kana disaster was praised. But those who praised it are likely to be Netanyahu supporters anyway. To the left, meanwhile, Peres is beset by threats of a massive defection by Israeli Arab voters, who were previously expected to support him.

After the Kana shelling, leaders of Israel's Arab community were openly calling on their followers to abstain rather than vote for Peres on May 29. Some Israeli Arab spokesmen were even telling reporters that perhaps Netanyahu would be better than Peres.

Labor Party officials say they are confident that the Arab vote will "come back" to Peres once the Lebanon campaign ends and the prime minister finds the time to explain himself to Israel's Arab community. □