

NEWS AT A GLANCE

■ **President Clinton appeared to distance himself from his unequivocal endorsement of Israeli Prime Minister Shimon Peres when he told reporters that "we will accept and respect" the decision of the voters in Israel's national elections. Clinton added that voters would be choosing whether to "pursue the peace process or not" at the ballot box.**

■ **Talks will resume Thursday between the United States, France, Israel, Syria and Lebanon on establishing procedures to monitor the cease-fire in Lebanon. Talks broke off last week after the parties were unable to agree on a format.**

■ **The House Appropriations Committee is scheduled to begin considering the foreign aid bill. The measure is expected to include \$3 billion for Israel, \$2.1 billion for Egypt and \$75 million in cash assistance for the Palestinian Authority.**

■ **The Mount of Olives grave of former Prime Minister Menachem Begin was spray-painted with political slogans timed to coincide with Israel's national elections, police said. Vandals used red paint to scrawl at the gravesite, "Peres Will Win," "Bibi, Go Home," and "Rabin Was Murdered. Blood Will be Paid with Blood." [Page 3]**

■ **Florida Gov. Lawton Chiles has until Friday to take action on a bill that would authorize student-led group prayer in the state's secondary schools. A large coalition of Jewish communal leaders, grass-roots organizers and Jewish umbrella groups has been urging Chiles to strike down the bill, but Chiles has not yet indicated what he will do.**

■ **Israeli security forces arrested nine Palestinians suspected of involvement in Hamas activities in the West Bank.**

■ **Christie's will auction a collection of more than 1,000 works on behalf of the Federation of Austrian Jewish communities, a move that marks a step toward restitution for artwork confiscated by the Nazis during World War II. Most of the art to be sold at the fall auction was seized from Jewish homes between 1938 and 1945. [Page 3]**

AIPAC executive director resigns to take new post

By Matthew Dorf

WASHINGTON (JTA) — For the second time in two years, the American Israel Public Affairs Committee will soon have a new executive director.

The current director, Neal Sher, resigned last week to return to his professional roots of Holocaust-related work.

When he leaves in June, Sher is expected to be replaced by the pro-Israel lobby's managing director, Howard Kohr.

AIPAC insiders say Sher was pushed out at the request of the pro-Israel lobby's board of directors.

But publicly, AIPAC President Melvin Dow and Sher himself deny the charge.

Jewish organizational insiders have mixed views about the impact that Sher's departure will have on the organization.

Sher will assume a post where he works in connection with efforts to secure Holocaust restitution payments for Jewish communities around the world, including those connected to Holocaust-era assets held by Swiss banks.

Sher is expected to be working in concert with the World Jewish Congress, which has spearheaded many of the worldwide restitution claims in recent years.

Sher, who directed the Justice Department's Nazi-hunting unit, the Office of Special Investigations, has a long career history focused on Holocaust-related matters.

Sher, a lawyer, also said he had an offer for a professorship, but would not give details.

Why the board pushed Sher out of the command post of the pre-eminent lobby remains somewhat of a mystery.

But privately, AIPAC insiders and former officials at the lobby say the fit was never right.

"He's a good man and I've never heard anyone say anything against him, but you couldn't find a spot on his back without a hand or footprint," said a former AIPAC official who, like most interviewed for this article, requested anonymity.

"Neal has a spark in his eye when he talks about Holocaust issues," this official said. "It's not the same with him for AIPAC's issues. It was only a matter of time before he left."

Sher came to AIPAC at the height of a tumultuous period.

Thomas Dine, his predecessor, was pushed out by the board in 1993 after a 13-year stint at the helm of the organization.

Dine resigned in the face of protests over published remarks he made that were seen as denigrating Orthodox Jews.

"Neal was a caretaker from the beginning," said a former AIPAC officer, who also requested that his name not be used.

"He was not the first choice or the second choice but the non-objectionable one," the former officer said. "From a staff perspective, this was not the right fit."

After a lengthy search process, Sher beat out Kohr and Democratic pollster Mark Mellman for the post. Sher began his tenure in 1994.

Sher was selected, another former AIPAC official said, because he brought "moral stature and dedication to an institution that badly needed it" after the public flap over Dine.

For his part, Sher said his work at AIPAC had "been personally satisfying and highly successful as well."

Kohr expected to replace Sher

In his resignation letter to Dow, Sher said, "The time has come to pursue other opportunities that have recently been presented to me."

Many AIPAC insiders believe that "it's a fait accompli" that Kohr will get the executive director position. Some say this was made clear at the staff meeting last week when Sher announced his resignation.

AIPAC's board of directors was expected to approve Kohr's appointment Wednesday, according to an AIPAC official.

Kohr, known for his support for the Republican Party and Likud

policies, came to AIPAC more than a decade ago from the National Jewish Coalition, a Republican Jewish group.

Before that, he served with Hyman Bookbinder at the American Jewish Committee's Washington office.

Some insiders believe that Sher's departure does not bode well for AIPAC.

"An organization this important to the Jewish community and Israel is in a self-destructive mode of eating its own. How does this serve its cause?" one former official said.

Other say there will be little impact on the organization.

"For all intent and purposes, Howard has been running the shop for the past two years. From the outside, people will not see a change," a former AIPAC officer said.

Malcolm Hoenlein, executive vice chairman of the Conference of Presidents of Major American Jewish Organizations, said he did not believe that there would be a major impact on the pro-Israel lobby's efficacy.

"AIPAC's role will continue to be very important" regardless of its leadership, Hoenlein said, adding that Sher "has made a great contribution during his time at AIPAC."

AIPAC's president wished Sher well when he accepted his resignation.

In accepting Sher's resignation "with regret," Dow praised Sher's tenure at AIPAC as "a continuation of this pattern of service to the Jewish people which aggregates over 17 years."

Morton Klein, who as president of the Zionist Organization of America has sparred with Sher over AIPAC's support for the peace process, used Sher's departure to make one last swipe at the lobby's support of the Palestinian Authority.

"We hope that in his new position dealing with Holocaust issues, Neal Sher will speak out about the PLO's statements comparing Palestinian Arabs to Holocaust victims — something he was unfortunately silent about during his tenure at AIPAC," Klein said. □

No major voting pilgrimage reported among U.S. haredim

By Debra Nussbaum Cohen

NEW YORK (JTA) — The long-anticipated Orthodox pilgrimage from Brooklyn to Jerusalem to vote in Israel's national elections seems not to have materialized.

There are an estimated 500,000 Israeli citizens who live outside the Jewish state, and though some of them are fervently Orthodox, or haredi American Jews, no one knows how many have returned home to cast their ballot.

Only Israelis serving abroad in an official capacity are eligible to cast absentee ballots.

The situation this year appears to be in sharp contrast to four years ago, when fervently Orthodox rabbis, including the late Lubavitcher rebbe, Menachem Schneerson, were accused of meddling in Israeli affairs when they encouraged their followers to fly to Israel to vote in the elections.

Contrary to some accounts in the American media, sources in Brooklyn say no planes were chartered for the purpose of ferrying back haredi Jews this time around.

"I don't see an onslaught of people going," said New York City Councilman Noach Dear, a Brooklyn Democrat whose district includes the Orthodox strongholds of Borough Park, Flatbush and Bensonhurst.

"People went for Shavuot and stayed, but a lot of people who want to go aren't eligible because they're not Israeli," said the councilman, who, though not an Israeli

citizen himself, was scheduled to leave for the country Tuesday night.

"I'm going myself just to be in solidarity with the people of Israel," he said.

Simcha Felder, chief of staff in state Assemblyman Dov Hikind's office, said, "It's hard to tell how many people went" just to vote in the election "because a lot of people went for Yontif."

Hikind, a Democrat whose district also encompasses Borough Park and Flatbush, was already in Israel to be present for the election though he is not a citizen and so cannot vote, either.

The executive director of the Council of Jewish Organizations of Boro Park, Rabbi Morris Shmidman, said no group trips of Orthodox Jews were organized.

"If anyone went they were going for some other reason. There has been no charter [of planes] of any kind."

The council represents the 100,000 fervently Orthodox Jews of Borough Park, most of whom are connected with the Chasidic communities of Bobov, Ger, Satmar, Munkacz and Karlin-Stolin.

Rabbi Avi Shafran, spokesman for Agudath Israel of America, a national group representing the haredi community, said that even though there had been rumors that his organization was providing cut-rate fares to Israel, they were in fact false.

He said Agudah, which is an arm of the Agudath Israel World Organization, as is Israel's Agudat Yisrael political party, worked as a clearinghouse only for about 60 people who had the documentation proving their eligibility to vote.

"Then we directed them to various airlines," said Shafran. □

Threats to Peres, Shahal lead to stepped-up security

By Naomi Segal

JERUSALEM (JTA) — Security was stepped up this week around Prime Minister Shimon Peres and Internal Security Minister Moshe Shahal after threats were issued against them.

Security officials said those threatening Shahal included followers of self-styled Yemenite leader Uzi Meshulam, who was imprisoned in 1994 after he and his armed followers were seized after a shootout with Israeli police.

The violent confrontation took place amid repeated calls from Meshulam and his followers for a government inquiry into the alleged disappearance of Yemenite children during the 1950s.

The heightened security measures were expected to be in effect throughout the week.

In addition to the protective measures for Peres and Shahal, some 20,000 Israeli police and soldiers were deployed throughout the country this week amid warnings of possible terrorist attacks.

Along with the security measures, police were taking steps to prevent election fraud.

Shahal and Police Commissioner Assaf Hefetz said police had been mobilized to prevent the buying and selling of identity cards, which Israeli citizens must present in order to vote.

Interior Minister Haim Ramon said the problem was particularly acute in fervently Orthodox areas in Jerusalem and had to be dealt with urgently.

Ramon made the comment at the Cabinet meeting Tuesday — the current government's last such meeting.

At the end of the meeting, the Cabinet approved the establishment of a center to commemorate the late Yitzhak Rabin. □

1,300 journalists descend on Israel for '96 elections

By Naomi Segal

JERUSALEM (JTA) — Israel's elections are being covered by some 1,300 foreign journalists.

Reporters from more than 40 countries, including some that do not have diplomatic ties with Israel, are covering Wednesday's balloting, said Uri Dromi, head of the Government Press Office.

Dromi said reporters from Algeria and Indonesia were among those covering the vote, which is widely viewed as fateful for the future of the Middle East peace process.

Some 500 correspondents are permanently based in Israel.

On Tuesday, the Cabinet approved entry permits for about a dozen Palestinian journalists to cover the elections, a move initiated by left-wing Meretz minister Yossi Sarid.

Meanwhile, those interested in following the elections on-line can do so at an Internet site that will provide real-time coverage of the vote count.

The World Wide Web site, which has Hebrew and English versions, features election information and statistics.

Within hours of its opening this week, hundreds of people visited the site, posting comments about the elections at the site's bulletin board.

After the polls close at 10 p.m. Wednesday, site users will be able to follow Israel Television's exit poll, download pictures and videos, and get the victory and concession speeches of the candidates.

The site is being offered by Malam Systems, an information processing firm, and Macom Networking, an Internet service provider.

The election page's World Wide Web address is: <http://elections96-Malam-Macom.co.il/>

There are several other Web sites expected to provide election coverage:

<http://www.virtual.co.il>

<http://www.elections.co.il/>

<http://www.village.co.il/emet>

Israel's Labor and Likud parties have established Web sites to provide information about their candidates for prime minister.

<http://peres.org.il>

<http://www.likud.org.il>

Meanwhile, the International Channel, a cable television station available throughout the United States, will air a discussion of the elections with Colette Avital, the Israeli consul in New York, and with a panel of Israeli journalists at 7:30 p.m. Wednesday.

At 8 p.m., the channel will air excerpts of a panel discussion about the elections that was held earlier in the day at the Israeli Consulate in New York.

The International Channel is available in the New York area on Channel 65. □

Campaign banners result in last-minute controversy

By Naomi Segal

JERUSALEM (JTA) — On the eve of Israel's national elections, Labor Party officials were simmering over campaign banners that read, "Netanyahu is Good for the Jews."

The banners appeared after a group of fervently Orthodox rabbis called this week on supporters to back the Likud leader in Wednesday's national elections for prime minister.

Attorney General Michael Ben-Yair said he would examine whether the banners, distributed by the Chabad movement, violated Israeli law.

He also said there would be an examination into the transfer of government funds for Chabad.

Cabinet ministers charged Tuesday that Chabad describes itself as an educational movement, but has operated a political group during the election campaign.

Likud officials disassociated the party from the banners.

Adding to the climate of recriminations was a second banner that read, "Peres is Good for the Arabs."

Meanwhile, Labor Party officials accused the Likud of having made a secret deal with the fervently Orthodox Agudat Yisrael in exchange for its support.

Labor officials alleged that in return for its rabbinical endorsement, Agudat Yisrael would be rewarded if a Likud-religious party coalition were formed after the elections.

The Labor Party said that under the deal, Jerusalem Deputy Mayor Meir Porush of Agudat Yisrael would replace the Likud Party's Ehud Olmert as mayor of Jerusalem.

The party would also be given control of the Ministry of Housing and the key Knesset Finance Committee.

Both the Likud and Agudat Yisrael denied that there was any pact.

Earlier this week, it was reported that Prime Minister Shimon Peres had come up with his own package of concessions for Agudat Yisrael in return for its support.

In another election-related incident, the grave of the late Likud Prime Minister Menachem Begin on the Mount of Olives in Jerusalem was desecrated Tuesday with political slogans.

Vandals used red paint to scrawl at the gravesite, "Peres Will Win," "Bibi, Go Home," and "Rabin Was Murdered. Blood Will be Paid with Blood."

Police were investigating the incident. □

Christie's sale of artwork to benefit Jews worldwide

NEW YORK (JTA) — The auction house Christie's will sell a collection of more than 1,000 works on behalf of the Federation of Austrian Jewish communities.

Most of the art to be sold in the October auction, called the Mauerbach Benefit Sale, was seized by Nazis from Jewish homes between 1938 and 1945.

For more than 40 years, the confiscated works of art have been stored in a 14th-century monastery in Mauerbach, about 30 miles from Vienna.

Efforts to reunite the original owners or surviving family members with their artwork resulted in the return of more than 10,000 pieces.

In 1995, a special act of Parliament allowed for the transfer of ownership of the remaining works to the Federation of Austrian Jewish Communities.

Highlights of the sale include works by Alexander Archipenko, Rudolf von Alt, Abraham Brueghel and Guglielmo Cortese.

Christie's has said it will not profit from the auction, which is expected to raise more than \$3.5 million.

Proceeds from the two-day event will be distributed worldwide to benefit both Jewish and non-Jewish victims of the Holocaust as well as the families of those victims, the auction house said.

The Federation of Austrian Jewish Communities has established an international honorary committee, headed by Ronald Lauder, former U.S. ambassador to Austria, which will oversee the distribution of funds. □

NEWS ANALYSIS**Election winner will face daunting economic problems***By Gil Sedan*

JERUSALEM (JTA) — In the 1992 American presidential elections, Clinton campaign officials summed up their vote-getting strategy with the motto: "It's the economy, stupid."

In the 1996 campaign for the Israeli premiership, both candidates could have summed up their campaign strategies with, "It's security, stupid."

But even though the state of the Israeli economy took a back seat to security concerns in the race for prime minister, the next government of Israel will nonetheless have to confront some daunting economic problems.

Until recently, Israelis tended to believe that despite the growing deficit in the country's balance of payments, the country was on the right economic track.

During the past five years, the economy grew at an impressive annual rate of 6 percent, unemployment shrank to about the same rate and inflation appeared to be approaching the levels found in many European countries.

Government budgets were directed toward infrastructure, transportation and communications projects and were aimed at promoting private investment.

In recent speeches, Prime Minister Shimon Peres, touting the dividends of the peace process, would point out that Israel was spending as much on education as on its defense needs.

The Israel of the peace era had become a magnet for foreign investments.

Public consumption was on the rise: Israelis had more cars, they drove on better roads, they were traveling abroad more often, they were using cellular telephones almost as much as they were using credit cards to make their latest purchases.

But as the elections approached, there were increasing signs that the economy was facing potential troubles. During the first four months of 1996, for example, the inflation rate jumped from last year's 8 percent annual rate to more than 13 percent.

In an attempt to rein in inflation, the Bank of Israel announced Monday that it was raising the interest rate it was charging commercial banks to 15.5 percent from 14.8 percent.

Two of Israel's leading banks, Bank Leumi and Bank Hapoalim, in turn, announced that they would raise their lending rates to consumers to 17 percent from 16.3 percent.

Crowded shopping malls

There were other signs of a troubled economy: The Bank of Israel recently devalued the shekel in the face of a climbing trade deficit, which has reached a rate of \$1 billion per month.

In addition, government spending exceeded the approved budget by 20 percent as a result of granting large wage hikes to public sector employees.

During the past few weeks, the government also pumped some \$150 million into public health funds.

Critics charged that the government took these moves to secure the votes of the grateful recipients of the largess.

The rise in consumer spending is also clouding the economic picture. The shopping malls are full, the rate of personal savings is declining. Every available shekel is being spent for fear that tomorrow one may need more shekels to buy the same product.

As a result of this attitude, consumer fears about inflation become a self-fulfilling prophecy.

An additional pressure on the public coffers recently came from Israeli workers demanding better pension programs.

The immediate expense of meeting their demands has been estimated at \$300 million.

The signs keep mounting that there will be a high bill to pay for all the country's expenditures.

The Israeli daily Yediot Achronot, commenting in an editorial this week on the Bank of Israel's decision to raise interest rates, said, "This is a blunt declaration to the next government" that it will have to "institute and carry out a comprehensive economic policy."

Financial experts believe that this policy will have to include severe cuts in the national budget. "Budget cuts will entail a drop in the interest rate, a devaluation of the shekel, more exports and fewer imports," said David Lev-Hari, a professor at Hebrew University.

Other austerity measures that are being called for include a 3 percent cut in the number of civil service workers, lower pay for employees in the public sector, an increase in the value added tax and an acceleration of the process of privatizing government-run businesses.

The prescriptions for economic health are as well-known as they are potentially painful.

It remains to be seen whether the new government will move quickly to turn them into political realities.

"Past experience has shown that governments tend to take drastic measures only in crisis situations," said Lev-Hari. "It seems that we are approaching such a situation in giant steps." □

Leah Rabin helps dedicate Torah*By Naomi Segal*

JERUSALEM (JTA) — Leah Rabin took part in the recent dedication of a Torah scroll in the memory of her husband, Prime Minister Yitzhak Rabin, at the Reform temple Bet Daniel in Tel Aviv.

Dalia Pelossoff, the Rabins' daughter, and Martin Indyk, the U.S. ambassador to Israel, also attended the Shavuot eve ceremony. The dedication included readings from Psalms and the reading of the Ten Commandments.

Rabin said the reading of the commandments was fitting because they serve as the "social and moral code for all of us," regardless of one's religiosity.

Rabin added that her husband believed deeply in the sanctity of life.

She said Yigal Amir, the right-wing religious Jew who assassinated her husband Nov. 4, had violated the laws of Moses and the people of Israel.

Rabin said Amir valued land above human life "and had been willing to murder for the sanctity of land."

Amir said during his trial that he shot Rabin in order to stop the transfer of territory to the Palestinians under the government's peace policy. □

Soldiers vote one day early*By Naomi Segal*

JERUSALEM (JTA) — Israeli soldiers serving in southern Lebanon, the West Bank and Gaza Strip voted Tuesday, one day before the rest of the nation went to the polls to select the next prime minister and Knesset.

The soldiers' votes were to be counted only after rest of the nation's ballots were tallied so that election workers could cross-check registries to make sure that no one voted twice.

A total of 69 ballot boxes were set up at various army locations for Tuesday's vote.

Earlier this month, Israeli diplomats serving abroad cast their absentee ballots. □