



## NEWS AT A GLANCE

■ Israel and the Palestinians are reportedly close to a deal that would pull most Israeli troops from the West Bank town of Hebron. [Page 3]

■ Leaders of Jewish organizations, including the Conference of Presidents of Major American Jewish Organizations, the American Jewish Congress and the Rabbinical Council of America, condemned the largely Protestant group, Churches for Middle East Peace, for placing a full-page ad in The New York Times calling on Jews and Palestinians to share control of Jerusalem.

■ Newly published documents confirm that the Swiss government used funds that were deposited by Hungarian victims of the Holocaust to partially pay off the claims of Swiss property owners. The Swiss owners' assets had been nationalized by the postwar Hungarian Communist regime. [Page 4]

■ Israeli President Ezer Weizman apologized for calling homosexuality "abnormal" in a speech he made to high school students. Weizman, who made the remarks last week, met at his Jerusalem home with representatives of the gay and lesbian community.

■ Israel and Oman signed a desalination agreement. Other signatories to the accord were the United States, South Korea and Japan.

■ The Bank of Israel announced that it was dropping interest rates by half a percent in January. The bank also will continue its strict monetary policy to help the government achieve its target rate of annual inflation, 7 percent to 10 percent. [Page 3]

■ An Israeli was killed on a kibbutz in the northern Galilee after a hand grenade was thrown at him. But the blast was not carried out by terrorists, Israeli media reported. [Page 3]

## NEWS ANALYSIS

### Israeli settlements place U.S. Jews in awkward role

By Cynthia Mann

NEW YORK (JTA) — President Clinton's public criticism of Israeli settlement policies last week put American Jews in a position they dislike and fear — squarely between the U.S. and Israeli governments.

It also exposed, however briefly, deep differences in the community that ordinarily are papered over by a preference for consensus.

Some believed that Clinton went too far and gave a boon to Palestinian Authority leader Yasser Arafat, while others welcomed his frankness as a clear sign of his investment in the peace process.

Days after the Netanyahu government announced that subsidies for Jewish settlements in the West Bank and Gaza Strip would be restored, Clinton declared at a televised news conference that settlements "absolutely" are an obstacle to peace.

Since then, the administration has sought to balance its hard line with Israel by making public demands on the Palestinians.

U.S. Middle East envoy Dennis Ross, who was in Jerusalem over the weekend, pressed them to sign the agreement on Israeli troop redeployment in Hebron and warned that further delays would create tension with the United States.

But when Clinton, a president with an unimpeachable pro-Israel record, broke his pattern of using quiet diplomacy to express his differences with the Jewish state, he triggered a small crisis within the organized Jewish world.

Settlements were once again the flashpoint in the U.S.-Israel relationship, recalling the painful tensions between the Bush and Shamir governments in the early 1990s.

Eliahu Ben-Elissar, Israel's ambassador to the United States, was pressed into action. He held at least two off-the-record conference calls with members of two umbrella organizations, the Conference of Presidents of Major American Jewish Organizations and the National Jewish Community Relations Advisory Council.

Sources say he emphasized the solidity of the U.S.-Israel relationship and its ability to withstand differences. He also sought to minimize the significance of the decision to reinstate the settlement subsidies, saying that it ends the "discrimination" suffered by the settlers when the subsidies were halted by the Labor government.

### 'There always have been huge divisions'

But the diplomat's outreach failed to assuage the serious internal debate prompted by the incident.

And this debate prevented these umbrella organizations from pronouncing their usual consensus postures in defense of Israel.

"People are wrestling with the question of where the consensus is," said Martin Raffel, associate executive vice chairman of NJCRAC, after the call, in which 50 people participated from across the country.

Settlements "are an issue on which there always have been huge divisions."

The Conference of Presidents, the master craftsman of consensus and go-between for the U.S. and Israeli governments, was conspicuously silent.

"We know there's no consensus on settlements," said Malcolm Hoenlein, the group's executive vice chairman. He said the differences expressed on the issue during the conference call and elsewhere "were long-held," and broke down along "traditional lines."

The conference's failure to issue a statement in response to the president was a clear indication that there also were tensions over his approach.

"This administration always prided itself on communicating its differences in private, and this obviously was not done in private," Hoenlein said. "We have to see what it represents, whether it is a tactical shift or an immediate response to circumstances."

Meanwhile, feelings about both settlements and Clinton's remarks were running high among member organizations of the conference. For its

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part, the American Israel Public Affairs Committee, the mainstream pro-Israel lobby whose board chairman, Steve Grossman, has close personal ties to Clinton, tried to walk a fine line.

It distributed a fact sheet and printed an article in its newsletter, Near East Report, emphasizing that the reports of settlement activity in the territories were exaggerated.

At the same time, AIPAC Executive Director Howard Kohr urged organizations during the conference call with Ben-Elissar to make "discrete contact" with the administration at the highest levels to let officials know that "public unilateral criticism of Israel" is not helpful to the peace process.

It is unclear how much follow-up there was, but it sparked the ire of at least one member organization.

Mary Ann Stein, co-president of the left-wing Americans for Peace Now, fired off a letter to Hoenlein and Leon Levy, chairman of the conference, saying that she disagreed with Kohr's call for action.

"I believe Israel is flirting with disaster and I applaud President Clinton for his strong position and his public statement which are made with Israel's interest at heart," she wrote. "It is my belief that we should urge our members to communicate with the president our appreciation for his intervention." Stein took her own advice, praising the president in a letter.

APN was not alone. Project Nishma, a dovish organization that supports the peace process, immediately issued an action alert, saying that the president had merely "reaffirmed the long-standing U.S. position" on settlements and calling on its members to send a message of support to the White House.

"Without Jewish support," the Nishma communique read, "Clinton may conclude that personal involvement in the peace process is not worth the political cost."

Said Tom Smerling, Nishma director: "Netanyahu had pushed the issue of settlements so far, it was understandable that sooner or later the president would have to say something."

"Clinton has so much political capital in our community, he can spend some without running out," Smerling added.

Notably, the major defense organizations did not spring into action.

### Fears of unintended consequences

The American Jewish Committee issued no statement, for instance, though its executive director, David Harris, was willing to comment obliquely on the president's style of diplomacy.

The problem with public criticism is "the law of unintended consequences," Harris said, adding that it "may embolden the Palestinian Authority to think it's in their interest to hold out longer and postpone difficult decisions to increase pressure on Israel."

The only communique from the American Jewish Congress was an opinion piece critical of the Israeli government's settlement policy written by David Clayman, the director of the group's Jerusalem office.

"Netanyahu has succeeded in agitating the entire international community, even before a single new house is built in the territories," Clayman wrote.

The Anti-Defamation League had issued a statement protesting the recent letter by former secretaries of state and national security advisers that criticized Israeli settlement policies. This time around, there were no formal statements, but Abraham Foxman, the ADL's national director, minimized Israeli settlement activity and readily criticized Clinton's comments.

"I think it was an overreaction by the United

States, partially due to frustration over the lack of progress in the peace process."

For his part, Likud defender Morton Klein, president of the Zionist Organization of America, refrained from attacking Clinton directly. But he issued a statement highly critical of the president's surrogate in Jerusalem, Ambassador Martin Indyk, for reports that Indyk tried to block a housing project for Jews in predominantly Arab eastern Jerusalem.

"If Ambassador Indyk was acting without the knowledge of the Clinton administration, his action should be rebuked. If he was acting with the knowledge of the administration, that would indicate a disturbing new trend in America's Mideast policy," Klein said.

One organizational official was privately pessimistic about the simmering differences in the community.

"The handwriting is on the wall," he said. If there is no change in Israeli policy and the peace process unravels, there will be "more dissenting voices taking to the airwaves."

"And the moment the American Jewish community becomes publicly rancorous, it is neutralized," said the official, who insisted on anonymity.

Government officials who make decisions affecting Israel will find the Jewish community "less pertinent, easy to discount," he said.

"The stakes are very high," he added. □

### Shin Bet starts memo drive in disputes with Netanyahu

By Naomi Segal

JERUSALEM (JTA) — Put it in writing.

This is the directive that has reportedly come down from top officials in Israel's security establishment, which has suffered growing tensions recently with Prime Minister Benjamin Netanyahu.

In an effort to protect themselves, security officials have issued a directive to their staffers that all exchanges, formal and informal, with the prime minister and all representatives of his office must be recorded in memos, Israel Radio reported Sunday.

The move came after Netanyahu said last week that he had written protocols of meetings that he held with the head of the Shin Bet domestic security service in which Ami Ayalon advised him to open a second entrance to an archaeological tunnel near the Temple Mount.

In the wake of the tunnel entrance opening, Palestinian rioting erupted in the West Bank and Gaza Strip, leaving 15 Israelis and 60 Palestinians dead in three days of violence. Defense officials said at the time that they had not been informed of the decision to open the tunnel and only learned about it shortly before it happened.

Netanyahu's statement last week led to a round of charges and countercharges over what he had been advised by his top security officials. Ayalon was quoted last week as saying that he had told Netanyahu that opening the tunnel entrance was possible without prompting violent reaction. But, Ayalon added, he had also said the opening of the entrance needed to be accompanied by an accelerated pace in the Israeli-Palestinian negotiations and by the opening of a large mosque located under the Temple Mount that is known as Solomon's Stables.

Ayalon also issued a statement last week denying rumors that he had considered resigning from the Shin Bet because of tensions with the Prime Minister's Office.

Netanyahu's media adviser, Shai Bazak, rejected reports that relations between the Prime Minister's Office and the security establishment were at an all-time low.

"We fully appreciate their work and have full faith in them," he told Israel Radio. □

## Netanyahu joins Hebron talks in effort to reach agreement

By Naomi Segal

JERUSALEM (JTA) — Israeli and Palestinian negotiators moved closer this week to concluding a long-delayed agreement on redeploying Israeli troops in the West Bank town of Hebron.

As part of the formula for reaching a pact that would turn over most of Hebron to Palestinian self-rule, the two sides agreed that the accord would be accompanied by written guarantees from both sides that each would soon implement other elements of the Interim Agreement that was signed last year in Washington.

Prime Minister Benjamin Netanyahu and Mahmoud Abbas, Palestinian leader Yasser Arafat's second in command, joined negotiators Monday afternoon at a Jerusalem hotel to work out the remaining issues in dispute.

Palestinian officials voiced optimism that an agreement would be reached shortly.

But after three months of negotiations, during which there were several reports that an agreement was imminent, Israeli officials were more cautious in their assessments.

The Prime Minister's Office was upbeat about Netanyahu's talks with Abbas, also known as Abu-Mazen, but stopped short of saying that a signing ceremony was at hand.

The Israeli media reported that the two sides had resolved all disputed issues, adding that a Netanyahu-Arafat signing ceremony might be held away from the public eye, perhaps on an American ship.

But Israeli officials said the sides still had to complete a draft of the accord before a Netanyahu-Arafat meeting could take place.

### American 'package deal'

"The prime minister and the [Palestinian] chairman will meet when there will be substantive things to deal with," Defense Minister Yitzhak Mordechai told reporters after being briefed by Netanyahu on his talks with Abbas.

Abbas told reporters Monday before going to consult with Arafat that the talks had reached a "critical stage."

The breakthrough in the talks came during a visit to the region this week by U.S. Special Middle East Coordinator Dennis Ross.

After meeting with Israeli and Palestinian officials Saturday night and Sunday, Ross flew to Cairo on Monday to brief Egyptian leaders on the talks.

He later returned to Israel, where he again met with Netanyahu.

According to reports, progress in the talks came as the result of an American "package deal" requiring written commitment from both sides to implement their obligations under the Interim Agreement.

Israeli sources said that under the emerging pact, Israel agreed that several weeks after redeploying its troops in Hebron, it would carry out further redeployments in the West Bank.

Under the terms of the Interim Agreement, those redeployments were to have begun in September.

The emerging agreement would also call on the two sides to agree on when to resume the permanent-status talks. Those talks, which opened ceremonially in early May, will address several contentious issues, including Jerusalem, Israeli settlements, Palestinian statehood and the status of Palestinian refugees.

The Palestinians, for their part, would be called on to uphold their agreements in the Oslo accords, including

a commitment to draft a Palestinian Covenant that contains no calls for the destruction of the Jewish state.

They would also agree to disarm Islamic militants, another provision of the accords, it was reported.

In Hebron, the emerging agreement called for the establishment of "restricted areas" around the Jewish enclaves, where a limited number of Palestinian police armed with pistols would be allowed.

Palestinian police armed with rifles would only be allowed into the areas with the permission of Israel.

Palestinian police would establish checkpoints around these areas, to prevent Palestinian crowds from entering. Joint Israeli-Palestinian patrols would be held around a buffer zone separating Hebron's 500 settlers from the rest of the town. There are an estimated 130,000 Palestinians living in Hebron.

Meanwhile, Israel would agree to the gradual reopening of Shuhada, or Martyrs, Street, which was closed for security reasons.

Israel, relinquishing one of its long-standing security demands, agreed to give up its right to conduct a hot pursuit of suspected terrorists into areas of Hebron under Palestinian control. Instead, Israel accepted the original wording of the Interim Agreement, which said Israel would be able to pursue suspected terrorists only under certain conditions. □

## Bank of Israel lowers interest rates

By Naomi Segal

JERUSALEM (JTA) — The Bank of Israel announced this week that it would lower its interest rates by 0.5 percent for January.

The bank also said Monday that it would continue its strict monetary policy to help the government reach its target rate of annual inflation: 7 percent to 10 percent.

Including the latest cut, the interest rate will drop to 14.7 percent, the lowest rate in the past nine months.

Commercial banks were expected to lower their interest rates by 0.5 percent later this week.

An additional cut in interest rates may come in January if the Knesset approves the 1997 budget as part of the Economics Arrangements Law.

A marathon debate began Monday on the bill, which details government spending for the next year.

The Knesset Finance Committee approved Sunday a version of the bill that does not include reductions in child allowances for middle- and upper-income families, as the government had originally planned.

Instead, tax hikes will take place on items that include cigarettes and gasoline.

The Israeli government had already approved spending cuts of about \$2 billion in the \$64 billion budget for 1997, but backed down from planned cuts in social spending in order to secure Knesset approval. □

## Grenade kills kibbutz resident

By Naomi Segal

JERUSALEM (JTA) — An Israeli was killed this week on a kibbutz in the northern Galilee, apparently after a hand grenade was thrown at him.

The blast was not a terrorist attack, Israeli media reported. Gabi Metzger, 50, the treasurer for Kibbutz Sde Nehemiah, was critically injured when he picked up his bicycle from a repair shop. He later died of his injuries.

Children on the kibbutz may have found the grenade, the daily Yediot Achronot reported. They then may have thrown it toward an open field, but hit Metzger instead. Security officials have not reached any definitive conclusions. □

## Hungary, Switzerland relate trail of missing Jewish funds

By Agnes Bohm

BUDAPEST (JTA) — Newly published documents confirm that the Swiss government used funds deposited by Hungarian victims of the Holocaust to partially pay off the claims of Swiss property owners whose assets were nationalized by the postwar Hungarian Communist regime.

The documents, which were published last week by the Swiss and Hungarian governments, included a confidential amendment to a 1973 treaty between the two countries.

Under the terms of that amendment, Switzerland could use 325,000 Swiss francs from dormant accounts belonging to Holocaust victims toward paying off claims totaling 1.8 million Swiss francs for property belonging to Swiss nationals that had been nationalized.

Switzerland has recently come under increasing pressure from Jewish groups to determine how much money was deposited in its banks by Holocaust victims from across Europe and to make restitution for those sums to the victims or their heirs.

But Switzerland may not be responsible for restituting the 325,000 Swiss francs to Holocaust victims, because the amendment to the 1973 treaty states that Hungary would "recognize the claims of rightful heirs" when and if they press their claims.

While Hungary paid Switzerland 1.4 million Swiss francs to pay the claims for nationalized Swiss property, it has not yet paid anything to members of the Hungarian Jewish community who made deposits in Swiss banks.

In a first step toward providing restitution, the Hungarian Parliament approved in October a government plan that would partially compensate Hungarian Jews for property that was confiscated during World War II.

But that plan did not deal with Hungarian Jewish deposits in Swiss banks. A Hungarian Foreign Ministry official said in an interview that Thomas Borer, Switzerland's main spokesman on the issue of its wartime accounts, had informed Hungary that it would be publishing a list of Hungarian Jewish depositors within two months.

The sum of 325,000 Swiss francs deposited by Hungarian Jews may be only the tip of the iceberg.

The Hungarian news agency reported last week that estimates published in 1950 indicated that Hungarian Jews deposited some 15 million Swiss francs in Switzerland's banks before and during the war. □

## Czech National Bank denies compensation to Slovak Jews

By Randi Druzin

PRAGUE (JTA) — The Czech National Bank will not compensate Slovak Jews for gold that was taken from them during World War II.

The bank's position, which was stated in a message delivered last week to the Association of Slovak Jewish Communities, came in direct response to the association's request that it be compensated for the gold. The bank also said it did not have the gold that was confiscated from Slovak Jews during the war and subsequently transferred to the State Bank of Czechoslovakia.

The Slovak government has had the gold since 1993, when Czechoslovakia split into separate countries and the assets of the State Bank of Czechoslovakia were divided between them, said bank spokesman Pavel Palivec.

The Czech bank's position came on the heels of a recent radio address by Slovak Premier Vladimir Meciar, who said there is "no question a hoard of diamonds taken from Holocaust victims is kept in the Czech Republic."

Meciar pledged to support the Slovak Jewish community, adding that all hopes for resolving the compensation issue depended on the Czech side.

Frantisek Alexander, chairman of the Association of Slovak Jewish Communities, said Dec. 19 that his organization would consult with lawyers before deciding what action to take. □

## Australian religious leaders condemn 'caroling' legislator

By Jeremy Jones

SYDNEY, Australia (JTA) — Members of the Australian Jewish community and Christian leaders have condemned the statements of a member of Parliament who called on all immigrants to conform to the "Australian way of life."

That way of life, according to parliamentarian Pauline Hanson, includes the singing of Christmas carols.

Hanson, who was elected to the Australian Parliament in March, made the comments during a recent debate concerning immigration legislation.

Expelled from the Liberal Party because of her racist comments before her election to Parliament, Hanson urged the government to penalize immigrants who had not learned English. She also said that while the singing of carols and hymns in Australian schools is common, there are exceptions to the rule because immigrants "come here to our country and start changing our culture and way of life because it offends them."

Rabbi Brian Fox, president of the New South Wales Council of Christians and Jews, described Hanson's comments as the "ravings of an uninformed ignoramus."

He said Hanson "is pushing the limits of Australian tolerance, and I call on the prime minister to condemn her."

Some church leaders also joined Fox in criticizing Hanson's remarks.

Although Australia does not have a formal separation of church and state, it has become common practice in recent years for public institutions to recognize that not all Australians are Christian. □

## Israeli claims pop group stole song

JERUSALEM (JTA) — An aspiring Israeli singer has accused Britain's top pop group, the Spice Girls, of stealing one of her songs.

Idit Shechtman, 19, who lives in Beersheba, said the group's hit, "Say You'll Be There" is similar to a song she wrote two years ago, "Come to Me." Shechtman, who was interviewed by BBC and Sky Television last week, said a copy of the song could have been purchased in Israel and taken to England, where it could have been played in a few clubs and heard by the group. □

## Satire of Netanyahu's son rebuked

JERUSALEM (JTA) — Prime Minister Benjamin Netanyahu and his wife, Sara, have long been a source of material for Israeli satirists, but when their 5-year-old son, Yair, was the subject of a comedy sketch, the Prime Minister's Office cried foul.

"It's legitimate to criticize the prime minister and his policies, but attacking a 5-year-old boy is crossing a human and moral line which must not be crossed," Netanyahu's media adviser, Shai Bazak, said this week in a statement. Bazak's remarks came after Israel Television's weekly satire show "The Cameri Quintet" featured a skit in which Yair pleads with a bodyguard to beat up one of his kindergarten classmates, who had bothered him. □