



## NEWS AT A GLANCE

■ **The U.S. State Department suspended all formal contacts with Palestinian Authority representatives in the United States for at least nine days.** Legislation that allows diplomatic contact with the Palestine Liberation Organization office in Washington has lapsed, a State Department official said. [Page 2]

■ **Israeli Prime Minister Benjamin Netanyahu plans talks with U.S. officials Thursday in Washington on ways to renew peace negotiations with Syria.** The Israeli premier also is expected to ask President Clinton to pressure Syria to stop backing the Islamic fundamentalist Hezbollah in the southern Lebanon security zone.

■ **Israeli Prime Minister Benjamin Netanyahu expressed concern about a possible U.S. deal to sell F-16 fighter planes to Saudi Arabia.** This marks the first time that Israel has publicly opposed U.S. arms sales to an Arab country since the Madrid peace talks.

■ **The Swiss government agreed to set up a fund to compensate Holocaust victims, but said it would not decide whether to contribute until it receives a report on Swiss banks' wartime activities.** [Page 3]

■ **The Internal Revenue Service urged its regional examiners to watch for political activities by not-for-profit groups known as 501(c)(3) organizations, which are restricted from engaging in partisan activity.** A number of Jewish groups fall into this category.

■ **Israel opened an Arab market near a Jewish settler compound in Hebron for the first time in three years, honoring another promise made in last month's agreements with the Palestinians.** The market was shut down after the 1994 massacre of 29 Palestinian worshippers by a Jewish settler.

■ **Madeleine Albright, the U.S. secretary of state, pledged to a congressional committee that she would work to get Israel into a U.N. regional group.** Arab states have blocked Israel's inclusion, without which it cannot serve on the Security Council or in a host of U.N. agencies.

## NEWS ANALYSIS

### Restoring immigrant benefits shapes up as key budget battle

By Matthew Dorf

WASHINGTON (JTA) — The future for tens of thousands of Jewish refugees from the former Soviet Union hangs in the balance as the annual federal budget battle begins.

In addition to traditional concerns over foreign aid and elderly housing, Jewish activists have turned their attention to President Clinton's plans to reinstate many welfare benefits to legal immigrants.

He is seeking to restore part of the safety net for thousands of Jewish refugees whose access to benefits was eliminated by last year's welfare reform legislation.

Clinton made the proposals, valued at \$14.6 billion, in his 1998 budget proposal sent to Congress last week.

Immigration advocates, including Jewish activists, immediately hailed the plan and called on Congress to implement the changes. At the same time, many Republican lawmakers condemned the proposal.

However, Rep. Clay Shaw (R-Fla.), who chairs the House committee that wrote the welfare legislation, said this week that he is open to possible changes in the law.

Clinton's move on welfare fulfills the promise he made when he signed the welfare reform bill last summer.

At that time, he called the section pertaining to legal immigrants harsh and punitive.

But as Clinton faces an uphill battle to balance the budget and stiff opposition to changing welfare reform, Republicans, Democrats and activists on both sides of the issue are wondering how committed Clinton is to fixing welfare reform.

"The question is how hard is the president going to push for his priorities," said Diana Aviv, director of the Council of Jewish Federation's Washington Action Office.

"I'm optimistic we will get something," she said, even as she cautioned that "it's a long road."

Congress this week began hearings on the budget. Aviv was scheduled to testify on the impact of the budget on immigrants.

Over the next few months, lawmakers will mold Clinton's \$1.69 trillion budget into their own and tell congressional committees how much money they have to spend for the next fiscal year.

### Clinton calls for added foreign affairs spending

During this process, likely to end in the summer, Congress will decide the scope of changes to welfare and spending priorities on a host of other federal programs.

Clinton will then have another say on the issues when specific spending bills come to his desk for his signature or veto.

In addition to restoring spending on welfare, Clinton's budget also calls on Congress to add about \$1 billion more in foreign affairs spending, for a total of \$19.5 billion.

This figure includes:

- \$13.3 billion in foreign aid, including \$3 billion in economic and military aid for Israel, \$2.1 billion for Egypt, \$70 million for Jordan and \$75 million for the Palestinian Authority;
- \$900 million for the former states of the Soviet Union;
- \$80 million in refugee resettlement assistance for Israel;
- \$52.5 million for a Middle East Regional Development Bank, an international effort that the United States has authorized but not yet funded;
- \$12 million to promote Middle East peace talks;
- \$12 million to forgive Jordan's debt;
- \$5 million to promote democracy in the Middle East;
- \$2 million for the Israel-Lebanon Monitoring Group, which is trying to keep the peace in the volatile border area.

The organized Jewish community is most focused on welfare reform, either because of the dollars involved or because it is expected to create a hardship for Jewish communities that may have to step in to help Jewish

immigrants who lose welfare benefits. Some 350,000 Jewish refugees from the former Soviet Union have settled in the United States during the past 20 years, according to the Hebrew Immigrant Aid Society.

Refugees, categorized as such because they have demonstrated a well-founded fear of persecution because of race, religion, nationality and social or political ties, are affected by the new welfare law five years after their arrival.

That is when their special, protected status expires and they qualify for U.S. citizenship.

Under the new law, if immigrants do not opt for citizenship or fail to obtain it after five years, they will be barred from federal benefits, including Supplemental Security Income and food stamps.

Although the exact impact is not known, it is estimated that tens of thousands of Jewish immigrants could lose eligibility.

The law has spurred thousands of immigrants, including Jews, to become citizens since the law was enacted.

But many immigrants, either for health reasons or inability to pass the citizenship exams in English, are facing an imminent loss of benefits.

In Brighton Beach, the Brooklyn, N.Y., neighborhood that is home to one of the largest populations of Jews from the former Soviet Union, residents have already begun receiving letters from the federal government warning that they will lose their benefits beginning in August.

"Brighton Beach is in panic," said Beba Bereshkovsky, a program coordinator and social worker at the Jewish Association for the Aged Shorefront Senior Center in Brighton Beach.

Social workers there say they are trying to find ways, including medical exemptions, for elderly immigrants who would otherwise find it difficult to pass the necessary requirements for citizenship.

#### **Backlog of citizenship requests**

Among the specific budget proposals in Clinton's plans that would affect refugees and other legal immigrants:

- Extend refugee status from five to seven years (cost: \$700 million).

Refugees, who are unable to become citizens until they have been here for five years, often find themselves in a backlog of citizenship requests once they start the process.

This extension would give refugees a greater window of opportunity to become citizens, without losing access to government assistance in the interim.

Shaw, the lawmaker from Florida who chairs the House Ways and Means Subcommittee on Human Resources, said he would consider extending refugee status for at least one year and possibly two.

- Restore access for immigrants disabled after arriving in the United States (cost: \$13.7 billion).

Shaw, in an interview after a speech to the American Jewish Committee here Tuesday, said that on this issue, he would consider restoring SSI eligibility for refugees, but not for other legal immigrants.

- Restore some access for immigrant children to Medicaid and SSI (cost: \$200 million).

- Extend food stamp eligibility for unmarried adults, including refugees and possibly other legal immigrants, from three months to six months (\$3 billion).

According to Aviv, these provisions "would be a good reversal for clients in our system."

For Bereshkovsky, while the extra two years in the refugee provision "wouldn't hurt for sure, we worry more

about those who have been here many, many years" and whose refugee status has already expired.

Clinton's budget also protects the federal assistance for refugees during their first eight months.

The \$396 million requested for this assistance reflects a slight decrease from this year, but that is because fewer refugees are expected to come this year, according to Aviv.

But Clinton's spending plan is not as kind to elderly housing residents.

Clinton requested less than half of last year's spending for new construction on low-income elderly housing.

B'nai B'rith, which runs 30 such developments, housing more than 5,000 individuals, criticized Clinton's \$307 million request.

"We certainly recognize and understand the budget constraints this country faces, but we are facing an explosion of the senior population," said Mark Meridy, senior housing specialist at B'nai B'rith. □

#### **Formal U.S. contact with PLO suspended to comply with law**

By Matthew Dorf

WASHINGTON (JTA) — The U.S. State Department has suspended all formal contacts with Palestinian Authority representatives in the United States for at least the next nine days.

Legislation that allows diplomatic contact with the Palestine Liberation Organization office in Washington has lapsed, a State Department official confirmed in an interview Wednesday.

The Washington PLO office "has been asked, beginning today, to suspend activities," said the official on the condition of anonymity.

The suspension comes on the eve of Israeli Prime Minister Benjamin Netanyahu's two-day visit to Washington.

Clinton administration officials hope to have the PLO office reopened before Palestinian Authority leader Yasser Arafat's visit later this month.

The suspension of contact occurred because the State Department, as it was waiting for Israel and the Palestinians to reach an accord on Hebron, missed a deadline to certify that the Palestinians are in compliance with their accords with Israel.

Under the terms of the Middle East Peace Facilitation Act, first passed in 1993, the State Department must report to Congress on PLO compliance every six months.

The president then must wait at least 30 days before issuing a formal certification.

That certification allows for both formal contacts and financial aid to the Palestinians.

Because the report was sent to Congress late, Clinton must wait to adopt the report's finding that "on the whole" the PLO has complied with its accords.

"The earliest that can happen is nine or 10 days from now," the State Department official said.

The closure marks the second time that the State Department has forced the PLO to cease formal operations since the legislation was enacted.

Last year, Congress let the law lapse for two weeks.

During his visit, Netanyahu has scheduled meetings with President Clinton, Secretary of State Madeleine Albright, Secretary of Defense William Cohen, Secretary of the Treasury Robert Rubin and congressional leaders.

From Washington, he is scheduled to travel to New York, where he will meet with Jewish religious leaders, before he returns to Israel on Saturday night. □

## Swiss government to manage bank-financed Holocaust fund

By Fredy Rom

BERN (JTA) — Swiss Jewish leaders are giving a mixed response to their government's decision to formally establish a fund to compensate Holocaust victims and their families.

The Federation of Jewish Communities in Switzerland, the communal umbrella group, welcomed what it described as the "quick" decision of the Swiss government to establish the \$71 million fund.

But Swiss Jewish leaders also criticized the government's decision not to contribute to the fund at this time.

Swiss Foreign Minister Flavio Cotti said at a news conference Wednesday that his government would set up and manage the fund. The monies have been supplied by the country's three largest banks.

While saying that disbursements from the fund would be made to Holocaust survivors in a "very short time," Cotti added that the Swiss government would not make any contributions to the fund until a panel of Swiss historians submitted its findings about Switzerland's wartime activities.

Months of mounting international pressure on Switzerland to confront its wartime past culminated last week in the dramatic announcement by the three banks that they would contribute \$71 million to a Holocaust memorial fund. Several Swiss businesses subsequently announced plans to make their own contributions to the fund.

Jewish organizations, led by the New York-based World Jewish Congress, have claimed that Swiss banks hold up to \$7 billion in unclaimed accounts belonging to Holocaust victims, but the banks say initial searches of their archives turned up only \$32 million in unclaimed accounts.

The Jewish claims came amid a series of revelations, based on material contained in recently declassified wartime documents, that Switzerland hoarded the wealth of Holocaust victims while helping to finance the Nazi war effort.

### 'Cannot commit taxpayer money'

Cotti said Wednesday that he could not commit taxpayer money to the fund until the panel of historians announced its first findings, which he said should be issued "before summer." Those findings are expected to deal with Swiss purchases of Nazi gold and with its wartime immigration policy, which researchers say resulted in some 20,000 to 30,000 Jewish refugees being turned away at the Swiss border.

Swiss Jewish leaders expressed impatience this week at the government's decision to wait for the panel's findings. Thomas Lyssy, vice president of the Federation of Jewish Communities in Switzerland, said Wednesday that it would have been better if Switzerland made the decision to contribute now. The world already knows "the facts about Switzerland's immigration policy during the Second World War," he added.

Rolf Bloch, president of the federation of Jewish communities, asked the Swiss government in a letter this week to establish a private foundation within a "few weeks" to distribute monies from the fund. Bloch also asked that Swiss Jewish officials and representatives of the WJC be represented on the foundation's board.

The Swiss government will act on the request in the coming days, a government spokesman said in an interview.

Meanwhile, a spokesman for the Swiss National Bank confirmed in an interview that the \$71 million has

already been deposited with the bank, adding that the money would be carefully invested to ensure a maximum return.

In New York, WJC Executive Director Elan Steinberg welcomed Cotti's remarks, saying that they "bode well for the future." He downplayed concerns about when the Swiss government would contribute to the fund. Based on conversations with Swiss officials, he said, Bern could begin making contributions as early as April. □

## Key players on Swiss issue shift from pressure to fund allocation

By Daniel Kurtzman

WASHINGTON (JTA) — When the World Jewish Restitution Organization meets Friday in New York, discussions about Switzerland and the issue of missing Jewish assets are expected to take a welcome new turn.

Strategizing over how to bring international pressure to bear on Switzerland will give way to dealing with the mechanics of transferring Swiss francs into the pockets of Holocaust survivors, officials said.

"Essentially we've now moved into a situation where we are no longer trying to prove that restitution is due, but we're now at the point where restitution is beginning to happen, where the funds are actually being shifted," said Elan Steinberg, executive director of the World Jewish Congress.

In 1992, the WJC and other leading Jewish organizations created the WJRO to secure compensation and restitution of Jewish property and assets confiscated during World War II.

Last week, three Swiss banking giants, under fire from critics over their handling of Holocaust victims' assets, transferred 100 million Swiss francs — \$71 million — into a Holocaust memorial fund.

Several Swiss businesses are now beginning to make their own contributions to the Swiss humanitarian fund. This week, the industrial group Alusuisse-Lonza Holding AG said it would contribute "generously," and the Swiss Foreign Ministry said other business leaders were soon expected to make similar pledges.

The Swiss government and the Swiss National Bank have also given assurances that they will contribute to the fund in coming months.

At the WJRO meeting, officials said they would turn to practical questions posed by a new phase in the struggle for moral and material restitution.

Determining specifics regarding the humanitarian fund are some of the nuts and bolts issues the group said it will begin to examine. Among those issues are when it can be tapped, who will be its beneficiaries and how best to coordinate distribution with the Swiss government.

Those scheduled to attend the meeting included Special Ambassador Thomas Borer, who is coordinating Switzerland's response to all issues surrounding its wartime financial role, U.S. Undersecretary of Commerce Stuart Eizenstat, the Clinton administration's point man on the issue, former Federal Reserve Chairman Paul Volcker, head of an international panel investigating missing accounts, and Senate Banking Committee Chairman Alfonse D'Amato (R-N.Y.).

Jewish Agency for Israel Chairman Avraham Burg, a member of the WJRO and the Volcker panel, was also scheduled to attend.

Meanwhile, New York politicians this week went ahead with plans to probe the issue of missing Jewish assets. The New York City Council held a hearing Monday to examine ways to help Holocaust victims reclaim their wealth, and the New York State Assembly was set to hold a similar hearing Thursday. □

**NEWS ANALYSIS**
**Lebanon withdrawal debate  
wrenches mourning Israelis**

By David Landau

JERUSALEM(JTA) — The wrenching nationwide debate over Israel's continued presence in southern Lebanon is growing more impassioned.

The debate has left Knesset members hurling insults across party lines. It also has prompted Israeli soldiers stationed inside the security zone to wonder aloud about support for them on the home front.

But despite concerns over the army's morale, and despite worries that public discussion can weaken Israel's negotiating posture with Syria, it appeared this week that this long-simmering dispute cannot realistically be contained — particularly after last week's helicopter tragedy.

Moreover, the fact that the debate crosses party lines lends the discussion additional weight while giving both sides' positions further credibility.

The Feb. 4 collision of two military helicopters that claimed the lives of all 73 soldiers and crew on board did not happen over Lebanon. It occurred over northern Israel, apparently a mistake by one of the pilots. It could have happened anywhere and under any circumstance.

But the fact that the two aircraft were carrying troops to Israel Defense Force positions within the southern Lebanon security zone poignantly brought home to the grieving Israeli public the toll of lives that Israel's 20-year embroilment in Lebanon continues to claim. More than 200 IDF soldiers have been killed since 1985 in southern Lebanon, which Israeli journalists have compared to the American quagmire in Vietnam.

**Dangerous to travel by road**

The poignancy was also underscored by the use of helicopters to carry troops. It is considered more dangerous for soldiers to travel by road, where Hezbollah fighters have been launching frequent roadside bomb attacks.

Israel's involvement in Lebanon began in the late 1970s, when it sought to drive Palestinian fighters from Israel's northern border. Israel invaded Lebanon in 1982, remaining there for three years. When it withdrew in 1985, Israel carved out the 9-mile-wide security zone as a buffer to protect its northern communities.

For the bipartisan group of Israeli politicians now lobbying in favor of a unilateral withdrawal from the security zone, last week's accident both helped and hindered their efforts. It helped by focusing the public on the predicaments of Israel's Lebanon policy. It hindered by inevitably prompting cries that urging withdrawal at this time of national mourning is almost unpatriotic.

In the Knesset on Monday, a group of parliamentarians from the right and left gathered to pour scorn on a group of their colleagues who met Saturday night to promote a unilateral withdrawal. The organizers of the Saturday meeting said it had been planned well before the helicopter accident, but that did not silence their critics.

Among the pro-withdrawal Knesset members who attended the meeting were Yossi Beilin of Labor and Michael Eitan of Likud — the two who recently led a bipartisan effort to formulate a broad consensus on what Israel's positions should be in the upcoming permanent-status talks with the Palestinians.

They were joined by another prominent Likud parliamentarian, Gideon Ezra, former deputy head of the Shin Bet, at whose home the planning session was held.

Those favoring a unilateral withdrawal stressed that they are not calling for a disorganized, tail-between-the-legs pullout. "We want an agreed withdrawal," Beilin said, "with a third party — American or European

— interposing its troops in the areas where the IDF is presently deployed." That view is backed by Netanyahu's own public security minister, Avigdor Kahalani, who recently drew sharp criticism for calling Israeli troops serving in Lebanon "sitting ducks."

Privately, Beilin is advocating a French military presence along the border. France has long seen itself as the protector of Lebanon, or at least of that country's Christian population. Paris also has coveted a more active role in regional peace moves.

But Premier Benjamin Netanyahu and his aides, on the eve of his visit to Washington this week, made it clear that they oppose a unilateral withdrawal. He sees his talks with President Clinton as a crucial attempt to jump-start the long-stalled Israel-Syria peace track. He also subscribes to the traditional view of Israel's defense establishment that the Lebanon quandary, ultimately, can only be resolved in the context of a general Israel-Syria pacification.

Netanyahu won Monday the unequivocal support of Shimon Peres, the leader of the opposition, who urged restraint in the public debate at this time. Peres maintained that the focus of attention now must be the prime minister's efforts, through the Americans, to get the talks with Syria on track again after they were suspended last March.

He, too, argued that an accord with Syria would also pacify the Lebanese front.

The two are far from alone in this view. A poll conducted jointly by the Gallup organization and the Israeli daily Ma'ariv indicated that 79 percent of Israelis oppose a unilateral withdrawal, while only 14 percent support it.

Implicit in the arguments put forward by Netanyahu and Peres is the hope that once the talks with Syria resume, Damascus will take action to curb Hezbollah forces, who have been inflicting a constant toll of casualties on IDF soldiers stationed in Lebanon.

**Seven soldiers wounded**

On Sunday, in the latest flare-up, seven Israeli soldiers were wounded in a Hezbollah ambush of their armored patrol. Israel responded by launching several air strikes throughout the week on Hezbollah positions.

The belief that Syria would restrain the Hezbollah fundamentalists after the negotiations resume may, however, prove little more than a vain hope.

When the Israel-Syria talks were active between 1993 and 1996, Israeli officials frequently charged that Damascus was encouraging an escalation in southern Lebanon to boost diplomatic pressure on Israel.

The Beilin-Eitan position maintains that it is fundamentally misguided to link Israel's policy on the ground to Syrian whim. This is especially true if, as government officials here insist, Netanyahu intends to stay adamant in his rejection of the basic Syrian land-for-peace position regarding the Golan Heights.

The Likud prime minister's refusal to adopt his Labor Party predecessors' readiness to withdraw from the Golan in exchange for peace with Syria would seem, at least on the face of it, to make an early accord with Damascus unlikely — and thereby doom southern Lebanon to further strife and bloodshed.

In terms of practical politics, observers here say, the test of the strength of the pro-withdrawal forces in Israeli society will come after Netanyahu's return from Washington. An immediate resumption of the talks with Syria would, these observers believe, enable the government to shrug off with relative ease the calls for a radical reassessment of Israel's Lebanon policy.

By the same token, an ongoing stalemate with Damascus would help the pro-withdrawal lobby marshal popular sentiment that the government would find increasingly difficult to resist. □