



Daily News Bulletin

Vol. 76, No. 99

Thursday, June 4, 1998

81st Year

TOP NEWS IN BRIEF

Panel to vote on commission

The U.S. House Banking Committee is scheduled to vote Thursday on a bill that would create a presidential commission to examine Holocaust victims' assets in the United States.

The committee will also hold a hearing to examine a new U.S. government report that details gold transactions and trade in war materiel between Nazi Germany and six neutral nations.

U.S. moves in war crimes case

The U.S. Justice Department is seeking to revoke the citizenship of a 73-year-old man from upstate New York who allegedly served as an SS guard at Nazi slave labor camps.

In papers filed at a federal court in Manhattan, the government also alleged that Dmytro Sawchuk also participated in the 1943 liquidation of the Jewish ghetto in Bialystok, Poland.

Stance changes on Abul Abbas

Israel no longer views Abul Abbas, the Palestinian who masterminded the 1995 hijacking of the Achilles Lauro cruise ship, as a threat to state security.

Israeli Attorney General Elyakim Rubinstein responded to a petition by two Israelis and Dov Hinkind, a New York state assemblyman, asking that Abbas be handed over to Israel to stand trial. Abbas currently resides in the Palestinian self-rule areas.

Conservative fails in primary bid

A staunch conservative whose stand on religious issues attracted national attention failed to win a majority in the Republican primary in Alabama and was forced into a June 30 runoff. The setback for Gov. Fob James Jr. raises questions about the political potency of religious and social conservatives. [Page 3]

Survivors file \$18 billion lawsuit

Holocaust survivors filed an \$18 billion lawsuit against two of Germany's largest commercial banks. The complaint against Deutsche Bank and Dresdner Bank said they hoarded gold taken from concentration camp victims. A U.S. State Department report issued earlier this week charged that the two banks sold resmelted victims' gold to Turkey in order to supply Germany with the hard currency needed to purchase war supplies.

NEWS ANALYSIS

U.S. report shifts spotlight to other wartime 'neutrals'

By Mitchell Danow

NEW YORK (JTA) — This week's release of a long-awaited report about the role of six so-called neutral nations in the Nazi war effort means that Switzerland no longer stands alone under the microscope.

But have Swiss government and banking officials been let off the hook?

Swiss officials had been looking forward to the second installment of a U.S. State Department report, with its examination of the trade in war materiel by Sweden, Portugal, Spain, Turkey and Argentina, as well as by Switzerland — trade that "helped to sustain the Nazi war effort," according to the report.

The first report, issued last year, focused on the amount of looted gold that made its way during World War II from Nazi Germany to the Swiss central bank. That report provided blistering evidence of how Switzerland profited from bankrolling the Nazi war machine.

The latest study — also created under the guidance of Stuart Eizenstat, the U.S. undersecretary of state for economic affairs — deals with the extent and importance of the trade that the Nazis engaged in with the six neutral nations.

Beyond providing details about these financial dealings, the report extensively addresses what it calls the "complex phenomenon of neutrality."

The Swiss government, the focus of intense international criticism since revelations surfaced two years ago about its financial wartime dealings and its handling of Holocaust-era assets, angrily denied last year's conclusions.

But this week it welcomed the new report "as a further contribution to clarifying events" related to the conduct of neutral nations during the war.

The Swiss Federal Council, the country's Cabinet, also pointed out that the new report "mentions many positive aspects of Switzerland's conduct" during the war.

Critics of Switzerland's wartime dealings with the Nazis, however, see the report's implications quite differently. The World Jewish Congress, which has spearheaded international efforts to get the Swiss to confront their past, believes that Switzerland will now face greater pressures to make restitution for its dealings with the Nazis.

"Moral responsibility is spread to other neutral nations" as a result of the latest report, said Elan Steinberg, the WJC's executive director. "But financial liability is increased for Switzerland."

Steinberg's assessment was based on the report's estimate that \$300 million in gold looted by the Nazis was transferred to the five other neutral nations.

"Three-quarters of that — or more — went through Switzerland," Steinberg said.

This could increase the liability of the Swiss National Bank because, under agreements reached after the war, the country that first received looted assets — not those to whom the assets were subsequently transferred — is responsible for their return. But Swiss officials disagree with Steinberg's assessment.

The Eizenstat report "contains no new findings," said Caroline Heimo, spokeswoman for the Swiss Embassy in Washington. Pointing to the Swiss National Bank's decision to provide about \$75 million to a fund for Holocaust victims, she said that her government's "course is the right one."

The issue of potential liability is significant in light of recent calls by Jewish officials for Switzerland to agree to be part of a global settlement of all Holocaust-era claims stemming from the country's actions during the war. The WJC, lawyers rep-

MIDEAST FOCUS

U.S. to decide soon on stance

The U.S. ambassador to Israel said Washington would decide within a "matter of days" whether it would continue to advance its proposals aimed at breaking the stalemated Israeli-Palestinian negotiations. The decision will be based on "whether there is going to be an agreement or not," Edward Walker told reporters. Meanwhile, Israeli Defense Minister Yitzhak Mordechai warned that any further delay by his government to decide on the scope of a further West Bank redeployment could spark Palestinian violence.

Troops shoot Arab youth

Israeli troops shot and wounded a Palestinian youth who was trying to penetrate a perimeter fence surrounding a Jewish settlement in the Gaza Strip. The army said the troops opened fire after the youth ignored orders to stop.

Suspecting possible terrorist activity, the soldiers opened fire in accordance with standing orders, the army said.

Israel, Jordan plan rail link

Israel and Jordan agreed in principle to establish a rail link between Haifa and the Jordanian city of Irbid, Israel Radio reported.

The two countries are also studying plans for a railway linking Aqaba, Jordan, with the Israeli port of Ashdod.

Bomb safely defused

Tel Aviv police are investigating who was responsible for planting a bomb that was safely defused in the city's Ramat Aviv suburb.

Police believe the device, which contained 7 ounces of explosives, was planted because of criminal, not terrorist, motives.

The device was spotted by passers-by at the entrance to a training center for the Israeli army orchestra near Tel Aviv University.

representing Holocaust victims and Switzerland's three largest private banks have been holding settlement talks in recent weeks under the aegis of the U.S. State Department.

But the Swiss government has so far refused to join the commercial banks in the talks. For his part, Eizenstat said at a briefing Tuesday that the Swiss government and central bank should "take to heart" the report's findings and called for further diplomatic discussions about restitution.

Although it does not refer to the issue of liability, the latest Eizenstat report upwardly revised the amount of gold that Switzerland purchased from the Reichsbank, Germany's central bank, during the war.

Ironically, the revision was based on the findings of an international panel of historians whose work had been commissioned by the Swiss government.

The panel, known as the Bergier Commission, estimated that Switzerland purchased from the Nazis some \$440 million in gold — about \$4 billion in today's dollars — of which \$316 million had been looted. In its report issued last year, the U.S. State Department estimated that Switzerland had purchased as much as \$414 million in gold from Germany, of which \$185 million to \$289 million had been looted.

After the war, Switzerland returned to the Allies, in accordance with a 1946 accord reached in Washington, only \$58 million in looted Nazi gold.

Among the other key findings of the report:

- The so-called "Melmer Account" — named for the S.S. officer in charge of the gold that had been stripped from concentration camp victims and resmelted — was worth more than \$40 million in today's dollars.

This was double the amount of earlier estimates. The account, however, was believed to contain only a fraction of the gold taken from victims of the camps.

- Two private German banks — Deutsche Bank and Dresdner Bank — sold gold from the Melmer Account to Turkey in order to supply Germany with the hard currency needed to purchase war supplies.

This finding could embroil the two banks in the class-action lawsuit being pursued by Holocaust survivors and in calls for compensation to Holocaust victims.

- The wartime Nazi puppet state of Croatia, led by what was known as the Ustashe regime, may have looted as much as \$80 million in gold from Jewish victims. The report cites documents that Ustashe leaders — accused of torturing and killing an estimated 500,000 Jews, Serbs and Gypsies during the war — used Vatican ties to escape Europe after the war with a possible fortune in plundered gold.

While unable to pin down the amount of gold that may have been looted, the report called on the Vatican to open its archives to help provide an "accounting of the gold and valuables" taken from the victims of the Ustashe regime.

- Details about the trade in vital war materiel — iron ore, ball bearings, tungsten, timing devices and anti-aircraft guns — supplied to Nazi Germany by Sweden, Spain, Portugal, Argentina, Turkey and Switzerland.

These findings, while not breaking any new historical ground, call into question whether the six nations should indeed be regarded as "neutral."

The report goes to great lengths to examine the complex issues of geography, history and political leanings that affected each of the six nations, concluding that neutrality was not a "monolithic concept" during the war and that "there was no such thing as a uniform or absolute neutrality" for any wartime nation.

While concluding that "each of the wartime neutrals made a substantial contribution to the economic foundations of the Nazi war effort," the report also cited their contributions to the Allies.

In addition, referring to the neutrals' "mixed pattern of actions," the report mentions how these nations together offered refuge to more than "250,000 Jews fleeing the Holocaust. Eizenstat addressed the issue during his briefing, saying the neutrals' actions were "acceptable by the standards of the time."

The report states that its authors "sought neither to defend nor indict any nation today on the basis of its actions half a century ago."

Yet, as a section called "From History to Justice" makes clear, the report expresses the hope that an honest examination of the past will prompt the present generation "to help right the wrongs and to deal with the injustices suffered by the victims of Nazi aggression." □



Daily News Bulletin

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JTA DAILY NEWS BULLETIN is published five days a week, except holidays, by the Jewish Telegraphic Agency Inc., 330 Seventh Ave., New York, N.Y. 10001-5010. For information about how to subscribe by e-mail, fax or regular mail, call (212) 643-1890, or visit our Web site at www.jta.org.
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JEWISH WORLD

On eve of school prayer vote, religious right icon faces runoff

By Daniel Kurtzman

WASHINGTON (JTA) — As religious conservatives awaited their day on Capitol Hill, anticipating a long-sought vote on a constitutional amendment authorizing school prayer, voters dealt a setback this week to one of the movement's torchbearers.

In a closely watched election battle, Alabama Gov. Fob James Jr., a conservative whose stand on religious issues has attracted national attention, failed to win a majority in Tuesday's Republican primary and was forced into a runoff on June 30. James gained notoriety for threatening to call out the National Guard to protect a courtroom display of the Ten Commandments, fighting a judge's order that put an end to school-sponsored religious activities and saying that the Bill of Rights does not apply to his state.

Observers say that James' poor showing raises questions about the political potency of religious and social conservatives who rallied to his cause. James attracted support from several Christian conservative leaders, including the Rev. Jerry Falwell, Phyllis Schlafly and Ralph Reed, the former director of the Christian Coalition who is serving as James' political consultant. James' opponents, for their part, hammered away at his controversial stances as they campaigned against him.

"It's not a case where these issues were tangential," said Mark Pelavin, associate director of the Religious Action Center of Reform Judaism. "The issues were clearly repudiated — not by the voters in New York or California, but by the voters in Alabama," a conservative stronghold. "I think that says a lot."

The setback for James came as the House of Representatives prepared to vote Thursday on a controversial amendment to the Constitution that would pave the way for taxpayer funding of religious schools, prayer in public schools and other forms of religious expression on public property.

This marks the first time a school prayer amendment has come up for a vote since 1971. Amending the constitution requires a two-thirds majority of both houses of Congress and approval by 34 states. There is no movement in the Senate for any such amendment. Even though the measure stood little chance of passing, religious conservatives were likely to claim a victory in seeing it advance as far as a floor vote — particularly if it wins a simple majority.

The Christian Coalition, one of the amendment's most ardent boosters, has also made it clear that it intends to include each lawmaker's vote in its voter guides for the November election. While it remains unclear how voters will respond to these positions, some observers said the fact that the vote is occurring is in itself a demonstration of the potency of the religious right.

"This vote is happening because there is a receptive ear among the Republican leadership in the House to the entreaties of the conservative religious right and no other reason," said Michael Lieberman, Washington counsel for the Anti-Defamation League, which took out a full-page ad in *The New York Times* this week urging action against the amendment.

The so-called "Religious Freedom Amendment," sponsored by Rep. Ernest Istook (R-Okla.), is seen by its proponents as 30 years of wrong-headed judicial decisions that have suppressed religious expression and made it too difficult for schoolchildren to participate in voluntary, student-led prayer at school. The amendment states that there shall be no official religion or mandatory religious activity, but that the government shall not infringe on "people's right to pray and to recognize their religious beliefs, heritage or traditions on public property, including schools."

President Clinton, in his weekly radio address, said amending the constitution would be counterproductive, pointing instead to revised federal guidelines outlining a wide array of religious activity already permitted in public schools.

"Helping communities find common ground about religious expression is the right way to protect religious freedom," Clinton said. "There's also a wrong way, amending the Constitution." The ADL ad expressed the view of many in the Jewish community, saying, "We already have religious freedom. This amendment would compromise, even destroy, this freedom." □

Wartime neutrals react to report

Spain, Turkey and Portugal denied that their governments had acted improperly during World War II. The comments emerged one day after the U.S. State Department issued a report that the three countries — along with fellow neutrals Sweden, Switzerland and Argentina — had "helped to sustain the Nazi war effort" by trading with Hitler's Germany.

Swedish officials announced that they would incorporate the report's findings into their own ongoing investigation of the Nordic country's wartime behavior.

Vatican asked to open archives

The wartime Nazi puppet state of Croatia may have looted as much as \$80 million in gold from Jewish victims, according to a report released by the U.S. State Department.

The report cites documents that leaders of the country's Ustashe regime — who were accused of torturing and killing an estimated 500,000 Jews, Serbs and Gypsies during the war — used Vatican ties to escape Europe after the war with a possible fortune in plundered gold. While unable to pin down the amount of gold that may have been looted, the report called on the Vatican to open its archives to help provide an "accounting of the gold and valuables" taken from the victims of wartime Croatia.

Jews win 'genius grants'

An Israeli economist working at Stanford University and a Jewish man from Kansas City, Mo., who studies white supremacist groups received grants from the MacArthur Foundation. The awards, popularly dubbed "genius grants," are among the most coveted, in particular because recipients can use the money in any way they wish without having to report how they use the funds.

Avner Greif, a graduate of Tel Aviv University, was granted \$265,000 and cited by the foundation for his use of game theory and other modeling techniques to create greater understanding of the conditions that lead to social conflict or cooperation.

Leonard Zeskind said he would use his \$295,000 award to complete a book on hate groups. Zeskind is a board member of the local Jewish community relations council.

Freiheit editor dies

A longtime editor of a left-wing Yiddish paper has died.

Chaim Suller worked for *The Morning Freiheit* in New York for more than 30 years until it ceased publication in 1988.

Suller was 96.

BEHIND THE HEADLINES**Pakistan's nuclear capacity worries Israel, thrills Muslims***By Gil Sedan*

JERUSALEM (JTA) — What's wrong with Pakistan's nuclear capability? Only that it's not Iranian, according to one Palestinian school of thought.

While Israeli officials are reacting with dismay at the possibility that Pakistan's recent nuclear tests could lead to a Muslim nation in possession of the nuclear bomb, many Palestinians received news of the tests with the same macabre, joyful welcome that they gave Saddam Hussein's Scud missiles seven years ago.

"The fact that Pakistan possesses nuclear arms is an asset for the Arab and Muslim nations," Hamas leader Sheik Ahmed Yassin declared proudly over the weekend. Yassin, the Hamas leader whom Israel released last fall in exchange for the Mossad agents involved in a botched assassination attempt in Jordan, was the first Arab public figure to welcome Pakistan's nuclear adventure.

Other Arab leaders were more reserved in their reactions, expressing diplomatic regret over the nuclear race between Pakistan and India. Indeed, the Organization of the Islamic Conference said in a statement that India and Pakistan should be encouraged to sign a non-aggression pact to prevent regional instability.

But the generally muted reaction did not soothe Israel's fears that Muslim countries, particularly Iran, could soon have access to a nuclear bomb.

In fact, the Iranian reaction to the news was much more threatening than the Palestinian one. Indeed, the first foreign statesman to visit Pakistan after last week's tests was Kamal Kharrazi, Iran's foreign minister. Kharrazi rushed to use the opportunity to speak on behalf of the world's roughly 1 billion Muslims.

"The Muslims now feel greater security," he told journalists as he landed in Islamabad, "because Pakistan's nuclear capability could be a deterrent against the nuclear capability of Israel."

Despite the more moderate reactions of most Arab states, the words of Yassin and Kharrazi were not unique. Their reactions reflected the feelings of millions of proud Muslims throughout the Middle East, including many who live in the West Bank and Gaza Strip.

To many observers, there was a direct link between the stalled Israeli-Palestinian peace talks and the warm reception the Palestinians gave the first "Islamic bomb." Arab countries in general, and the Palestinians in particular, have often attributed what they call Israeli inflexibility in diplomatic negotiations to Israel's nuclear superiority. Although Israel has never admitted to possessing nuclear weapons, its nuclear capabilities are well-known.

Whenever the issue of Israeli nuclear arms is raised, the charge goes, the United States is quiet. But when India and Pakistan came out of the nuclear closet, the Clinton administration rushed to impose sanctions.

This leitmotif was played out in the Arab press this week, as articles charged that Israel would soften its negotiating position only if it were threatened by Muslim nuclear power.

The eastern Jerusalem newspaper al-Kuds published a cartoon with the Muslim half-crescent hanging like a protective shield over

the nuclear mushroom. It took little time for the "Islamic bomb" to become a new element in the Middle East conflict. Pakistan charged that Israeli F-16 fighter jets might land in India en route to attack nuclear sites in Pakistan in a pre-emptive strike that would be reminiscent of Israel's 1981 strike on Iraq's nuclear facilities.

Israel denied the charge, and the Americans stood behind the Israeli denials.

The tension was so high that Eliahu Ben-Elissar, Israel's outgoing ambassador to the United States, called his Pakistani colleague in Washington to assure him that Israel had no such intentions. Even if the Israeli denial is true — and there is no reason to believe that it isn't — the incident indicates the tenseness of the situation.

Pakistan is particularly wary because Israel and India have solid security connections that are growing stronger. And according to recent publications, Israeli firms are bidding to update outdated systems in the Indian military.

Meanwhile, the Iranian foreign minister's visit to Pakistan intensified Israel's concern over Iran's nuclear intentions. Israeli and Western officials have long worried about Iran's intentions to attain non-conventional weapons.

Israeli Prime Minister Benjamin Netanyahu said this week that the recent tests could threaten the stability of the region, particularly if regimes like Iran or Iraq obtain nuclear arms.

Kharrazi repeated long-standing Iranian denials. "We have no plans to manufacture nuclear arms," he said. "Everything in Iran is using the atom for peaceful means."

For his part, Yuval Ne'eman, the former science minister and one of Israel's top nuclear experts, provided a comforting voice. Ne'eman said this week that Pakistan would not sell the Iranians nuclear know-how because it had no interest in being dragged into the Middle East conflict.

But despite this contention, a new element of anxiety appears to have been introduced into the labyrinth of the Middle East. And while Israelis debated among themselves how much damage had been caused by the nuclear tests, the politicians wasted no time in trying to exploit the issue for political gain.

An Israeli government spokesman said the issue would have no bearing on the peace process, but Knesset member Yossi Sarid of the left-leaning Meretz Party blamed Netanyahu for quibbling with the United States over the percentages of a further redeployment from the West Bank instead of working to strengthen the status of the Americans in order to strengthen the forces of moderation in the region.

Thus the same Islamic bomb that brought smiles to the faces of many Palestinians, particularly in the fundamentalist camp, has already cast its shadow over Israel. □

Israelis defeat Russians

MOSCOW (JTA) — The Israelis have defeated the Russians — in chess, that is.

An Israeli chess team beat a Russian team by a score of 11 1/2 to 9 1/2 in a one-day Internet chess tournament.

Garry Kasparov, the world chess champion, coached the Tel Aviv team in the match, which was dedicated to the Jewish state's 50th anniversary.

Among those who played for Russia was Russia's chief rabbi, who lost his two games. □