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82nd Year

TOP NEWS IN BRIEF

Wye period ends amid bickering

The period for implementing the Wye agreement ended with Israel and the Palestinian Authority blaming each other for failing to live up to the accord.

Under the terms of the agreement, Israel was to have withdrawn from an additional 13 percent of the West Bank by late January in exchange for specific Palestinian steps to improve security. Israeli Prime Minister Benjamin Netanyahu froze implementation late last year, charging the self-rule government with failing to live up to its part of the agreement.

Conversion bill may be revived

A member of the Israeli Knesset threatened to push through legislation to give the Orthodox Chief Rabbinate sole control over conversions performed in Israel.

The legislation will be brought up for a vote if the High Court of Justice recognizes as Jewish individuals who underwent non-Orthodox conversions, said Hanan Porat of the National Religious Party. Porat added that he is considering the move after the court refused his request to postpone hearing a petition on the issue until after May elections. The hearing is currently set for Feb. 23.

Report: Bank dealt in looted gold

Germany's Dresdner Bank said it would consider compensation claims of Holocaust survivors after an independent study showed that the bank traded in Nazi-looted gold. But the report produced no evidence that the bank knew some of the gold came from death camp victims. [Page 4]

Security council created in Israel

Israeli Prime Minister Benjamin Netanyahu created a U.S.-style national security council. The council, which will focus on the threat of non-conventional warfare in the region, will work with Israel's Foreign Ministry, Treasury and existing security agencies.

The prime minister initially proposed the council shortly after he was elected in 1996, saying it would lend a broader strategic perspective to government decisions.

But then-Defense Minister Yitzhak Mordechai and others in the armed forces opposed the plan at the time, calling it a needless bureaucracy.

Report prompts new questions about Lauder's bid for top post

By Julia Goldman

NEW YORK (JTA) — Ronald Lauder's bid for America's top Jewish leadership position could hinge on one little word: No.

That was the philanthropist and cosmetics heir's response in early January when the nominating committee of the Conference of Presidents of Major American Jewish Organizations asked, "Did you give money to Benjamin Netanyahu?"

Now a cover story in the Jan. 29 edition of the New York Jewish Week suggests that some of Lauder's political ties and financial contributions may have worked to support the Israeli prime minister's 1996 election campaign.

As word of the story circulates, representatives from some of the umbrella group's 51 member organizations are questioning whether plans for Lauder's election as chairman should go forward as planned.

If the article's allegations are true, a number of conference members said in interviews, then Lauder's answer was technically accurate, but evasive.

"If he wasn't being truthful, then the nomination should be taken off the table," said a seasoned conference member who asked not to be identified. "I don't see how the nomination can go forward with this on the table."

But other members said they saw no reason to delay the vote or scuttle Lauder's nomination.

Lauder himself has downplayed the article and said he saw no reason to delay the vote.

The chairman of the group's nominating committee, Leon Levy, said there had been "no change" of plans.

Members of the Presidents' Conference are scheduled to meet Wednesday to confirm Lauder's nomination, which was unanimously recommended in mid-January by the nominating committee's seven members.

That decision came after several of them, responding to rumors of Lauder's financial relationship to the Israeli premier, asked that their vote be delayed until the committee could look into Lauder's campaign contribution record in Israel.

The Presidents' Conference is a consensus-based group representing the views of Jewish organizations from across the spectrum of religious and political perspectives to the U.S. administration and world leaders.

The issue of Lauder's connection to Netanyahu had first come up because some members feared that Lauder's well-known ideological support for Likud would negatively affect his ability to convey their collective opinion to Washington and Israel, and that his connection to Netanyahu might alienate other Israeli leaders. But it was the financial issue that most concerned committee members.

"A few of us were looking for proof," said committee member Judy Silverman, the president of Women of Reform Judaism, "but nobody could find anything."

Lacking concrete evidence of wrongdoing, and based on his interview in which he denied any financial connection, Silverman said, even those who had been "on the fence" about Lauder's nomination cast their ballot for the Jewish National Fund president.

"It's his strong attributes in the rest of the Jewish world that far outweighed any thought of blemish on the man," said Levy, a former Presidents' Conference chairman and the president of the American Sephardi Federation.

The Jewish Week article, however, has set the questions swirling again. A group

MIDEAST FOCUS

Arafat, prince discuss peace

Palestinian Authority Chairman Yasser Arafat discussed the Middle East peace process during a meeting in Amman with the newly appointed heir to the Jordanian throne.

The meeting between Arafat and Crown Prince Abdullah came after Israeli Prime Minister Benjamin Netanyahu called Abdullah to congratulate him on his appointment and to convey wishes for the speedy recovery of his father, King Hussein. During the call, Abdullah told the premier that he supports the two countries' historic 1994 peace accord.

Cyprus drops spying charges

Cyprus is dropping spy charges against two Israelis arrested there last November in exchange for their admitting to lesser offenses.

The decision came after Israel's attorney general, Elyakim Rubinstein, traveled to Cyprus two weeks ago to negotiate a plea bargain, the Israeli daily Ha'aretz reported. The lesser offenses, including possession of illegal communications equipment, carry a maximum three-year sentence.

Miss World rape trial begins

A trial began in Israel of a travel agent accused of raping an Israeli woman two months before she won the Miss World beauty pageant.

Shlomo Nour, who is charged with kidnapping and raping Linor Abargil in Milan, Italy, in October, reportedly faces a maximum jail sentence of 56 years if convicted.

Israel helping earthquake victims

Israel is dispatching aid to the victims of last week's earthquake in Colombia. The relief will include 1.5 tons of medicine and 3.5 tons of food. Meanwhile, B'nai B'rith International is raising funds to support the victims. Contributions may be made via the group's Internet site at www.bnaibrith.org



Daily News Bulletin

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of about 20 conference members, who describe themselves as supporting the Oslo peace accords, held a conference call Jan. 28, the day the story broke, during which they discussed ways to make their concerns about Lauder's candidacy known to the nominating committee and to the current conference chairman, Melvin Salberg.

Mark Rosenblum, the political director for Americans for Peace Now, said the callers were seeking "not a rush to judgment, but a pause for consideration" and the creation of "an environment where questions could be answered."

Responding to the controversy, Lauder maintained that there was no reason to delay the vote.

The press report, he told JTA, included "nothing remotely indicating" that he had given money to Netanyahu. He said he intends to "try to make the Conference of Presidents as strong as possible."

He has said repeatedly that he will work to forge agreements among conference members.

The investigative article — written by reporters from the Jewish Week and the Israeli newspaper Ha'aretz — raises what it calls the "possible existence of flows of cash and indirect support from Lauder to Netanyahu's political activities."

The article bolsters previous reports of some staff-swapping between Lauder and Netanyahu, including the premier's 1996 American campaign strategist, Arthur Finkelshtein, who served as Lauder's consultant during his unsuccessful 1989 run for the New York mayor's office.

Among other points, the Jewish Week article:

- details Lauder's chairmanship and hefty contributions to the Shalem Center, a Jerusalem think-tank whose executive director and fund-raiser worked on Netanyahu's campaign.

- documents a \$36,415 contribution Lauder made in 1994 to the short-lived Israel Research Foundation. The Philadelphia-based non-profit with strong links to the Likud Party spent most of its money, the report says, on salaries and "administrative and travel expenses for unspecified individuals."

That sum, others say, pales in comparison to Lauder's philanthropy. Each year, for example, the Ronald S. Lauder Foundation spends millions of dollars on Jewish schools and programs in Eastern and Central Europe.

In a brief interview with JTA, Lauder did not respond to each allegation, but said the article included some "fabrications" and the reporters had been "reaching back to 1994" for some of their information.

Israeli law prohibits Israeli political campaigns from receiving direct contributions from foreigners. But giving money to cover campaign needs or other forms of indirect support is legal and widespread.

"Many, many American Jewish leaders make it a practice," said Phil Baum, the executive director of the American Jewish Congress, who added that he believed the practice was "foolish and harmful."

Referring to the Jewish Week story, Baum said, "If [Lauder] did what everybody else does, it's certainly not a disqualification, but I think it would be better if nobody did it."

Many others also discounted the seriousness of the Jewish Week's implications.

"There is no question that some will see this as an opportunity to try to undo the nominating committee's recommendation," said Abraham Foxman, the national director of the Anti-Defamation League.

"But I do not see in the findings anything of a significant enough nature that would get to the essence of [Lauder's] representation" or the committee's decision, Foxman said.

Malcolm Hoenlein, the executive vice chairman of the conference, said the intense scrutiny of candidates "is destroying the attractiveness" of the chairmanship. "Everybody has attachments, they're not political eunuchs."

Foxman echoed this position.

"No candidate worthy of anything comes to this role without any background and experience with the leadership of Israel, all of whom are political," he said.

"If you found someone with no connections, I'm not sure he would qualify to start with." □

JEWISH WORLD

Gore praises Swiss efforts

U.S. Vice President Al Gore praised Switzerland for confronting charges that Swiss banks withheld from Holocaust survivors and their heirs funds deposited during World War II.

After meeting with Swiss President Ruth Dreifuss, Gore announced that the two countries were creating a bilateral trade commission as part of a "new era" of cooperation.

Report: Germany to pay ex-slaves

Germany may start paying compensation to slave laborers from the Nazi era on Sept. 1, according to the German news magazine *Der Spiegel*. A government panel is finalizing proposals to make the payments while also protecting German industry from any future legal action.

Deal in bank talks expected

Former U.S. Senator Alfonse D'Amato and World Jewish Congress Secretary-General Israel Singer said talks with Austria's largest banking group concerning Holocaust victims' claims could yield a deal within a matter of days.

Following a meeting in London, D'Amato, who was appointed by a federal judge as a special master in the matter, released a statement with Singer and the chief executive of Bank Austria saying "substantial progress" had been made toward reaching a settlement.

Nazi-hunter blasts Lithuania

Lithuania lacks the political will to bring two suspected war criminals to trial, the chief Nazi-hunter of the U.S. government charged.

"This is an outrage," the head of the Justice Department's Office of Special Investigations, Eli Rosenbaum, said after a medical panel told a Lithuanian court that Aleksandras Lileikis was too ill to stand trial on charges that he turned Jews over to Nazi execution squads.

A second trial was also held up because another defendant facing similar charges, Kazys Gimzauskas, was also deemed too ill to be tried.

Germany apologizes for detention

Germany apologized for detaining Russian ultranationalist Vladimir Zhirinovsky for several hours last Sunday at the Frankfurt airport. The apology came after the Russian Foreign Ministry accused Germany of violating international law.

Russian officials maintained that Zhirinovsky had a transit visa to travel through Germany to the French city of Strasbourg, where he planned to attend a European Union meeting as a representative of the Russian Parliament.

Report: Syria and Russia to make multibillion-dollar arms arrangement

By Douglas Davis

LONDON (JTA) — Syria is expected to conclude a massive arms deal with Russia later this month that strategic analysts say will significantly erode, though not actually destroy, Israel's qualitative military edge.

The deal, estimated to be worth between \$2 billion and \$3 billion, has been in the works for two years and is expected to be sealed when Syrian Defense Minister Mustafa Tlas leads a high-level Syrian delegation to Moscow for 10 days of intensive talks in late February.

Among the Russian weapons systems Syria is reportedly seeking are Sukhoi-27 fighter aircraft, T-80 tanks, S-300 anti-aircraft and anti-missile SAM systems. The SAMs are said to be equivalent to U.S. Patriot missiles.

According to one strategic analyst, the negotiations hit two snags before agreement was reached: The first was Syria's residual debt — estimated at some \$12 billion — to the former Soviet Union; the second was its inability to finance fresh arms purchases.

Moscow signaled its willingness to find a solution to the debt problem when it approved the sale of 1,000 AT8 Kornet anti-tank missiles to Syria last year, a \$200 million contract that has been described as "an appetizer" compared to the upcoming deal.

This latest deal will be significant for Syria on several counts, according to leading Arab strategic analyst Kassem Mohammad Jaafar.

On one level, he told the London-based daily newsletter *Mideast Mirror*, it would constitute the first major military deal Syria has concluded with Russia since the demise of the Soviet Union, marking the resumption of strategic cooperation between Damascus and Moscow.

On another level, the acquisition of state-of-the-art weapons by the Syrian armed forces would greatly enhance Syria's military capability, said Jaafar, who added that the Sukhoi-27 is regarded as equivalent, if not superior, to the U.S.-made F-15 fighter jets that Israel currently has in its arsenal.

Moreover, the T-80 is one of the newest generation of tanks, while the S-300 system would enable Syria to defend itself against both missile and air strikes.

Equally important are other aspects of the deal, which involve the supply of spare parts, the upgrading of weapons systems and the support and modernization of Syria's armed forces.

Moreover, the deal will return Russia as a major player in the Middle East, an ambition that is believed to have been accelerated since the appointment last September of veteran Arabist Yevgeny Primakov as Russian prime minister.

In a related development, British intelligence sources reported that sophisticated Russian technology is being transferred to Damascus to aid Syria's chemical weapons project.

Quoting the intelligence sources, the London Times reported that unofficial secret links have been found between Russian technical experts and Syria aimed at helping Damascus produce advanced chemical weapons.

"It is now feared that sophisticated Russian technology has been passed to Syria by former members of Moscow's chemical weapons project," the article said.

Through unofficial exchanges with these experts, Syria is thought to have acquired the technology for dispersing chemical agents, including VX nerve gas, via bombs from aircraft and warheads on surface-to-surface missiles.

Syrian Scud C ballistic missiles with a range of some 325 miles are believed to have been adapted to disperse VX gas.

The Syrians have also reportedly shown interest in acquiring more lethal chemicals that were developed in Russia in the 1980s.

Until the mid-1990s, Syria focused on the production of sarin nerve gas, but Damascus is now developing VX independently and is believed to have test-fired missiles armed with this agent. One test was reported to have been conducted near Damascus last May. □

Aliyah from former Soviet Union decreased substantially in 1998

By Lev Krichevsky

MOSCOW (JTA) — When economic conditions in Russia worsened in the middle of 1998, some Russian Jewish officials spoke about a possible exodus of Jews to Israel.

That exodus failed to materialize, but emigration from Russia did increase during the last few months of 1998, according to Israel's Central Bureau of Statistics.

Some 46,020 immigrants arrived in the Jewish state from Russia and the other former Soviet republics in 1998, according to the bureau, compared with 54,621 in 1997. But while this rate represents a decrease of 16 percent, the number who emigrated to Israel from Russia is down by only 6 percent, to 14,450.

The wave of emigration that started in 1989, when restrictions were eased in the former Soviet Union, has brought a total of about three-quarters of a million people to Israel. But the influx has tapered off during the past few years.

If the rate of emigration that occurred at the beginning of 1998 remained constant, aliyah from Russia would have been down by 15 percent for the year, said Alla Levy, head of the Russia office of the Jewish Agency for Israel.

Those regions where the rate of aliyah increased — the Samara region in central Russia, where aliyah increased by 18 percent last year; and the central part of Siberia, where the rate of immigration to Israel was up by 9 percent — are places where the economic downturn is particularly acute, said Levy.

"People generally tend to postpone finalizing their decision [to emigrate] if they feel a relative stability," said Levy, who added that most of those who made aliyah last year are people who already have families in the Jewish state.

Levy added that most of last year's emigres had already tentatively decided to leave, and that Russia's economic crisis and fears of anti-Semitism helped the potential emigrants finalize their decisions.

"We often hear from those who are leaving that they have lost hope for a better future," said Levy.

According to polls of new immigrants from the former Soviet Union conducted last year in Israel by the Jewish Agency, 52 percent of respondents cited a concern over their children's future as their main reason for aliyah.

By the end of 1998, Levy said, increasing numbers of Russian immigrants were citing anti-Semitism as their major motivation.

Levy added that the increase in aliyah Israel witnessed during the last part of 1998 is expected to continue.

If so, 1999 could be the first year since 1990 to show an increase in the number of Russian Jews emigrating to Israel. □

In wake of study, bank mulls compensation fund for survivors

By Deidre Berger

FRANKFURT (JTA) — A German bank has announced it will consider making compensation to Holocaust survivors.

The announcement came after an independent study showed that the Dresdner Bank traded in Nazi-looted gold, much of which

had been looted from Holocaust victims. But the report, compiled by the Dresden-based Hannah Arendt Institute for Research Into Totalitarianism, produced no evidence that the bank knew the gold came from death camp victims.

Released last Friday, the 160-page study was commissioned by the bank after files documenting trade in looted gold prompted Holocaust survivors in the United States to file last year an \$18 billion lawsuit against Dresdner and another German bank, Deutsche Bank.

As part of its findings, the report also implicated the government of West Germany as a key player during the 1960s in the sale of Nazi-looted gold, at least some of which belonged to Holocaust victims.

The study indicated that in 1965, West German army planes flew the gold out of Turkey, where it was deposited during World War II.

The 20,000 gold coins were then sold in Switzerland.

A spokesman for the German Foreign Ministry said the government would make no comment on the charges until it investigated the report.

Announcing that the bank was planning compensation as a result of the report's findings, Dresdner Bank's chairman, Bernhard Walter, said he regretted that senior bank officials had "permitted themselves to be used by the Nazi regime."

Walter said he is hopeful that government-led negotiations with German corporations, banks and insurance companies will soon result in the establishment of a national compensation fund for Holocaust victims.

The fund would benefit both those who were forced into slave labor and those who were robbed of their possessions by the Nazi regime.

Several large German companies have stated in the past few months that they are willing to contribute to such a fund as long as numerous class-action suits in the U.S. against the firms are dropped.

The report issued by the Arendt institute is part of a more comprehensive study currently under way on Dresdner's involvement with the Nazi regime and the theft of property belonging to Jews.

According to the institute's latest findings, Dresdner Bank bought a total of 12,760 pounds of gold from the Reichsbank during the war years. Of this, 717 pounds were stripped from concentration camp victims by the Nazis, who then smelted the gold and recast it as gold bars.

While the researchers found no proof that Dresdner Bank executives were aware of the gold's origin, the study suggested that complicity was likely, given the close relations between the bank and key Nazi officials.

According to the report, the Dresdner gold transactions were only of a moderate scale compared with the amount of gold sold by the Reichsbank to the Swiss central bank.

The role played by German banking and industry during the Nazi regime started receiving increasing academic and public attention during the past few years.

Both Deutsche and Dresdner banks — as well as the Degussa refinery, charged with smelting the gold looted from concentration camp victims — set up historian commissions in 1997 after Swiss banks came under widespread international criticism for their role in purchasing Nazi-looted gold. □