



# Daily News Bulletin

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82<sup>nd</sup> Year

## TOP NEWS IN BRIEF

### More Yugoslavs arrive in Israel

Some 40 additional Yugoslav Jews arrived in Israel on what is being called a "pre-aliyah" visit. Their arrival came as representatives for Yugoslav Jewish refugees are accusing the Israeli government of placing obstacles in their way of immigrating to Israel.

A Jewish Agency for Israel official told the Knesset Absorption Committee this week that Yugoslav Jews temporarily living in Budapest are being asked to prove they are Jewish.

### Shas leader sentenced to 4 years

The charismatic leader of the fervently Orthodox Shas Party was sentenced Thursday to four years in prison for taking bribes.

Aryeh Deri, an ally of Israeli Prime Minister Benjamin Netanyahu, was convicted last month of pocketing \$155,000 while holding several positions in Israel's Interior Ministry in the late 1980s and early 1990s. [Page 3]

### Officials delay bank sanctions

U.S. public finance officials meeting in New York postponed for 60 days any sanctions against German banks and industries accused of profiting from slave labor during World War II. [Page 3]

### Report: Premier woos settlers

Israeli Prime Minister Benjamin Netanyahu promised Jewish settlers he would allow new settlements to be built in the West Bank in exchange for support from Jewish settlers in the May 17 elections, according to Israel Army Radio.

Netanyahu, meanwhile, rejected on Thursday recent U.S. State Department criticism of Israeli settlement policy on the West Bank.

### 'Holocaust necklace' auctioned

A necklace hidden by a European Jew during the Holocaust was auctioned for \$277,500. A man hid the necklace, which has 235 diamonds and 18 emeralds, below a kitchen tile before he was arrested by the Nazis.

After the war, he returned to his apartment and found the necklace intact. The money from Wednesday's auction at Christie's will be donated to an Israeli hospital, as per the wishes of the man, who recently died.

## NEWS ANALYSIS

### Is the Israeli government flirting with Russia to gain potential votes?

By David Landau

JERUSALEM (JTA) — Israeli Foreign Minister Ariel Sharon is flirting with Russia, with the seeming acquiescence of Prime Minister Benjamin Netanyahu — and to the mounting chagrin of the United States.

Sharon's visit to Moscow this week comes as the United States and its NATO allies are continuing their campaign against Russia's traditional ally, Serbia.

The visit has critics charging that America's own intimate ally, Israel, has turned its back on Washington at a time of war.

Those mystified by Sharon's Moscow trip got a hint of what was taking place when he acknowledged to an American reporter the truth behind the rampant suspicions in Israel that this policy departure on Russia is linked to the imminent Israeli elections.

The former general, who in 1973 was instrumental in founding the Likud bloc, told *The New York Times* in an interview that he believed Likud could win the Israeli election next month if just 3 percent more of the immigrant community from the former Soviet Union would vote for its prime ministerial candidate, Netanyahu.

Indeed, many of these immigrants would be pleased at the sight of a warming relationship between their new country and their former Russian homeland, for which they still harbor emotional and, in some cases, business ties.

The first hint that something was afoot came last month, when, with NATO troops in action against the Serbs, Israel among all Western nations remained curiously reticent in its expressions of solidarity with its patron and friend, the United States.

Netanyahu eventually made the requisite statements of support — but only after eyebrows had been raised at home and in Washington over his obvious reluctance to speak out in favor of the NATO strikes in Yugoslavia.

But Sharon left people on both sides of the Atlantic gasping when he not only failed to side with America, but actually criticized the NATO operation, which is designed to end the Serbs' brutal campaign against the ethnic Albanian population of Kosovo.

Sharon spoke of the need for a negotiated solution, as though the two sides to the conflict were equally at fault.

He hinted that the Kosovar Muslims were linked to nations and organizations hostile to Israel.

He also focused on Holocaust-era memories of Balkan collaboration with the Nazis — when the Serbs stood out for their brave resistance to the Germans.

He spoke of the dangers of a Kosovar state becoming a hotbed of Islamic terrorism that could rattle Europe for years to come.

He spoke of the dangerous precedent — for Israel — of outside powers intervening by force in the internal affairs of a sovereign state when a part of its populace raises separatist demands. And he spoke, too, of the need for Israel to improve its ties with the Serbs' longtime friend — Russia.

Further upsetting his critics, Sharon's comments, and subsequent visit, come at a time when Russia has been experiencing increased anti-Semitism, much of it prompted by the nation's ongoing economic crisis.

Observers who failed to notice that something new and unusual might be happening in the corridors of power in Jerusalem got another clue when Netanyahu appeared to suggest to a visiting U.S. congressional delegation that the policy of economic sanctions

## MIDEAST FOCUS

### Diplomats refuse West Bank tour

A majority of diplomatic missions in Israel turned down an invitation to tour the West Bank next week with Foreign Minister Ariel Sharon, according to the Israeli daily Ha'aretz.

According to the paper, 81 missions, including the United States and members of the European Union, have opted not to participate, primarily on the grounds that it contravened their policy barring travel to occupied territories under Israeli escort.

Sharon planned the trip to present his view on Israel's security needs before possible final-status negotiations with the Palestinians.

### Protest erupts in Gaza

Palestinian demonstrators set up a protest tent on a disputed plot of land near a Gush Katif settlement in the Gaza Strip on Thursday.

Israeli soldiers prepared to expel the Palestinians if the Palestinian police, which controls most of the Gaza Strip, did not do so.

The Israeli troops also prevented residents of the settlement, Morag, from confronting the Palestinian protesters.

### Investment reaches all-time high

Foreign investment in Israel reached an all-time high in 1998, according to the Bank of Israel.

Some \$74.5 billion was invested at the end of 1998, an increase of \$3.6 billion as compared with the end of 1997.

### Call issued for stamp boycott

Israeli peace activists recently called for a boycott of a newly issued stamp that commemorates the Jewish presence in the West Bank town of Hebron.

Postal officials said the stamp, which depicts a cluster of homes in the hills above Hebron, is part of a commemorative series on biblical cities and has nothing to do with politics.



## Daily News Bulletin

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against Russian firms, a means of curbing its supply of nuclear technology to Iran, might be replaced by an incentive-based approach.

The premier's aides later vigorously denied that Netanyahu had urged a six-month moratorium on sanctions. Benjamin Gilman, chairman of the House International Relations Committee, endorsed the denials.

But to some observers something seemed suspicious, and corroboration was not long in coming.

Last weekend in Washington, U.S. officials vented their anger when they realized that their Israeli guest — Sharon — was planning to fly from the U.S. capital to Moscow. This came on the same weekend that Russian President Boris Yeltsin's aides were busily denying their leader's apparent threat to re-target Russia's nuclear missiles at the NATO countries.

U.S. officials, for their part, denied Sharon's claims that his visit to Russia, and his overtures to the Kremlin, were all coordinated with Washington.

The same denial, in event blunter terms, was delivered by the U.S. assistant secretary of state for Near Eastern affairs, Martin Indyk, visiting Israel this week as the head of a team of U.S. officials for joint strategic talks with the Israelis.

Along with voicing their anger over Sharon's visit, U.S. officials also criticized Israeli settlement activity.

U.S. Secretary of State Madeleine Albright, meeting with Sharon last Friday, urged Israel to refrain from expanding settlements.

And Indyk, during a meeting with Netanyahu on Sunday, also criticized Israeli settlement activity, reiterating American concerns that it could hamper peace efforts with the Palestinians.

On Tuesday, meanwhile, there was a report that Sharon's Moscow visit had an added dimension.

The veteran defense editor of the Israeli daily Ha'aretz, Ze'ev Schiff, reported that Sharon was proposing to the Russians that they mediate a deal between Israel and Syria for the immediate withdrawal — before the elections — of Israeli troops from southern Lebanon.

Underscoring the potential electoral appeal of such a dramatic move, yet another Israeli soldier was killed Monday in southern Lebanon by a Hezbollah roadside bomb.

Sgt. Noam Barnea, 21, was buried Tuesday at a military cemetery.

Israel's Security Cabinet met Monday night in Jerusalem to discuss the nation's options in the face of mounting military casualties in southern Lebanon. Some Israeli media reported that Israel is starting to reduce its troop presence in Lebanon to reduce casualties.

All this came just as Sharon was reportedly making his case about Lebanon to Prime Minister Yevgeny Primakov and other top policy-makers in Moscow.

Sharon, who had stated he was visiting Moscow to press Russian officials to block the flow of weapons technology to Iran, denied the Ha'aretz report.

At the same time, though, he asserted that Russia is "returning" to the Middle East as a player and that Israel needs to develop a "more balanced" policy toward Moscow.

Interestingly, Syria's President Hafez Assad, who had scheduled his own visit to Moscow this week, canceled at the last moment. Some analysts suggested that he did not want his presence in the Russian capital together with the Israeli minister to make Sharon's reported bid for Russian mediation with Damascus too transparent.

The stakes, then, are no longer merely 3 percent of Israel's Russian immigrant vote.

They also involve a deal on Lebanon that could be an election winner for Likud.

At the same time, however, the repercussions for Israel's friendship with the United States and for its overall strategic standing could be far-reaching indeed.

American officials were nonplused when it emerged that Israeli ministers, senior officials and top army brass were as ignorant, shocked and dismayed as they themselves were over Sharon's Russian initiative. Or, at least, this was the way the Israelis made it seem.

The suspicion in the American camp, and among the opposition parties in Israel, is that Netanyahu is fully behind Sharon's outreach to Moscow — this despite the premier's assertions that Sharon's statements about Serbia and the NATO strikes are his "private" opinions. □

## JEWISH WORLD

### Shas leader Deri gets four years; sentence could affect the elections

By Naomi Segal

#### Jews speak out on NATO action

The Jewish Council for Public Affairs, an umbrella group called for the use of "all means deemed necessary" by the U.S. and NATO in the Balkans — not excluding ground troops — to end ethnic cleansing, return refugees safely to their homes and restore stability in the region. Meanwhile, Americans for a Safe Israel recently released a statement opposing the use of American ground troops in Kosovo, calling it a "dangerous precedent."

#### Survivor spokeswoman dies

A survivor who was a leading plaintiff and spokeswoman in the battle to recover Holocaust-era assets from Swiss banks died at 72. Estelle Sapir's long struggle to recover her father's assets ended successfully last year when Swiss banks reached a \$1.25 billion settlement with international Jewish groups.

#### Shuls to host women's programs

Orthodox synagogues in eight states and Canada are designing Shabbat programs centered around women's Torah scholarship and Jewish communal leadership. The "Shabbat T'lamdeini: Women, Learning, Leadership and Community" program, organized by the Jewish Orthodox Feminist Alliance for April 30 through May 1, is the second international program developed by the alliance.

#### Project to aid Holocaust writers

The New York-based Jewish Heritage Project announced Tuesday a new program designed to help Holocaust survivors publish their memoirs.

The Residencies in the Literature of the Holocaust program, which will award between \$2,000 and \$5,000 to five writers and editors to work with the survivor-authors, was established through grants from the National Endowment for the Arts and the New York State Council on the Arts as well as municipal and private sources.

#### Ukrainian teen tours U.S.

The 16-year-old Ukrainian winner of an online contest sponsored by a Jewish Internet site, www.jvibe.com, is wrapping up his first visit to the United States. Arseny Finberg won a full scholarship to Panim el Panim, a seminar in Washington on the Jewish public policy agenda and the political process.

#### Sephardi radio show debuts

A program devoted to the culture of New Mexico's Sephardi Jews debuted on an Albuquerque radio station. "Mi Seferino," which is scheduled once each month, will feature Ladino music and discussions about those "conversos," or hidden Spanish Jews, who immigrated to the American Southwest.

JERUSALEM (JTA) — A Jerusalem court has sentenced the charismatic leader of the fervently Orthodox Shas Party to four years in prison for taking bribes.

Aryeh Deri, an ally of Israeli Prime Minister Benjamin Netanyahu, was convicted last month of pocketing \$155,000 while holding several positions in the Interior Ministry in the late 1980s and early 1990s. The combined charges had carried a possible maximum sentence of 15 years. Three other co-defendants in the case, convicted of paying the bribes to Deri, 40, were sentenced to lesser jail terms and fined.

While reading out the sentence, Judge Ya'acov Tzemach stressed the unprecedented severity of Deri's offenses. He said they did not involve "the isolated failure of a young man swept away by the political machine," but someone who "systematically took bribes for five years, even as interior minister." He added that Deri "stopped only after a police investigation was launched."

The conviction and sentencing could affect the results of Israel's May 17 elections.

Deri was responsible for the evolution of the 15-year-old Shas Party into a political force, and the party's supporters, who are primarily of Sephardi background, contend that the Ashkenazi establishment made the Moroccan-born Deri a political scapegoat.

With 10 seats in the Knesset, Shas is presently the third-largest party in the Knesset behind the Likud and Labor parties, but some observers are predicting it could eclipse that number in the next Knesset.

Immediately following the sentencing, some of Deri's supporters who had gathered outside the courthouse began singing and dancing. At the same time, there were angry exhortations and tears.

Deri directed his lawyer to immediately appeal the sentence. □

### U.S. finance officers postpone decision on German sanctions

By Daniel Kurtzman

WASHINGTON (JTA) — U.S. public finance officials have decided to postpone any decision on sanctions against German banks and industries while negotiations continue to settle Holocaust-era claims.

New York City Comptroller Alan Hevesi, who heads a committee representing 900 state and local finance officials, had previously said that Deutsche Bank's planned \$10.1 billion acquisition of Bankers Trust Corp. should not be approved until Germany's biggest bank settled claims stemming from its use of slave labor during World War II. But after Jewish officials, Holocaust survivors and representatives of the German companies reported progress made toward establishing what will likely be a multibillion-dollar fund, Hevesi said there was "reason to be encouraged."

He was speaking during a daylong hearing on the issue in New York City.

"There seems to be an outstanding amount of good will between the Holocaust survivors, the German government and German business," Hevesi said.

A boycott threat last year by Hevesi's committee helped persuade Swiss banks to reach a \$1.25 billion settlement with Holocaust survivors.

The World Jewish Congress, which is negotiating the settlement together with the Conference on Jewish Material Claims Against Germany, recommended that consideration of sanctions be delayed until the committee meets again in 60 days.

The WJC, meanwhile, rejected Bank Austria's offer to settle a lawsuit brought by Holocaust survivors. The bank reportedly was prepared to offer \$40 million to settle claims that the company's subsidiary, Creditanstalt, profited from the Holocaust and aided the Nazi war effort by buying and selling Jewish assets at steep discounts.

The bank had claimed that it should not be liable for more because it said that Germany's Deutsche Bank controlled Creditanstalt at the time. The WJC said bank documents showed otherwise. □

## Netanyahu-Mordechai debate heralds Israeli election season

By Naomi Segal

JERUSALEM (JTA) — Prime Minister Benjamin Netanyahu and his Center Party challenger Yitzhak Mordechai faced off this week in the first televised debate between candidates for prime minister in Israel's upcoming elections.

However, the Israeli premier saved his sharpest barbs for Labor leader Ehud Barak, who had refused to participate, saying that such exchanges should take place only within the framework of the organized election campaign.

Netanyahu and Mordechai both appeared on a current affairs interview program after the head of the electoral commission deemed that the debate could take place on the condition that neither of the candidates engaged in election campaigning.

Nevertheless, the host of the program, Nissim Mishal, interjected several times to caution the candidates against doing just that.

The debate was instructive in that it indicated the tone and shape of the candidates' campaigns as the election season heats up in advance of the May 17 elections.

Throughout the program, Netanyahu presented the upcoming elections as a choice between himself, whom he portrayed as a strong leader who guaranteed security and reciprocity, and the "left-wing concessions" of Ehud Barak.

At the same time, he sought to dismiss Mordechai, his former defense minister, as motivated by personal interest and head of a party "which has no direction" and which Netanyahu termed "a medley of losers who decided to pool together."

Mordechai, meanwhile, repeatedly challenged Netanyahu, portraying him as a leader who was not trustworthy, who had "lost the faith of his own ministers, of the people" and whose impulsive policies had "endangered the State of Israel."

Mordechai said that if there was any single achievement under the Netanyahu government, it was in the area of security, under Mordechai's two-and-a-half year tenure holding the defense portfolio.

At points during the debate, sparring between the two became heated, with each interrupting the other with accusations and counterattacks.

Pressed by Netanyahu to define the direction of the Center Party, Mordechai retorted "to bring this leadership down."

On specific points of policy, neither candidate shed much more light on previously stated positions. Asked how Israel would respond to a unilateral declaration of independence by the Palestinians, Netanyahu confirmed that extending Israeli law over certain territories was under consideration.

For his part, Mordechai instead highlighted that through his political contacts with all the involved parties, including the Americans, Palestinian Authority leader Yasser Arafat was aware that it was not in his interest to do so.

Without elaborating, Mordechai confirmed that he would consider territorial concessions on the Golan Heights within the framework of a peace accord with Syria. Netanyahu, for his part, responded that he would not give Syrian President Hafez Assad "what Barak would" but that he would enter negotiations with the Syrians. □

## Knesset debates Kosovo crisis, adopts contradictory resolutions

By Naomi Segal

JERUSALEM (JTA) — A special Knesset session called by both the Likud and Labor factions to address the Kosovo crisis this week quickly spiraled into a sharp domestic political debate between the right and left-wing camps.

Former Labor Prime Minister Shimon Peres set off the sparks when he lashed out against the mixed messages conveyed by Israel over the NATO offensive against the Serbs.

The Israeli government, while providing humanitarian assistance, was deemed slow by some in supporting the U.S.-led NATO operation. At the same time, Israeli Foreign Minister Ariel Sharon was in Moscow this week, as Russia was opposing the NATO campaign.

"For the first time after the Nazi Holocaust, when the world does not stand by, we do not know what to say?" Peres said. "We say one thing and then its opposite? What is happening here? The government does not know with whom to side; it is not clear? And the Americans, delicately ask, 'What are you doing, have you lost your minds?'" Peres said.

He later turned to the Israeli-Palestinian issue, equating far right-wing Moledet Knesset member Rehavam Ze'evi's advocacy of an Arab "transfer" to ethnic cleansing.

While Peres' remarks prompted objections from the floor, Minister Silvan Shalom attempted from the podium to focus the debate on the humanitarian aspect of Israel's response to the Kosovo crisis.

Shalom announced that Israel would be ready to accept more refugees if the need arose. More than 100 Kosovar Albanian refugees arrived in Israel on Monday.

At the conclusion of the debate, three separate, and in some ways contradictory, resolutions were adopted:

- A joint Meretz-Labor resolution expressed unequivocal support for the American stand and the NATO operation, while calling for sensitivity to the refugee crisis;
- A Likud resolution also empathized with the refugees but took issue with Peres' remarks about ethnic cleansing; and
- A resolution submitted by Moledet's Ze'evi called on Israel to maintain a neutral policy regarding the crisis. □

## Holocaust-denier arrested

SYDNEY (JTA) — An Australian resident who maintains a Web site devoted to promoting Holocaust-denial and other anti-Semitic slurs has been arrested in Germany and charged with criminal incitement.

Fredrick Toben was visiting the southwestern German city of Mannheim when he was reportedly arrested because of the content of his Adelaide Institute Internet site, which can be accessed in Germany, where Holocaust-denial is a punishable crime.

Toben had published an article on his Web site saying he was going to Germany to "challenge the German ban on denying the Nazi genocide of Jews." Toben had previously published material decrying German prosecutions of U.S. citizens who had sent banned neo-Nazi and anti-Semitic materials into Germany. □